

Standardizing a Better World?
Essays and Critical Reflections on the
ISO 26000 Standard for
Corporate Social Responsibility

Lars Moratis

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Standardizing a Better World?

Essays and Critical Reflections on the ISO 26000 Standard for Corporate Social Responsibility

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Preface and acknowledgements

“There is a vitality, a life force, a quickening that is translated through you into action, and because there is only one of you in all time, this expression is unique. If you block it, it will never exist through any other medium and be lost. The world will not have it. It is not yours to determine how good it is; nor how it compares with other expressions. It is your business to keep the channel open. You do not even have to believe in yourself or your work. You have to keep open and aware directly to the urges that motivate you. Keep the channel open. No artist is ever pleased. There is no satisfaction whatever at any time. There is only a queer divine dissatisfaction; a blessed unrest that keeps us marching and makes us more alive than the others.”

- *Martha Graham*

While it is of course easy to state it in retrospect, writing this dissertation has been satisfying in several ways. It has been a fulfilling experience in an academic sense since writing this dissertation – especially during the time that I took off to focus on completing the final manuscript – has provided me with new and sometimes profound insights in the subject matter and other sustainability-related subjects that I am professionally engaged in on the one hand and in the value of academic work itself on the other (or, at least, I'd like to think so).

If there is one characteristic that I'd attribute to the dissertation-writing process, it is the duality of it – and I suspect that this duality is a thread that not only weaves together this process, but which is actually running through my entire life. It has provided me with additional self-knowledge and a heightened awareness of the extent to which I am (un)willing and (un)capable to contribute to the domains of theory and practice and their irreverent intersections. I cherish the sense of academic challenge and the valuable moments that provided me with deep learning experiences as much as I have found the process outright tedious at times. In that sense, writing this dissertation has made me increasingly aware of the 'structural ambiguity' that is inherent to both myself (e.g., ambition vs. care, creativity vs. efficiency, striving for impact vs. being satisfied) and academic work in the field of business studies (e.g., theory vs. practice, business relevance vs. impact factors). This personally and professionally ingrained ambiguity has proven fruitful in my desire to and quest in becoming a reflexive professional and in creating

constructive tensions during the intellectual endeavour. At the same time, it has challenged my beliefs in what I am capable of, whom I aspire to be and what I want to achieve. In the best of times it has given me a sense of self-actualization, achievement and pride – and these particularly remain at the end of this project. In the worst of times it has led me to question my academic potential and it has casted doubts on my ability to contribute something meaningful. I guess it is an inevitable consequence of this notion of structural ambiguity that the proverbial jury is still out on these issues – and I hope that there is as much value in that as there may be in a definitive answer that chooses either one side or propagates a synthesis of antitheticals.

Undoubtedly, I am one of those people that find it hard to focus on one specific subject or activity for a substantial period of time. One thing that I've learned about myself over the past few years is that I tend to cultivate a sort rebound relationship between academic work and entrepreneurial activity. When I focus on academic work for a while, it is getting harder and harder to suppress an awakening entrepreneurial spirit. As academic work may at times feel like taking place in a kind of parallel universe and may coin the impression that it is about satisfying a system that is being upheld by a rather peculiar group of narcissistic professionals, doing something of practical relevance and engaging in entrepreneurial work is a natural antidote for me. Interestingly, it works the other way around as well. This reflexive process has resulted in some surprising, unanticipated outcomes that I hope are less the result of luck or coincidence than they probably are. While not knowing exactly how these activities influence each other, I am sure they do and I have learned to embrace the principle of serendipity. And while this process may hinder me in focusing on one of these activities and develop some kind of superspecialization or being able to fully integrate these activities, I have found it a worthwhile journey (and am still pondering whether or not I should pursue such specialization or integration after all). In the course of this dissertation, this has resulted in what one could call a form of academic social entrepreneurship with the birth of ImpactAcademy. Starting ImpactAcademy has allowed me to explore sustainability from novel perspectives and by engaging with specialists in fields that have intrigued me for years in an entrepreneurial way – and it has hence become a source of professional joy that I have rarely experienced to date.

The reflexivity between knowledge domains and different types of activity probably has characterized a good part of my career so far. My feeling is that this reflexive process – both in my own case and in the case of much business scholarship – still needs to span or bridge a rather wide space. Maybe it is the nature of reflexivity to keep the space in-between intact, but through the new insights that this process provides it sort of 'shifts this space' urging itself to follow the path it is creating. I hope this gap will narrow somewhat more over time to provide more fertile soil for theory-inspired practice and practice-inspired theory. At the same time, I hope this gap remains sufficiently wide in order to not lose sight of new topics worthy of further academic exploration and the creation of new entrepreneurial activities. I suspect I have always resisted the idea of specialization as it may be the source of narrow-mindedness and as

it, especially in modern academic life, seems to give priority to the exploitation of current ideas over the exploration of new ones.

It is my experience that it is equally impossible to write a dissertation without retracting into some sort of intellectual vacuum in which one only relies on one's deep engagement in academic material as it is impossible without being inspired by people in one's personal and professional networks and organizational practice. Both contexts are needed to inspire original thoughts, cultivate reflection and sometimes overcome situations that seem academic dead-ends. In the end, I think it is the bricolaging nature of the activities in the recursive processes both within and between theory and practice that captivates me the most – the stepwise and emergent activity of conscious and unconscious moulding that eventually leads to the creation of something that 'clicks' (and which is preferably new). It has made me realize that engaging in academic work, understood as being the mutual inspiration of theory and practice, and writing can be perceived and experienced as activities somewhere on the spectrum of art and craft, recognizing the academic as a craftsman or an artist. In its dullest terms this may feel like being an editor; in its most luscious moments this may feel like being a poet. Most importantly, I have learned that, for me, in academic work it is both possible and important to rely on what others may view as an unstructured process with an uncertain outcome – and this notion of serendipity, which is essentially underpinned by a strong sense of hope, has manifested itself as a source of consolation, composure and optimism for me.

Although it is human ingenuity and resourcefulness that tend to inspire me the most, being actively involved in the field of CSR in several roles has been a major source of inspiration in itself. I consider myself privileged to be working on the forefront of CSR in the Netherlands. Generally, I have found it quite a fulfilling experience, both academically and entrepreneurially speaking, and the many good people that have dedicated a substantial part of their lives to making the world a better place are an important factor in this experience and in keeping me involved. I cannot deny that working on sustainability-related issues can be sometimes depressing and, alike others, I have had my professional trials and tribulations that have at times seriously challenged my ambition and drive to keep working within the CSR domain. Still, I am glad that I have been doing so to the present day since it is a real opportunity to be working with and on values that matter and have a deeper meaning. As such, I have increasingly come to value critical stances towards taken for granted assumptions, particularly regarding business case approaches towards sustainability. This definitely is one of the avenues I want to explore further from an academic point of view as it is intellectually challenging to think what mechanisms we should rely on in our quest towards sustainability and as it is of the utmost societal relevance. After all, as Umar Haque has succinctly put it: society doesn't need a business case, business needs a society case.

It follows from the above that a dissertation is an example of what is popularly called a process of co-creation and I want to thank several people in particular that have been

supportive in this process or have influenced my thinking (which may not be directly visible in the contents of this dissertation) not only during this process, but in the larger part of my professional career as well. First and foremost, I would like to thank Herman van den Bosch for his invaluable role in this dissertation. Herman, thank you for introducing me to the Open University The Netherlands in the first place, for providing me with the opportunity to develop an educational program on CSR, for your moments of reflection and for your practical support. Without this, this dissertation would not have existed. I would also like to thank Gerard Mertens for giving me the opportunity to develop this dissertation project in the way I have seen fit and for expressing his trust in me as an entrepreneurial academic. I hope we will be able to continue our activities in the field of CSR and sustainability in the years to come. I would also like to thank the other members of the PhD committee: Ronald Jeurissen, Sybren de Hoo, Lucas Meijs, Harry Kunneman en Luc van Liedekerke for their involvement in the dissertation process and for inspiring and supporting me over the years. Specifically, I want to thank Willem Lageweg for being an inspirational and supportive colleague and for paronyming. I admire the way you approach the field of CSR and how you have taken your role in it and am grateful for your explicit support for new avenues and subjects that I have been embarking on over the years. Judith, thanks very much for your willingness to be one of the paronyms. I have enjoyed our professional and personal contact over the years and I appreciate your ongoing support. As it should be in the context of sustainability, I will reciprocate the invaluable ways in which you all have been involved in my professional and academic activities to future generations.

It is impossible to envision my life (let alone this dissertation) without my precious family. Inge, my love, thanks for bearing with me. It is a great feeling to have a factor in one's life that at least gives the impression not to be changing too much. While you may not perceive such a statement as a compliment from someone like me, I want you to know it really is. I can only imagine that it must be challenging for you to live with someone like me and my 'blessed unrest' or necessity of change. Although I am not sure if it is a reassuring idea, you should know that I am aware of the fact that this blessed unrest comes with, let's say, a certain footprint. Please keep asking me once in a while "moet dat per se nu?" when I want you look at a text or reflect on an idea of mine in the evening – and keep in mind the quote of Martha Graham at the beginning of this preface. While I, as diametrically opposed to Martha Graham, am not much of a dancer; that queer divine dissatisfaction she speaks of is an essential part of me. In the end, I hope and trust that you find comfort in our shared belief that we will be able to realize a good part of the dreams we cherish and, most of all, the beauty of being able to raise our kids as loveable and loving people in the way we want.

And finally, Elsa, Leander and Elodie – you are my most vivid illustration of what truly matters in life, what it means to care for future generations and the importance of doing so. What a privilege it is to see you grow up and to be a part of your lives. I wouldn't have missed it

for the world and I'll make sure that you will think the same in time. Time and again, it is amazing to realize that simply by being there you engulf me with the feeling that I am part of something very, very special. In a sense, the rest doesn't matter – and, in a sense, that is a very sustainable idea. If you ever start engaging in academic work, beware that such work seldom recognizes that some of the best things in the world are beyond our rational comprehension. I hope this dissertation will make you proud of me one day in a way that you are not able to today (and if it doesn't, that's okay, too!), although I'd rather have you being proud of me for other reasons. It is way more important than the contents of this dissertation to know that I love you and that I am proud of you simply because of who you are, what you do and what you want to become, whatever it may be. Thanks for being there – in the end, that is all I need.

Lars Moratis

Roosendaal, March 2015

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Voor Elsa, Leander, Elodie en Inge

List of abbreviations

AA	AccountAbility
ABNT	Associação Brasileira de Normas Técnicas
AENOR	Asociación Española de Normalización y Certificación
AFNOR	Association Française de Normalisation
AS	Assurance Standard
ASI	Austrian Standards Institute
BSI	British Standards Institution
CCO	Communication as constitutive of organization
CMS	Certified management standard
CO	Certification organization
COS	Controle- en Overige Standaarden
CSR	Corporate social responsibility
DNV	Det Norske Veritas
DS	Dansk Standard
EC	European Commission
EU	European Union
GRI	Global Reporting Initiative
ILO	International Labour Organization
IOE	International Organization of Employers
IPQ	Instituto Português Da Qualidade
ISAE	International Standard on Assurance Engagements
ISO	International Organization for Standardization
KIWA	Keurings Instituut voor Waterleiding Artikelen*
KPMG	Klynveld, Peat, Marwick, Goerdeler*
LRQA	Lloyd's Register Quality Assurance
MNE	Multinational enterprise
MSI	Multi-stakeholder initiative
NBR	Norma Brasileira
NEN	Nederlandse Norm*
NGO	Non-governmental organization
NORMAPME	European Office of Crafts, Trades and Small and Medium sized Enterprises for Standardisation
NP	Norma Portuguesa
NPR	Nederlandse Praktijkrichtlijn
NSI	National standardization institute

Abbreviations

OECD	Organization for Economic Co-operation and Development
OHSAS	Occupational Health and Safety Management System
ONR	Österreichische Normungsinstitut Regeln
RS	Responsabilidad Social
SA	Social Accountability
SES	Stakeholder Engagement Standard
SGS	Société Générale de Surveillance
SIS-SP	Swedish Standards Institute-Technical Research Institute of Sweden
SME	Small and medium-sized enterprise
SP	Service provider
SRO	Standards-related organization
ST	Signalling theory
TÜV	Technischer Überwachungsverein*
UK	United Kingdom
UN	United Nations
UNDP	United Nations Development Programme
UNGC	United Nations Global Compact
US	United States of America

Note that items marked with an asterisk (*) are organization names that are based on their historical abbreviations. While these abbreviations remain in use as organization names, their original meanings usually do not and often do not reflect the spectrum of current activities of the respective organizations.

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Introduction

Chapter —

1.1 CSR: The role of business in sustainable development

Through its involvement in many institutional spheres, including the political, the economical, and the judicial (e.g., Scherer & Palazzo, 2007; Webb, 2012; Mena & Palazzo, 2012), business plays a pivotal role in the process of sustainable development. Through both its actions and inactions, it is able to manipulate and even define the direction and speed of sustainable development. As such, business inescapably has responsibilities towards its stakeholders and society as a whole which it should live up to in order to not lose that power or the legitimacy granted to it by society (Davis, 1973). This, in its essence, is the realm of corporate social responsibility (CSR). Ranging from ethical to the currently dominant instrumental and strategic approaches, CSR addresses the roles and responsibilities of business in achieving sustainable development. Or, as Marsden (2000: 11) succinctly defines it, *“a company’s management of its influence on and relationships with the rest of society.”*

Translating the challenges of sustainable development to the context of individual firms requires them to engage in thorough sensemaking processes to develop a deep understanding and idiosyncratic interpretations of both sustainability challenges and their roles and responsibilities in it (Cramer et al., 2005; Murillo & Lozano, 2006; Basu & Palazzo, 2008). In order to be successful in implementing, managing and communicating CSR, firms also need to find ways to bridge the information asymmetries in firm-stakeholder relationships that exist around their CSR commitments, actions and performance, or ‘CSR quality’ (Morsing & Schultz, 2006; Connelly et al., 2011). This not only presumes a sufficient knowledge base on the subject matter at hand, a preparedness to go through sensemaking processes together with stakeholders and an ability to communicate efficaciously, but also a recognition of the (moral) need, willingness, and courage to act. Even with the prospect of a business case for engaging in CSR firms may experience thresholds or problems in signalling their CSR quality or may opportunistically decide to not do so. Amidst economic turmoil and uncertainty, risk averse attitudes and tendencies to maintain the status quo soar, making the evasion of social responsibilities a luring perspective. This is especially the case when such behavior goes unsanctioned and when it is possible to free-ride on the CSR commitments and actions of others (cf. Lepoutre et al., 2007). Combined with lacking or sometimes even absent regulatory frameworks that help govern and discipline the behavior of (globally dispersed) firms and their supply chains, the existence of haphazard, fragmented, uncoordinated, and misdirected CSR efforts easily becomes the rule rather than the exception.

1.2 The purpose and promise of standards

The above, in a nutshell, may account for the apparent lack of coupling between firm-level CSR initiatives on the one hand and society-level sustainability effects on the other (UNDP, 2010; Visser, 2011). CSR standards, defined as predefined rules and procedures for organizational

behavior with regard to social and/or environmental issues that are usually not required by law (Rasche, 2011), may pave a viable way for remedy this poor coupling.

Despite their potential, CSR standards are sometimes regarded with a certain level of disdain as adhering to such standards is seen to represent a corporate strategy of abdicating rather than assuming responsibility – and to the extent it is viewed as a legitimate way for organizations to take responsibility, it would be a superficial way. Sceptics tend to conceive of standards as fig leaves and claim to witness many firms opting for low-exigency standards. Such corporate behavior would illustrate symbolic CSR implementation at worst and selective CSR implementation at best (Christmann & Taylor, 2006; Mueller et al., 2009), compromising the degree to which standards reflect the actual a firm's CSR quality. From a corporate communications point of view, standards may thus not improve the credibility of corporate CSR claims and not reflect the actual CSR quality of firms, but rather be a symbol of corporate greenwashing and the deceiving of stakeholders (cf. Laufer, 2003; Ramus & Montiel, 2005; Marquis & Qian, 2013). Sceptics may also argue that CSR cannot be standardized as it is a too normatively-oriented concept of which the value resides in idiosyncratic interpretations of the concept by individual firms that develop and vary over time.

Without standards, however, modern life would simply not be possible and it is through standards and standardization (also in terms of the organization capacity of the human psyche) that people and organizations get to grips with the complexities and refraction of reality (Balzarova & Castka, 2012). The overall goal of standardization efforts is to enable reaching consensus on solutions that meet the requirements of business as well of the broader needs of society (ISO, 2008), thereby making legitimate sense of tangled problems, contested concepts and multifaceted issues. Standards may hence serve a useful purpose in the context of CSR as a contested concept and practice (Moon et al., 2005: 433-434; Matten & Moon, 2008; Palazzo & Scherer, 2008; Okoye, 2009), enabling organizations to interpret their environment and their relationships to it, to structure their operations, to develop and implement CSR policies, and to standardize strategic management processes (e.g., Rasche, 2011; Hahn, 2012a). Perhaps more importantly, CSR standards may function as an indispensable signalling device for addressing problems related to the relative unobservability of a firm's CSR quality (Johnston, 2006; Terlaak, 2007a, Perez-Batres et al., 2012). By reducing information asymmetries standards can assist stakeholders in the interpretation and assessment of firms' CSR quality. As standards provide a common language and carry a legitimizing function, they can also function as a strategy to enhance corporate CSR claims (Castka & Balzarova, 2008a; Mueller et al., 2009; Mijatovic & Stokic, 2010; Pflugrath et al., 2011; Delmas & Cuerel Burbano, 2011). As Delmas & Cuerel Burbano (2011) note, standards that *"explicitly include directives about the importance of truthful communication and representation of firm behavior (...) would likely diminish the likelihood of greenwashing."* Through CSR standards, firms may differentiate themselves from competitors and secure legitimacy in their struggle for survival (Miles & Munilla, 2004; Rasche, 2011).

As a third and perhaps most important argument in this context, there is a 'world of stakeholder involvement' and the creation of shared meaning in processes of deliberative democracy hiding behind many standardization efforts (cf. Hahn & Weidtmann, 2012; Mena & Palazzo, 2012). Standardization has increasingly been taking place in and as multi-stakeholder initiatives (MSIs) which reenact the institutionalization of both the process of giving and expressing voice and the effectuation of it in practice through organizational behavior. Standards, in this sense, provide an ontology of organizational life. From the viewpoint of practice, standards that have come into existence by means of MSIs provide a legitimate point of reference for governing globally expanding corporate behavior through norm-building and rule-setting in the face of lagging political regulation (Habermas, 1998; Kobrin, 2008; Mueckenberger & Jastram, 2010). As Mena & Palazzo (2012: 528) note, MSIs attempt to fill gaps in global regulation, primarily by issuing 'soft law' standards which are non-binding and by voluntary private rules that are usually not enforced through mechanisms of government (Utting, 2002; Abbott & Snidal, 2000; Gilbert & Rasche, 2008). CSR standards thus represent agreements of, shared interpretations on and platforms for the self-regulation of business in the realm of their social and environmental responsibilities. From the perspective of organization studies, they can be seen to contribute to the standardization of organizations, to be the result of standardization by organisations, and to refer to standardization as (a form of) organisation (Brunsson et al., 2012).

1.3 Focus of this dissertation

In the emerging institutional infrastructure of CSR, standards and MSIs contribute to the creation of 'new rules for the game' without legislating (Terlaak, 2007b; Waddock, 2008). Widely used standards in the field of CSR include the United Nations Global Compact (UNGC), the Global Reporting Initiative (GRI) guidelines for sustainability reporting, the ISO 14001 management systems standard for environmental management, the SA 8000 standard for working conditions in the supply chain of companies and the AA 1000 series of standards which focus on sustainability reporting assurance and stakeholder engagement. In November 2010 the ISO 26000 standard for (corporate) social responsibility was published, containing guidance for organizations to understand and interpret CSR, formulating and implementing CSR policy and CSR communication. Such standards can be seen as both a basis of institutionalization and the result of institutionalization processes as they are usually developed within transnational norm-building networks, comprising a nexus of voice and entitlement beyond the level of the nation-state (Mueckenberger & Jastram, 2010).

1.3.1 An introduction to ISO 26000

This dissertation focuses on (critically) investigating one of the most ambitious and promising initiatives that have recently been taken within this CSR infrastructure, namely the ISO 26000

standard. This standard is viewed here as an important, multifaceted and potentially problematic object in the empirical reality of responsible business and sustainable development. ISO 26000 is a guidance standard for CSR that was developed as an MSI under the auspice of the International Organization for Standardization (ISO). The standard emerged as a response to the variegation of comprehensive and issue-based CSR standards, which had resulted in a labyrinth of norms, requirements, guidelines, codes of conduct and the like in the realm of CSR. It aims to provide *“guidance on the underlying principles of social responsibility, recognizing social responsibility and engaging stakeholders, the core subjects and issues pertaining to social responsibility and on ways to integrate socially responsible behaviour into the organization”* (ISO, 2010: vi).

Due to the global stakeholder-inclusive nature of its development process and its embeddedness within the ISO tradition of standards development, ISO 26000 can be viewed of as an important and authoritative example of institutionalization in the field of CSR. The inclusive nature and procedural fairness of its development process, its consensual orientation and its transparency lead the standard to possess a high level of legitimacy (Mueckenberger & Jastram, 2010; Mena & Palazzo, 2012; Hahn & Weidtmann, 2012). A recent research report commissioned by the European Commission to map what CSR standards are being used by European firms shows that ISO 26000 is among the standards that large European companies most widely refer to (European Commission, 2013). It is becoming an important point of reference for interorganizational communications and relations, especially in business-to-business and business-to-government contexts where organizations expect their contractors to comply with CSR rules. Examples include the integration of CSR criteria within sustainable procurement by organizations and public sector organizations, subsidy and (co-)financing arrangements aimed at incentivizing trade relations between developed and developing countries, export credit insurance facilities for international trade and award schemes. ISO 26000 is also mentioned as one of the core guidance documents in the European Union's 2011 CSR Strategy (ibid.) and the standard makes reference to many authoritative private, public and intergovernmental standards and agreements in the CSR domain, including conventions of the United Nations (UN) and resolutions of the International Labour Organization (ILO).

While data on the adoption of ISO 26000 by individual firms are not available (and since the standard is not certifiable it is impossible to provide exact figures on its adoption), the 2012 ISO 26000 Post-Publication Survey reports that the standard has been translated into 24 languages and had been adopted by 64 countries, excluding 15 countries that are in the process of adopting the standard, and observes that the demand in these countries for ISO 26000 is increasing. If it provides any proxy of the adoption of the standard in practice, the number of copies of ISO 26000 sold through national standardization institutes is largest in France (2,500+), followed by Brazil (1,500+), Sweden (800+) and the Netherlands (750+) (ISO, 2012a). The aforementioned survey among large European firms (European Commission, 2013) further suggests that ISO 26000 is becoming an important point of reference in international business

and society relations.

From a political CSR perspective, Mueckenberger & Jastram (2010) argue that the voice and entitlement nexus that is characteristic of transnational norm-building networks such as ISO 26000 “constitutes a founding element of an emerging worldwide polity, under conditions where a world state or a world society cannot be imagined”, “governing globalization by means of democratically legitimate and effective rules” (p. 236). An analysis of the ISO 26000 standard by Hahn & Weidtmann (2012) from the perspective of democratic legitimacy of transnational governance mechanisms shows that the standard has a relatively high level of normative legitimacy, particularly stemming from its stakeholder-inclusive approach both in qualitative and a quantitative terms. In a similar vein, Ward (2012) notes that ISO 26000 might be understood as a signpost along the way to an emergent transnational democracy, bearing some resemblance to an outer layer of a system of ‘nested governance’ (Alter & Meunier, 2005). Helms et al. (2012) provide a negotiation perspective on the development of ISO 26000 as a discursive process of settling on new institutional practice through which the involved constituents try to reach agreement on the meaning and legitimacy of an institutional practice or arrangement (cf. Balzarova & Castka, 2012). In this sense, ISO 26000 has ultimately been found worthy of formal support from ISO constituents and represents a new and legitimate institutional practice which through its rule-like function can be expected to engender isomorphic effects and standardization of strategic management processes (Hahn, 2012a).¹

In its investigation of and reflections on ISO 26000, this dissertation essentially takes complementary and partly overlapping analytical perspectives that are new to the academic analysis of ISO 26000 or complement recent scholarly work in this field. In addition to presenting empirical data on the adoption of ISO 26000 (and other CSR-related standards) and the determining factors in this process, it analyzes ISO 26000 as a form of collaborative governance, analyzes ISO 26000 from the perspective of signalling theory, and analyzes the contents of ISO 26000 in the context of contemporary CSR discourse.

1.3.2 Consequences of collaborative governance

Being part of the emerging institutional sphere of ‘collaborative governance’ (Rasche, 2010; Mueckenberger & Jastram, 2010; Mena & Palazzo, 2012; Webb, 2012), the ISO 26000 standard – and all MSIs, for that matter – is however far from unproblematic and there are various aspects of the standard that do not meet the layman’s eye (even the academic eye, until now) and are worthy of in-depth investigation. The type of standard it represents, for instance, can be viewed as an innovation in standards development (cf. Castka & Balzarova, 2008b; Hahn, 2012b), begging questions about its nature, contents, its adoption, and its implementation. ISO 26000 was not developed as a certifiable standard for the implementation of a management system (defined here in line with Jackson (1997) as a structured approach towards organizational management that includes well-defined and documented processes for a set of core elements

that are fully implemented), but as a guidance standard, specifying actions and expectations towards organizations that want to adopt the standard without strictly requiring action or comprising enforcement mechanisms such as certification and communications on progress. Also, the standard's interpretation of CSR seems to deviate from the instrumental or strategic conceptions of CSR that have become dominant in both academic literature and corporate practice (De Bakker et al., 2005; Dahlsrud, 2008; Lee, 2008). While these conceptions are rooted in business case approaches, ISO 26000 seems to emphasize firms' roles and responsibilities towards society from a more morally-informed standpoint (see section 1.3.4). These characteristics of ISO 26000 may lead the standard and, consequently, adopting organizations to suffer from signalling problems in a context in which it is important for stakeholders to learn about and assess firms' CSR intentions, commitments and performance. As a result, the uptake of the standard may be hampered, compromising both its empirical legitimacy and its potential as a force for change.

Notably, several of these problematic aspects of ISO 26000 are directly the result of the multi-stakeholder character of the standard's development process and the compromises that were inherent to the many deliberations and negotiations during this process. Despite the mere accomplishment of reaching a sufficient level of consensus to publish the standard as it was done (see e.g. Helms et al., 2012), analyzing ISO 26000 in terms of its legitimacy and consequences may not lead to an equally optimistic view about the standardization of CSR. The fact that it was developed in an MSI meant that compromise was needed on several aspects of the standard, including it not being intended for certification, and the end result has led both national standardization institutes (NSIs) and certification organizations (COs) to develop alternative CSR standards. These alternative standards have been developed bearing ISO 26000's shortcomings for corporate practice in mind and may well be perceived as being more fit-for-purpose by firms than ISO 26000 itself. As a consequence, while one of the initial goals of developing the ISO 26000 standard was to attain a level of harmonization of the CSR domain and to provide overview and structure for organizations wanting to develop and implement CSR strategies, the standard may perhaps have the unintended adverse effect of achieving exactly the opposite of what it set out to do. Such consequences of collaborative governance have hardly been addressed in academic literature and calls have been raised especially for empirical illustrations of this phenomenon (Greenwood et al., 2011). Recent developments in institutional theory on institutional pluralism (e.g., Kraatz & Block, 2008; Jarzabkowski et al., 2009; Greenwood et al., 2011) seem to provide a promising theoretical avenue to empirically explore and theorize about such consequences.

1.3.3 Communicating CSR: ISO 26000 as a signalling problem

From a firm-level perspective, characteristics of ISO 26000 lead to question its signalling potential and the credibility of corporate CSR claims based on adherence to the standard. Consequently,

it gives rise to investigating signalling strategies that firms may deploy to reduce information asymmetries between them and their stakeholders and effectively signal their CSR quality. It has been argued by many scholars that CSR initiatives and communicating about these initiatives may help a business to build trust with its constituents and help establish credibility which may in turn lead to greater legitimacy of firms (e.g., Morsing & Schultz, 2006; Matten & Moon, 2008; Russo & Perrini, 2010). However, the credibility of corporate CSR claims has become a thorny problem with a vast majority of firms' stakeholders nowadays interested in learning about how companies engage in CSR and less than half of them believing that firms communicate honestly about CSR (Globescan, 2012). A recent survey by Edelman (2013) shows just 17 per cent of people between the age of 25 and 64 trusting business 'a great deal'. Suspicion of greenwashing thus seems to be the starting point for at least part of the relationships firms have with their constituents.

While this challenges the engagement in CSR and the effectiveness of CSR communication from the perspective of individual firms, this has consequences from an institutional viewpoint as well. On the upside, this status quo may have a positive disciplining function on firms' actual CSR quality and prevent symbolic or all too selective CSR implementation behavior by firms. On the downside, it may have a negative disciplining effect by hindering the further involvement of sincere firms in the CSR agenda and their CSR development. In fact, it may even deter firms that consider getting involved in contributing to sustainable development through their business. Despite the fact that such a status quo may stimulate greywashing rather than greenwashing, it may also compromise firms' opportunities to seize business benefits from engaging in CSR by restraining their willingness to reveal and signal their CSR quality. Greywashing actually cultivates and contributes to the relative unobservability of firms' true CSR quality for stakeholders, a phenomenon that lies at the core of the notion of information asymmetry in signalling theory (Terlaak, 2007a; Connelly, 2011). Spanning a comprehensive range of subjects in the CSR domain and stemming from a legitimate basis, ISO 26000 could contribute to making a firm's CSR quality better observable. While offering a promising theoretical framework, signalling theory has only been applied to the domain of CSR sparsely² (Connelly et al., 2011) and ISO 26000 has not been approached through this theoretical lens at all.

Notwithstanding this affirmative function of the standard, ISO 26000 may be viewed as a low-exigency standard as any organization can claim having adopted and applying it. The standard contains no requirements, uncouples action from performance, has no built-in enforcement mechanism, and builds on the notion of idiosyncratic interpretations of CSR (Schwartz & Tilling, 2009; Hahn, 2012b; Hahn & Weidtmann, 2012; Hemphill, 2013). The standard can be easily used by malevolent firms as a fig leaf or procedural smokescreen covering rather than revealing a firm's true CSR quality. In effect, ISO 26000 may well be a problem in signalling and contribute to the unobservability of CSR and enable firms to mislead or deceive stakeholders in their assessment and interpretation of CSR quality. It may even run the risk of becoming a

standard for greenwashing, further hampering the adoption of the standard.³ Firms are hence compelled to pursue additional strategies to signal their CSR quality and enhance the credibility of their CSR claims. They may for instance opt for adhering to additional certifiable issue-oriented CSR standards, choose (local) alternatives for ISO 26000 that have been developed (e.g., self-declaration protocols, certifiable variants of ISO 26000) or pursue other signalling strategies (e.g., publish their CSR performance in sustainability reports, engage in cross-sector partnerships; cf. Moratis (forthcoming)). While being relevant from both an academic viewpoint and for business practice, these topics have to date not attracted the attention of academics and provide reason for in-depth investigation.

1.3.4 Contents of ISO 26000: not so standard

A final note on ISO 26000 relates to fundamental orientations towards CSR within the concept's practical and academic discourse. Within modern CSR discourse, business case approaches towards CSR dominate (De Bakker et al., 2005; Dahlsrud, 2008; Lee, 2008), manifesting itself increasingly under the overarching guise of strategic CSR and shared value (Porter & Kramer, 2006, 2011). These profit-motivated conceptions of CSR argue that addressing social and environmental responsibilities can and should lead to direct and indirect economic value for business and, consequently, stakeholder benefits and societal welfare. Following the standard's morally-informed interpretation of CSR, and on a more philosophical level, ISO 26000 seems to challenge this prevailing business case perspective on responsible business. While the pragmatism of business case approaches ensures that business gets involved in CSR, the limitations of this approach should be recognized as well (Blowfield & Frynas, 2005; Prieto-Carron, 2006; Nijhof & Jeurissen, 2010; Moratis, 2014). The current business case bombast of CSR discourse, rooted in the capitalist mantra of profit maximization, seems to be silencing the view of moral responsibilities of firms, however, cultivating interpretations of CSR – and thus solutions to sustainable development – that are characterized by ethical detachment. Whereas ethical detachment may be the inherent collateral damage of processes of modernization (cf. Bauman, 2011) one should realize that problems of morality and ethics in multiple institutional spheres are at the root cause of situations of unsustainability. Moral orientations towards CSR should not be supplanted by, but at least be brought into a reflexive relationship with, pragmatic approaches sprouting from business case thinking.⁴ In fact, an ethical re-attachment may provide a deeper meaning to doing business and a view of entrepreneurship as a sensegiving and sensemaking activity which may be pursued as a value in its own. This contains an important message for management education as well: ISO 26000 may propagate an approach to CSR that encourages or at least makes firms and business schools consider to escape the instrumental straitjacket of shared value thinking and develop an enriched view of organizational purpose. Such a view could open up possibilities to explore and integrate stewardship approaches to CSR and subjects such as humanism and business spirituality in both corporate management and management scholarship (Moratis, 2014).

1.3.5 Research commitment

Underlying the different aspects of ISO 26000 described in the previous sections, this dissertation is primarily guided by the commitment to shed light on the following research questions:

- What are the institutional consequences of the multi-stakeholder nature of ISO 26000?
- To what extent do these consequences lead to problems in the standard's signalling value?
- And what firm-level signalling strategies can be identified to respond to this?

By aiming to provide an informed answer to these guiding questions, this dissertation hopes to make an academic contribution and be of value for corporate practice as well.

1.4 Structure of the dissertation

This dissertation contains six chapters that investigate ISO 26000 from the various perspectives on standards in organization studies as defined by Brunsson et al. (2012) and from several theoretical lenses. It subsequently examines:

- The factors that determine the adoption of ISO 26000 and related CSR standards (Chapter 2);
- The contents of ISO 26000 in the light of modern CSR discourse (Chapter 3);
- The (potential) adverse consequences of collaborative governance using the development of ISO 26000 as a point of reference (Chapter 4);
- The signalling value and potential signalling problems of ISO 26000 (Chapter 5);
- The need for and types of signalling strategies that firms may deploy when they want to work with the ISO 26000 standard (Chapter 6);
- The use of CSR standards in enhancing the credibility of CSR claims (Chapter 7).

These chapters represent a collection of essays that have been published as articles in, are under review with or are being prepared for submission to various academic journals. As the chapters address related though different topics, they use several methodologies and research techniques, ranging from discussing literature on CSR standards, institutional pluralism and aspects of signalling theory to conducting interviews and surveys among CSR professionals. Hence, this dissertation intends to:

- Contribute to an increased understanding of the value and limits of standardization in general and ISO 26000 in particular (cf. Rasche, 2010, 2011; Hahn, 2012a,b);
- Answer calls for empirical illustrations in the fields of CSR standards and MSIs from the perspective of institutional pluralism (cf. Greenwood et al., 2011; Hahn & Weidtmann, 2012);
- Assess the signalling value of ISO 26000 and its function in reducing information

asymmetries regarding the CSR quality of firms (cf. Connelly et al., 2011; Hahn, 2012b; Webb, 2012);

- Make a contribution to the further specification of signalling theory and legitimacy aspects of MSIs (cf. Connelly, et al., 2011; Mena & Palazzo, 2012);
- Critically examine the contents of ISO 26000 and discuss the value of morally-informed approaches to CSR as a complement or a substitute to business case approaches to CSR (cf. Nijhof & Jeurissen, 2010);
- Provide insights for both business practice on signalling their CSR quality and the practice of standards development;
- Open up multiple research agendas to explore the above topics further from both a theoretical and empirical point of view.

1.4.1 Overview of the chapters

Chapter 2 addresses the adoption by firms of ISO 26000. The publication of ISO 26000, the rising corporate demand for ways that support implementing and demonstrating CSR and the need to enhance credibility of the CSR initiatives of organizations have led to the emergence of several comprehensive CSR standards in the Netherlands. As ISO 26000 provides guidance rather than requirements, is not a management system and is not intended for certification, several COs in the Netherlands have taken the initiative to develop a certifiable standard for a CSR management system inspired by ISO 26000, called the CSR Performance Ladder. Although their uptake is still in its infancy, ISO 26000 and the CSR Performance Ladder are clearly competing for market prominence and have to date surfaced as the most important CSR standards in the Netherlands. One of the main topics of interest in this evolving field of CSR standards therefore concerns the determinants of adoption of these CSR standards, which we explore in the context of these two standards. Since comprehensive CSR standards are a relatively new phenomenon, empirical research into this area is still scarce. To study the determinants for the adoption of CSR standards, an exploratory study based on a qualitative research methodology involving interviews with CSR experts was conducted. Next to presenting original empirical data, this chapter reviews literature on standards adoption with specific reference to CSR standards and contributes to an emerging stream of literature on ISO 26000.

Chapter 3 contains an appraisal of the contents of the ISO 26000 standard, in particular regarding its interpretation of the CSR concept. Although ISO 26000 has been a subject of both scholarly attention and practitioners' interest, the definition of CSR that is used by this comprehensive standard has not been subject to in-depth analysis. Investigating it may however be worthwhile as the standard's definition of CSR may prove 'out of the ordinary': it seems to differ from most other contemporary conceptions of CSR that model the business-society relationship through an instrumental strategic frame and emphasize the business opportunity

for yielding economic returns by addressing social responsibilities. This chapter analyzes the ISO 26000 definition of CSR and assesses it by comparing it to various other contemporary interpretations of CSR by looking at the main dimensions of most CSR definitions. In addition, it formulates several points of critique on the contents of ISO 26000 and reflects on the development of novel business case approaches towards CSR.

Chapter 4 examines the effects of ISO 26000 by analyzing it from the theoretical lens of institutional pluralism. Collaborative governance is seen to become the common currency of decision-making, able to surmount existing institutional constraints to effectively address challenges related to social and environmental corporate behavior. Collaborative governance approaches may however result in institutional complexity. ISO 26000 represents a pluralistic institutional logic that resonates several tensions arising from, among other things, the domain it tries to standardize, the nature of its development process, its interpretation of CSR and the type of standard it represents. This chapter aims to identify and examine strategic responses to ISO 26000 by various standards-related organizations (SROs) and to contribute to the understanding of strategic responses of organizations to pluralistic institutional logics that result from collaborative governance.

Chapter 5 addresses the potential and limitations in the signalling value of ISO 26000. It starts from the assumption that in order to fully benefit from engaging in CSR firms need to ensure that their stakeholders are able to recognize and assess their CSR quality. The low observability of CSR and the idiosyncrasy of the CSR concept pose firms with problems of information asymmetry. ISO 26000 may help firms in signalling their CSR quality as the standard possesses a high level of legitimacy and firms worldwide appear to be adopting the standard. This chapter analyses ISO 26000 with concepts from signalling theory (ST), including signal quality and intent, the efficacy of signalling by firms of high CSR quality and low CSR quality, signal honesty and signal fit, and signal frequency and consistency. Besides containing insights for practice, this chapter contributes to theory by distinguishing between two types of information asymmetries and offering a further specification of concepts from ST benefiting its application to CSR.

Chapter 6 focuses on signalling strategies that firms may pursue to strengthen the CSR signal they emit by adhering to ISO 26000. CSR standards offer a way for encouraging responsible business conduct and corporate accountability. While ISO 26000 seems to possess a high degree of legitimacy, the uncertifiability of the standard and the fact that it was developed as a guidance instead of a management systems standard make it problematic from a perspective of signalling CSR quality of firms adhering to the standard. Grounded in ST, this chapter identifies five signalling strategies for firms using ISO 26000 to guide their CSR efforts. Next to identifying and discussing these strategies, the chapter explores notions of legitimacy related to the standard, discusses possible legitimacy consequences of the signalling strategies and formulates research suggestions.

Chapter 7 examines the use of CSR standards in enhancing the credibility of CSR claims. With stakeholders sceptical about corporate CSR communications, firms are urged to develop strategies to enhance the credibility of their CSR claims. Using CSR standards may be a viable strategy to do so. Adopting a ST perspective, this chapter identifies several fundamental problems associated to signalling CSR and suggests that CSR standards may offer a way to address these problems effectively. In addition, it provides an overview of relevant literature on CSR standards and presents original empirical data from a survey among Dutch CSR managers to shed light on the use of different types of CSR standards for the purpose of enhancing the credibility of corporate CSR claims in practice. Next to offering original empirical insights, this chapter identifies several theoretical and empirical avenues for further researching this topic.

This dissertation is concluded by Chapter 8, which discusses and reflects on several highlights and implications and briefly recapitulates the research suggestions that follow from the respective chapters.

Notes

- 1 As this dissertation represents a collection of essays, each of the chapters contains some background information on ISO 26000 from the perspective of the respective chapters' topics, for instance in the context of standards adoption (Chapter 2), in the context of characteristics of the standard that are addressed (Chapter 3) and as a multi-stakeholder initiative (Chapter 6).
- 2 See for exemplary contributions Johnston (2006), Etilé & Teyssier (2012), and Lys et al. (2013).
- 3 Interestingly, ISO 26000 provides a 'framework' for developing, implementing and communicating CSR policy at the firm-level that acknowledges the importance of enhancing the credibility of companies' CSR claims, while most other frameworks neglect this aspect of CSR implementation and communication (e.g., Maon et al., 2010; Macagno, 2013).
- 4 Current manifestations of such integrative concepts can be found in true cost accounting (Bailey & Soyka, 1996; Gaddis et al., 2007) and similar approaches that are based on pricing of externalities. PUMA's Environmental Profit & Loss Statement and the sustainability-driven business model of Patagonia exemplify best practice in the modern business landscape in this respect.



Chapter 2

Determinants of CSR
standards adoption:
Exploring the case of
ISO 26000 and the CSR
Performance Ladder
in the Netherlands¹

2.1 Introduction

A plethora of CSR-related standards and guidelines has become available for organizations worldwide, ranging from issue-oriented standards to comprehensive CSR standards (Mueller et al., 2009; Moratis & Cochiuș, 2011; cf. Delmas & Montes-Sancho, 2010; Johnston, 2012). The ISO 26000 standard is the most recent initiative in standardizing CSR, offering a global consensus-based interpretation and implementation framework for CSR. ISO 26000 is however a rather peculiar type of standard as it is not a certifiable management systems standard. This has led to CSR standardization responses by several organizations worldwide, including NSIs, COs and consultancies (Hahn, 2012b).

This chapter explores the emerging and hence not well-researched theme of determinants of CSR standards adoption. Although the adoption of CSR-related standards such as ISO 14001 has been a topic of scholarly attention for several years now, not much empirical research has been undertaken.² Also, most of CSR standards adoption research has not focused on *comprehensive* CSR standards (as opposed to issue-oriented CSR standards) and academic interest in ISO 26000 is only starting to develop. This chapter attempts to contribute to these lines of inquiry. It focuses on the Dutch CSR context, where the publication of the ISO 26000 standard has led to the introduction of several certifiable CSR management systems standards, most notably the CSR Performance Ladder. While both focus on CSR and are of a comprehensive nature, ISO 26000 and the CSR Performance Ladder are based on different models of CSR standards, which makes it a relevant case to research. This chapter reports on original empirical data on determinants for CSR standards adoption obtained through an exploratory qualitative research methodology. Its main contribution lies in the presentation and categorization of empirical findings and in the consequent insights it provides into determinants for CSR standards adoption. Despite the fact that the data were collected in the Netherlands, the results may provide insights for and a basis for further research in other countries as well.

This chapter is structured as follows. First, it provides the necessary context to the topic under investigation by presenting the various perspectives on ISO 26000 in academic literature. Second, it reviews research on the adoption of CSR standards and introduces the theories used to reflect on the findings of this study. Next, it expounds on the exploratory, qualitative research methodology that has been used, after which the findings from the empirical research are presented. In order to provide a rich qualitative view on the topic at hand, this chapter presents the research findings including quotes from the CSR experts that have been interviewed. Finally, conclusions on both determinants of CSR standards adoption and theories on standards adoption are presented and this chapter ends with a reflection on the study, including an outlook for future research projects on this topic.

2.2 Standardizing CSR: the ISO 26000 standard

CSR has been viewed as a management concept that urges businesses to define idiosyncratic approaches to strategies on the business-society interface (Okoye, 2009; Murillo & Lozano, 2006; Moratis & Cochiuș, 2011) and to engage in company-specific sensemaking processes based on change management dynamics (Cramer, 2005; Cramer et al., 2006). The business environment has however in recent years witnessed the emergence of various CSR standards, both relating to comprehensive and issue-oriented CSR standards. One of the main reasons for this is that these standards have a supporting function in CSR-related organizational change processes, inducing companies to adopt a more systematic, progressive, and visible approach towards CSR and enabling its implementation (Fombrun, 2005; Castka & Balzarova, 2008a, 2008b; Maon et al., 2009; Mueller et al., 2009). Standards also function as a strategy to provide a common language and carry a legitimizing function which can benefit companies that are seeking to substantiate the credibility of their CSR claims (Castka et al., 2004; Ingenbleek et al., 2007; Castka & Balzarova, 2008a; Mueller et al., 2009; Mijatovic & Stokic, 2010; Pflugrath et al., 2011; Rasche, 2011). In addition, adhering to CSR standards is increasingly seen as a precondition for operating in business-to-business relationships and hence offers business opportunities arising from sustainable procurement initiatives from large companies and governments (McCrudden, 2007; Rimmington et al., 2008; Walker et al., 2009; Varnas et al. 2009). Finally, from an institutional perspective certifiable standards provide the potential for transnational governance mechanisms aimed at the self-regulation of companies (Cashore, 2002; Boiral, 2003; Potoski & Prakash, 2004; Christmann & Taylor, 2006; Judge, 2010; Ward, 2012; Hahn & Weidtmann, 2012; Mueckenberger & Jastram, 2010).

The publication of ISO 26000 in November 2010 has been the most recent and perhaps most ambitious development in the area of CSR standardization. The ISO 26000 standard aims to assist organizations with the operationalization and implementation of CSR by translating principles into effective actions and by providing guidance and best practices on various CSR topics, including governance, environment, human rights, and community involvement. The importance of identifying and engaging with stakeholders is one of the central tenets of the standards and ISO 26000 emphasizes (and functions as) an instrument for enhancing the credibility of CSR initiatives. Its development process, designed as a global multi-stakeholder approach led by ISO that included representatives from 99 countries and some 450 nominated experts ensures the legitimacy of the standard (Mueckenberger & Jastram, 2010; Hahn & Weidtmann, 2012).³ In contrast to previous ISO management standards, such as ISO 14001 for environmental management and ISO 9001 for quality management, ISO 26000 does not contain requirements for a management system and is not intended for certification. Instead, ISO 26000 has been introduced as a standard that offers mere guidance, supporting organizations of all sorts, sizes and sectors in their CSR endeavours, irrespective of their CSR development phase.

2.3 The CSR standards jungle: Dutch responses to ISO 26000

One of the characteristics of the CSR infrastructure is that many CSR standards have emerged over the years (Waddock, 2008). While the goals of the ISO 26000 project included providing some form of harmonization in the CSR domain, reducing the lack of clarity they experience in the labyrinth of CSR-related standards and, as a solution to these issues, functioning as an umbrella standard in the field of CSR, the fact that ISO 26000 was not developed as a management systems standard and that the standard is not intended for certification seems to have spurred the development of other CSR standards even further. This seems to have only added to the 'jungle' of CSR standards. Consequently, ISO 26000 has become a contested topic both from an academic perspective as from the perspective of practice.⁴

This problem is clearly illustrated by looking at the 'market for standards' in the Netherlands: the years following the introduction of ISO 26000 have witnessed the introduction of various CSR standards, including the 'CSR Performance Ladder', 'Keurmerk NL MVO', 'MVO Aantoonbaar', and 'MVO-Wijzer'. All of these responses to ISO 26000 are based on a certification scheme and have been initiated by for-profit organizations who have identified business opportunities in this absent trait of ISO 26000. Various COs and consultancies are currently involved in multiple CSR standardizing initiatives simultaneously and offer services revolving around these, not necessarily tied to their own. For instance, they offer implementation and auditing services based on their experiences with standards implementation (e.g., ISO 9001, ISO 14001 and OHSAS 18001).

In the Netherlands, the national ISO 26000 mirror committee has opted for a self-declaration approach as a response to the introduction of these certifiable CSR standards. With this strategy, the Dutch NSI NEN responded specifically to the introduction of the certifiable CSR Performance Ladder in the Netherlands which has quickly become a direct substitute for ISO 26000. The CSR Performance Ladder was developed by three well-known COs in the Netherlands, DNV, KIWA and LRQA. Similar to ISO 26000, the CSR Performance Ladder is based on several international guidelines for CSR, including ISO 9001, ISO 14001, AA 1000 and GRI.⁵ Although the uptake is still in its infancy, ISO 26000 and the CSR Performance Ladder have to date surfaced as the most prominent and most widely applied CSR standards in the Netherlands.

Even though ISO regards certification of ISO 26000 as misinterpretation⁶ of the guidance document, NEN has claimed have experience a desire with organizations in the Netherlands to demonstrate their CSR performance (cf. Moratis & Cochius, 2011). In a working group of the Dutch ISO 26000 mirror committee, a practical guideline for organizations, called NPR 9026, which contains guidelines for a self-declaration for the application of ISO 26000, was consequently developed. The basic idea behind this approach is that organizations go through a series of procedures that encourage them to collect information, present evidence, build an argument in favor of their application of ISO 26000, and 'claim' their adherence to ISO 26000

by communicating it through a self-declaration. The information resulting from the procedure is publicly available on a website that functions as the so-called ISO 26000 publication platform.⁷ This self-declaration may be verified through an independent third party audit, but this is not mandatory.

Although both ISO 26000 and the CSR Performance Ladder are comprehensive CSR standards that compete head-to-head for prominence in the marketplace, they differ on various dimensions and present different models of standardizing CSR. Hence, they offer a choice for organizations wanting to implement CSR based on an accepted framework or seeking to enhance the credibility of their CSR claims. This is illustrated in Exhibit 2.1.

In the next section, relevant literature on CSR standards adoption is reviewed in order to analyze important aspects of adoption processes and dynamics that have informed this research into the adoption of comprehensive CSR standards.

2.4 Research on the adoption of CSR standards

While literature on the diffusion and the adoption of standards by organizations is vast (see for instance Brunsson & Jacobsson, 2000; Corbett & Kirsch, 2001; Guler et al., 2002; Delmas, 2002; Neumayer & Perkins, 2005; Christmann & Taylor, 2006; Mueller et al., 2009; Del Mar Alonso-Almeida & Rodriguez-Anton, 2011), studies into the adoption of CSR-related standards and comprehensive CSR standards have been rather scarce. This observation applies even more when one looks at the availability of empirical studies. The bulk of the research has focused on certifiable (ISO) management system standards that relate to CSR issues (as opposed to comprehensive CSR standards that are the main subject of this chapter), especially environmental management standards (e.g., ISO 14001) and, to a lesser extent, social management systems (e.g., SA 8000), studying different aspects such as the motives, benefits, impact and institutional factors of standards adoption.

With the objective to develop a predictive model for the motivation of ISO 14001 certification, Quazi et al. (2001) identified a number of firm-specific adoption factors and tested them in a survey among Singaporean firms. Top management's concern, corporate headquarter's environmental practices, meeting environmental regulations, and cost savings were found to determine firms' decisions to adopt ISO 14001. However, factors beyond the firm's boundaries, such as competitors' actions and pressure from buyers, were not taken into consideration. Similarly, Curkovic et al. (2005) revealed in a qualitative study the factors that determine the successful certification for ISO 14001 by US firms. Past experience with quality management standards, organizational structure and organization size, percentage of sales to end-consumers, location of corporate headquarters, and percentage of exports were found to be of influence on certification. Even though Curkovic et al. argue regarding the decision to achieve ISO 14001 certification that "*such an undertaking does not take place in a vacuum*" (ibid.,

p. 1392), factors such as customer demand and government regulation are only mentioned in the margins of this study.

Regarding other anticipated benefits of standards, Potoski & Prakash (2004) have argued that the adoption of ISO 14001 by key export destinations of companies creates incentives for them to adopt this standard. In addition, not only cost savings but also the public perception of the firms has to be taken into consideration. Poksinska et al. (2002) showed in a study on Swedish companies that external marketing motives for adopting ISO 14001, such as improved corporate image, marketing advantage, and response to customer demand, were more important than internal performance motives. Moreover, an improved relation with communities and authorities through demonstrating corporate commitment to environmental issues could be experienced by certified companies. Beyond the motivation to enhance firm reputation and legitimacy, Zadek (1998) stated that ensuring quality and eventually supporting CSR are important reasons to implement an ethics standard. Looking at SMEs, Miles et al. (1999) reviewed the importance of adopting ISO 14001. Whereas Drobney (1997) identified resource constraints and internal auditor constraints, a strong entrepreneurial culture, and costs of certification as critical barriers to implement ISO 14001 in SMEs, Miles et al. (1999) concluded that in industrial markets ISO 14001 certification might become a necessity for SMEs due to the supplier selection of multinational enterprises.

With regard to the business context of firms, Delmas (2002) has compared the regulatory, normative and cognitive aspects of the US and European institutional environment and their impact on the costs and revenues of ISO 14001 adoption. The study showed that the early adoption of ISO 14001 in Europe was enhanced by the continent's institutional environment through lowering transaction costs and highlighting perceived benefits of the adoption, whereas in the US the institutional environment did not support or demand the adoption. In a later study, Delmas & Montes-Sancho (2010) have analyzed the effect of national institutional factors on the adoption of ISO 14001, distinguishing between early and later phases of standard adoption. In the early phase of standard adoption, the authors pose, regulative and normative forces within the institutional environment may work against each other. Regulative or coercive forces are relatively more important in the early phases of adoption of the standard, while normative forces (e.g., the diffusion of other management standards) and trade-related factors appear more important in later phases.

Using a sample of ISO 14001-certified US firms, Bansal & Hunter (2003) tested two possible explanations for the early adoption of this standard. They hypothesized that firms either seek to reinforce their current environmental strategy and gain a first-mover advantage through early certification, or alternatively seek to reorient their strategy and gain practical and operational benefits associated with the implementation of the standard. It was found that reinforcement of a firm's environmental legitimacy and its international presence rather than strategic reorientation were the main factors driving early adoption of ISO 14001. Moreover,

	ISO 26000	CSR Performance Ladder
Standard type	Guidance document	Norm
Goal	Inspiring CSR implementation	Measuring and comparing CSR
Management system	No	Yes
Year of publication	2010	2010
Lead time of standards development	5 years (origins date back to 2001)	6 months
Certifiable	No, but a guideline for self-declaration (NPR 9026) is available	Yes
Comprehensive CSR standard	Yes	Yes
Based on and refers to international CSR-related standards	Yes	Yes
Suited for all types of organizations	Yes	Yes, but focuses on companies
Large-scaled, global development process	Yes	No, developed by three certification organizations
Contains requirements for organizations applying the standard	No, mere expectations and guidance	Yes
Contains levels for CSR development	No, but encourages organizations to continuously improve	Yes, these levels refer to levels of certification
Auditable	Yes	Yes
Number of organizations applying the standard	Unknown, as it is not certifiable (as per May 2013, 30 organizations have self-declared adherence to ISO 26000 through NPR 9026)	>200 (as per December 2014)

Exhibit 2.1 Comparison between ISO 26000 and the CSR Performance Ladder

these authors suggested that widespread adoption of ISO 14001 depends on the extent to which industry leaders will adopt the standard, whether the standard is perceived to provide a firm with legitimacy, and if it is well-known (and therefore easily recognizable by stakeholders). Similarly, in a panel study on 102 countries, Delmas (2003) showed that firms seek both efficiency through cost minimization and gain legitimacy from the institutional environment when adopting ISO 14001. Also, this study revealed that previous experience with standards such as ISO 9001 had a positive impact on the adoption of a new standard. This could be explained by lower implementation costs and better information availability.

Research that has focused specifically on the adoption of standards or other instruments for CSR has been rather limited. Results from studies into environmental management standards may be applicable to CSR standards as well, due to the similarities between the two, according to Delmas & Montes-Sancho (2010). However, certifiable comprehensive CSR standards which have a structure that is comparable to those of ISO 14001 or ISO 9001 (i.e., management systems standards) have been absent, casting doubts about this argument. Nikolaeva & Bicho (2011) studied the voluntary adoption by companies of the GRI guidelines for sustainability reporting. The study revealed that the adoption of GRI was mainly used as a management tool to improve firms' reputation and to gain legitimacy from stakeholders. Referring to the institutional environment, competitive and media pressures in the context of a firm's own CSR

approach were found to be the main drivers for adoption. Similarly, Miles & Munilla (2004) discussed the impact of the adoption of the SA 8000 standard, which focuses on social and workplace aspects in a firms' supply chains, on marketing activities. They proposed that a firm's adoption of SA 8000 will lead to product differentiation in consumer and industrial markets, and therefore to a competitive advantage in terms of image and reputation. As a different strategy, some firms also develop their own codes of conduct with respect to CSR. According to Levis (2006), MNEs increasingly adopt CSR codes in order to respond to stakeholder demands for responsible business and to avoid regulation by public authorities. From an internal firm perspective, the motivation for adopting CSR codes lies in the specific organizational values and the desired corporate reputation. Furthermore, pressure by peers and partners can lead to adoption, for instance when external auditors want to promote their environmental audit practices (cf. Leipziger, 2010). However, Levis (2006) stated that since companies develop their own codes of conduct and impose these on business partners, validity and independency cannot be assured. Mueller et al. (2009) contend that the different requirement levels of available standards may lead companies to prefer working with those with low exigencies, thereby using them as a legitimacy front. As a consequence, the authors say that "[t]his strategy jeopardizes the reputation of social and environmental standards among stakeholders and their long-term trust in these instruments of CSR, meaning that all expenses for their implementation are of no avail for the companies" (p. 509).

Especially the work of Castka & Balzarova on the adoption and diffusion of ISO 26000 is worth looking at in more detail here. In one of their articles, Castka & Balzarova (2008a) focus on how certification will impact the uptake of CSR standards. They argue that it would be preferable for the adoption of ISO 26000 if it would not be a certification standard. Even though certification supports the global diffusion of ISO standards, they dismiss this option due to important drawbacks attached to certification, pointing at the *"inconclusiveness in findings whether adopters actually do outperform non-adopters, an undesirable focus on compliance rather than on performance in many organizations and using certification to raise trade barriers and execute power in global networks"* (p. 240). In another article (Castka & Balzarova, 2008c), the authors compared ISO 9001 and ISO 26000 and argued for ISO 9000 to provide the platform for organizations to develop and adopt CSR. They also made a plea for ISO 26000 to facilitate a shift from a customer orientation to a stakeholder orientation. In a third article, that deals with ISO 26000 and supply chains (Castka & Balzarova, 2008b), the authors formulated a series of propositions about the diffusion and adoption of the CSR standard among firms and developed a research agenda, constructing a series of hypotheses on the CSR orientation of organizations and networks, differences in regulatory systems, and the role of governments and national environments. Castka & Balzarova speculate on the diffusion of ISO 26000 among companies and formulate several predictors for this, although they, too, do not provide any empirical material to corroborate these. Drawing on the work of McWilliams et al. (2006) they look at

strategic, altruistic and coercive motives by companies to adopt a CSR agenda. Their prediction is that *“only organizations that will be able to balance the cost of implementing the standard against perceived benefits from this action will choose to adopt the standard”*, that *“organizations will most likely adopt the standard if their most salient stakeholders recognize and value ISO 26000 – otherwise organizations choose other means to deal with their social responsibilities”* and that they will seek legitimacy for their CSR intentions and initiatives and adopt ISO 26000 if this is viewed as the proper approach (Castka & Balzarova, 2008b: 283-284). In addition, they expect local governments and other key local agents to play an important role in the diffusion of ISO 26000 (e.g., experts involved in the development process and the post-publication activities).

Despite this scholarly attention, which gives an indication of what factors may play an important role in the adoption of CSR-related and comprehensive CSR standards, empirical insights into the adoption of comprehensive CSR standards in general and ISO 26000 in particular has been lacking.

2.5 Research methodology

The exploratory research project that this chapter reports on took place from mid-2011 to mid-2012 and was based on a qualitative methodology in which the topic was investigated through conducting semi-structured interviews with CSR experts. An interview approach was chosen as it is considered to be an appropriate approach towards topics that are not well-researched and as it allows for improvisation and in-depth focus regarding emerging topics during the interviews (Saunders et al., 2006). The aim was to collect a content-rich set of data which could be used for analytical generalization to identify patterns and structures, as opposed to statistical generalization (cf. Yin, 1989). Interviewing experts provide the opportunity to discuss understudied topics in-depth. Hence, by deploying the interview technique, existing academic work on the adoption of standards can be complemented with empirical insights. Respondents were asked to explain or to further build on their responses and to think out loud.

Interviews were conducted with CSR experts from companies, knowledge institutes (academic and non-academic), NSIs, COs, consultancies, government and the NGO sector. Several of these experts were involved as a member in the ISO 26000 Dutch mirror committee, the working group that has been responsible for providing input in the international development process leading to the publication of ISO 26000 and which is dedicated to the development of post-publication activities in the Netherlands. For research purposes, one CSR expert from Denmark was included, namely from Dansk Standard, the Danish NSI.⁸ In this way, it was expected that well-informed insights from knowledgeable people who are experienced with CSR standards and embedded in relevant CSR networks could be gained into the determinants for the adoption of ISO 26000 and the CSR Performance Ladder in an early stage of adoption. The interviews focused on characteristics and contextual factors that

could influence the adoption of comprehensive CSR standards, the identification of particular strengths and weaknesses of ISO 26000, the CSR Performance Ladder and possible other standards that respondents were familiar with (related to the standards' development processes, the nature of the standards and their contents), and the factors that would influence either of the standards to eventually becoming the dominant CSR standard.

A purposive sampling technique based on the author's professional network was administered for identifying the first 15 interviewees, followed by a snowball sampling technique to enlarge the sample based on the professional networks of identified respondents (Burns & Grove, 2005; Miller & Brewer, 2003). Experts in the field of CSR, and especially those in the field of CSR standardization, were expected to be part of formal networks (e.g., associations, working groups) or informal networks (e.g., online communities, informal meetings) where people know each other quite well, especially in a small country such as the Netherlands that has a compact and dense CSR network. In sum, 30 CSR experts and experienced CSR professionals were invited to participate in the research of which 22 responded positively and contributed to the research project. This response rate of over 70 per cent can be seen as an indication for the relevance of the research topic at hand.

After the interviews were held, the qualitative data were classified into meaningful, analytically distinguishable categories through the analysis of the interviews. The final categories were derived through an iterative and recursive process going back and forth from the academic literature and the collected data. This approach towards analyzing data reflects a conception of qualitative research as a coalescence of processes of noticing, collecting, and thinking (Seidel, 1998) and being 'in conversation' with the data (Shank, 2006). Ultimately, the analysis of the data resulted into a list of determinants considered to have an influence on the adoption of ISO 26000 and the CSR Performance Ladder. The findings are discussed in detail in the following sections.

2.6 Research findings

The exploratory research led to the identification of 31 determinants for the adoption of ISO 26000 and the CSR Performance Ladder that can be analytically distinguished into five categories:

1. External market forces
2. Organizational characteristics
3. Intangible characteristics of the standard
4. Tangible characteristics of the standard
5. Characteristics of the standards organization

An overview of these categories is depicted in Exhibit 2.2.⁹

External market forces primarily include the attitudes and actions of customers, competitors, the government, suppliers, consultants, and NGOs and their possible influence on organizations. Organizational characteristics include the attitude of the management as well as the past experiences of an organization with standards. The intangible characteristics of a standard relate to the features that cannot be easily quantified or measured but are rather subjective and therefore conceived of differently by organizations, such as the accessibility and name recognition of a standard, the materiality of a standard's contents to SMEs, and the extent to which it provides structure and legitimacy to organizations. The tangible characteristics of a standard relate to the features that can be more easily quantified or measured such as the implementation costs, the possibility of certification, and the substitution ability of the standard. The improvement of actual CSR performance is more difficult to capture, but since a real improvement should be measurable, this factor was classified as tangible as well. Characteristics of the standards organization relate to the market position, the support functions, and the legitimacy of ISO, NEN and the COs responsible for the development of the standard. Moreover, stakeholder involvement, the international acceptance of the standard, and the expertise of auditors are regarded as being closely related to the standards organization and are therefore classified within this category as well.

2

2.6.1 Determinant category 1: External market forces

Within this first category of determinants, 'Demands and wishes of customers' such as corporate clients and the government were deemed of high importance for the adoption of a CSR standard by most of the interviewees. One respondent put it as follows: *"The role of buyers is very important, which is illustrated by the fact that in some sectors certificates such as ISO 9001 and ISO 14001 are asked for in procurement."* The criteria for sustainable procurement by large companies and, especially, the Dutch government were mentioned several times as key drivers for companies to adopt a standard. Other respondents identified the government's procurement policy as a stimulus for other buyers to define requirements as well, which, in turn, has an influence on the adoption of a standard. The respondents were aware of the fact that the government is not allowed to demand a specific standard, but the opinions about which standard would suit customers better conflicted. Still, one experts said *"Companies that often tender in public procurement will choose the CSR Performance Ladder because it is an easy way to demonstrate CSR"*, while another respondent held a different position and stressed the position of ISO 26000:

"[Large] companies want to know whether their sub-contractors are doing well, and they will probably work with ISO 26000; or else SMEs have to explain how the CSR Performance Ladder incorporates ISO 26000."

External forces/requirements of the market	Organizational characteristics	Intangible characteristics of the standard	Tangible characteristics of the standard	Characteristics/support of the standards organization
Customer demands (e.g., corporate clients, government)	Organization's experience in working with standards	Accessibility of the standard (e.g., contents, language, scope)	Expected costs of implementation and certification	Market position of standard-developing organization (e.g., existing customer base, network, budget, visibility, reputation)
Existence of alternatives to standards to demonstrate CSR performance (e.g., benchmarks, scans, awards, sustainability reports)	Attitude of company management towards the standard	Providing structure for organizing CSR	Option to obtain a certificate	Continuous improvement of the standard by standard-developing organization
Early majority's preference for a certain standard		Materiality/relevance to SMEs	Extent to which the standard is complementary to standards already implemented	Provision of industry and sector supplements by standard-developing organization or industry associations
Attitudes of CSR leaders towards the standard		Possibility of implementation without external consultant	Content quality of the standard	International acceptance of the standard
Support from other stakeholders than customers (NGOs, suppliers)		Suitability for newcomers in CSR	Coverage of full spectrum of CSR topics	Provision of support by standard-developing organization (e.g., providing information, advice, and management tools)
Recommendation from consultancies		Name recognition of the standard	Propagating one CSR definition	Extent of stakeholder involvement in standards development process
		Increasing the legitimacy of an organization by means of the standard	Extent to which the standard replaces standards already implemented (substitution ability)	Legitimacy of standard-developing organization
			Improving organization's actual CSR performance	Expertise of auditors auditing CSR standard

Exhibit 2.2 Overview of the determinants for adoption in five categories

The interview data showed that customer requirements were found particularly important for SMEs since they are often dependent on larger companies. Other respondents had their doubts if the market is already sufficiently mature for a CSR standard, often mentioning the emphasis on price in procurement processes in times of economic downturn. One of the respondents said that its company learnt about the CSR Performance Ladder through its buying department, and because the interest was raised externally the issue subsequently became a point of internal discussion. In general, respondents indicated that companies expect that next to the clients from the public sector, companies, investors and governments in a subsidizing role will increasingly define requirements for CSR as well. The 'Preference for a certain standard by an early majority of companies' and 'The attitudes of leaders in the field of CSR towards the standard' were viewed important for the adoption by several respondents, despite the fact that the actual uptake of the researched CSR standards wasn't high in absolute numbers. As one respondent put it: *"If 30 percent of all companies obtain a certain certificate, most other companies will follow soon."* Another respondent said *"The leaders in a certain industry will determine which certificate will be chosen."* Interestingly, it was also noted during an interview that many of the companies in the Netherlands leading in CSR do not explicitly communicate having a CSR certificate, implying that leaders in the field of CSR could in fact also slow down the adoption of a standard. As CSR frontrunners do not send out a signal that they adhere to a CSR standard, other organizations may not have a clear stimulus to choose for such a standard. The 'Support from other stakeholders than customers' (e.g. NGOs, suppliers) was not mentioned explicitly as a factor in the adoption, but more generally in the context of external pressures. However, it was argued that NGOs do play an important role in the evaluation of a standard by, for instance, providing critical independent research which could either advance or inhibit adoption. With regard to suppliers, companies working with the CSR Performance Ladder explained that from a certain certification stage on they have to involve their own suppliers and set performance requirements for them. While several respondents mentioned the 'Recommendation from consultancies' influencing the adoption of a CSR standard, most of them did not think this was of great importance.

The 'Existence of alternatives to standards to demonstrate CSR performance' (e.g., benchmarks, scans, awards and sustainability reporting) was acknowledged by the majority of the respondents, although the importance attached to this factor and the evaluation of these alternatives differed. On the one hand, a market for CSR tools and instruments was identified, which is illustrated by the following quotes: *"There are many competitive products, but the market is 'unlimited' yet"* and *"The market is big enough for a number of standards."* On the other hand, most other CSR standardization initiatives in the Netherlands were perceived as less valuable and were therefore seen less likely to survive: *"Undoubtedly CSR is a hot issue for companies and therefore there will be many gold diggers in the market."* One respondent explained that the presence of many different standards on the market is undesirable because it would lead to fragmentation and delay in the adoption of standards.

2.6.2 Determinant category 2: Organizational characteristics

The 'Attitude of a company's management towards the standard' was not explicitly mentioned in the interviews as a factor influencing the adoption of a standard, but still seemed to be important. One respondent, for instance, stated that its organization's CSR department does not want to impose a standard on the organization, but wants the other departments to recognize the benefits themselves. However, it was also acknowledged that a firm's management could push towards obtaining a certificate. Respondents generally agreed that the 'Organization's experience in working with standards' is useful for the adoption of a CSR standard. Opinions differed with regard to the question whether experience with previous ISO standards are advantageous for ISO 26000 or the CSR Performance Ladder. Several respondents agreed to what one respondent said in this respect: *"Companies that have adopted ISO 9001 or ISO 14001 in the past will be more interested in the CSR Performance Ladder than in ISO 26000 because it is certifiable – that is more important than the label 'ISO'."* Another respondent argued the opposite and said: *"If a company already works with ISO standards, ISO 26000 will be representing a logic a company understands."* Economies of scale appeared to play a role here: obtaining a CSR certificate would involve little extra effort and costs when an organization already has certified environmental or quality management systems in place.

2.6.3 Determinant category 3: Intangible characteristics of the standard

The 'Accessibility of the standard' in terms of contents, language, and scope was viewed as an important factor for the adoption of a CSR standard. At the same time, this was seen as an important area of improvement for both the CSR Performance Ladder and ISO 26000. In terms of language and scope, ISO 26000 was regarded as being too complex, especially for SMEs. The CSR Performance Ladder was generally found to be easier to understand for firms. In terms of contents, part of the respondents described ISO 26000 as an international political document which is very broad and complex and which includes topics that are of secondary importance to most companies operating in the Netherlands (e.g., child labor, working conditions). Furthermore, the international consensus on and acceptance of ISO 26000 were perceived by several respondents as almost inherently compromising its practical relevance. Customization to the needs of organizations, particularly SMEs, was hence seen as important. Commenting on both standards under investigation here, one respondent said that *"the standards are still abstract. This is a barrier for many companies to adopt either the CSR Performance Ladder or ISO 26000."*

Related to the accessibility and the practical relevance of a standard are the 'Possibility of implementing the standard without an external consultant' and the 'Suitability for newcomers in the area of CSR'. A few respondents highlighted that the self-declaration option for ISO 26000 could well be realized without an external consultant, which implies that it is expected that a standard will be more likely to be adopted when no external consultancy is needed. However,

the implementation of ISO 26000 was seen by several respondents as only doable with the help of consultants. 'Providing structure for organizing CSR' was mentioned by respondents as an important benefit, even for companies that already have much experience with CSR. As one respondent said: *"We mainly use ISO 26000 to structure projects and processes around CSR."* Another respondent, who at the time of the interview was working with the CSR Performance Ladder, emphasized the benefits of having a plan-do-check-act cycle and setting out a CSR vision, CSR policy, and performance objectives. Another respondent stated that is possible to set up a management system based on ISO 26000, but since there is already another certifiable standard available, there is no need for it.

The 'Materiality to SMEs' was assessed by most respondents as an important characteristic of a standard, but one that is not directly regarded as a main driver for adoption. Some respondents interpreted materiality as costs, whereas others interpreted it as practical relevance and suitability for application in practice. In this context, most respondents thought that, generally speaking, SMEs would prefer adopting the CSR Performance Ladder over ISO 26000. However, the respondents did not emphasize different characteristics of the standard as a reason for adoption by SMEs, but mentioned the possibility to obtain a certificate. ISO 26000 on the other hand was considered less suitable for SMEs and the need for further improvement of the standard towards the SME context was clearly observed: *"ISO 26000 is meant for all types of organizations, but we see that it is more difficult for SMEs to apply. There are a number of criteria in the guideline, so we are thinking about a tool for identifying CSR priorities and a tool to facilitate stakeholder analysis for SMEs."*

The 'Name recognition of the standard' seemed important as well, but proved difficult to separate from the name recognition of the organization that has developed the standard. Several respondents pointed out that, at the time of the interviews, the CSR Performance Ladder was not well-known yet and some respondents suggested that from a marketing point of view it would be smart to link the CSR Performance Ladder to ISO 26000.¹⁰ This could not only enhance the name recognition but also the legitimacy of the CSR Performance Ladder. Even though several ISO standards are well-known, ISO 26000 had not gained much name recognition either. Generally, respondents agreed that name recognition was indeed an important factor for adoption: *"Name recognition is important, otherwise a company has to keep on explaining what the standard contains. So it helps if a standard gains name recognition."* One respondent said that the self-declaration option for ISO 26000 is not officially recognized by an accreditation organization and therefore the CSR Performance Ladder was the only viable option for the organization adhere to a CSR standard. The importance attached to the aforementioned demands and wishes of customers indicates the importance of 'Increasing the legitimacy of an organization by means of the standard'. The legitimacy of an organization however has to be recognized by its customers and other stakeholders and thus implies a certain degree of subjectivity. The possibility of gaining legitimacy through the mere adoption

of a standard was not acknowledged by the majority of the respondents. This determinant is closely related to the possibility of obtaining a certificate for adhering to a standard, which will be discussed in the following section on the tangible characteristics of the standard.

2.6.4 Determinant category 4: *Tangible characteristics of the standard*

The majority of respondents stated that the 'Expected costs of implementation and certification' is an important characteristic of a CSR standard. Few respondents could however assess its exact influence on the adoption of a standard. Despite the fact that several respondents emphasized the return on investment of being certified according to a standard by creating additional external value (e.g., credibility, visibility), implementation and certification the CSR Performance Ladder were generally found to be too costly, particularly for SMEs. One respondent confirmed the view that the audit by COs would require too much from the organization in terms of time and costs. Still, regarding the influence of implementation and certification costs on adoption, several respondents thought that companies that had chosen to engage in CSR would regard the costs only as a fraction of their entire CSR policy. As for the expected benefits, one respondent said that its company did not initially consider commercial spin-off of being certified. One respondent emphasized that the internal intangible value (e.g., communicating CSR commitments to colleagues) was more important than the direct or indirect monetary value following implementation and certification when deciding to adopt a CSR standard. Most of the respondents indicated that they did not expect a direct link between the ISO 26000 self-declaration with its small fee for registration and an optional audit as opposed to the CSR Performance Ladder with its high audit and certification costs on the one hand and the likelihood of adoption on the other.

The interview data provided a rather diverse view on the importance of the 'Option to obtain a certificate' for the adoption of a CSR standard. A number of respondents stated that certification by an external second- or third-party is crucial for the credibility of a standard and hence the certified organization. Assuming that only a credible standard can provide an organization with legitimacy, this implies that only a certifiable standard can provide this. However, in the context of name recognition some respondents suggested linking the CSR Performance Ladder with ISO 26000 in order to enhance legitimacy. Hence, one could say the legitimacy of ISO 26000 stems from the authority of ISO, whereas the legitimacy of the CSR Performance Ladder stems from independent second-party certification. Similar to the consideration whether or not to adopt a standard, the reason to aspire certification appeared to be in the company's intrinsic motivation to demonstrate its social responsibility or in the external motivation to meet the requirements of customers. As certification always incurs costs, the importance of a certificate strongly depends on the business a company is in and which benefits it can provide. A few respondents stated that trust relationships are no longer sufficient in the market and that subcontractors may feel the need for certification. On the

other hand, multinationals that could easily bear the costs of certification were considered to be less interested in this since they are able and may prefer to demonstrate their credibility in other ways. Moreover, the CSR Performance Ladder has not reached an international status yet, despite recent efforts by the standard's initiators to start offering the standard in the UK. Other respondents stated that customers and the government do not explicitly ask for a certificate and therefore the self-declaration option could suffice: *"Buyers usually do not monitor if suppliers comply with their self-declaration. In general, a self-declaration is sufficient; an independent audit does not add much value."* Another respondent stressed a particular benefit of self-declaration: *"Larger companies such as Unilever might be interested in a self-declaration of their suppliers, since a self-declaration can be the beginning of a dialogue."* Even though the government does not require a certificate or a self-declaration, the criteria for sustainable procurement still require a supplier to demonstrate how it performs on certain CSR-related indicators. Evidencing this could stem directly from both the CSR Performance Ladder and an ISO 26000 self-declaration. Some respondents stated that a certificate could degrade CSR to a checklist and that a third-party could not factually determine whether a company is socially responsible: *"CSR has to be in the DNA of the organization – only then it can be certified and not because a company just wants to obtain a diploma."* At the same time, it was argued that firms' need for acknowledgment was taken into consideration and therefore the self-declaration option was developed for ISO 26000. In turn, the self-declaration was criticized as it is not necessary for an organization have it externally verified, hence implying a substantial devaluation risk of the term CSR. Some companies argued that a certificate does not necessarily imply that an organization 'finished' CSR or that it is a CSR leader, but that it still strives for continuous improvement and being a more responsible business than it currently is.

Several respondents argued that the 'Content quality of the standard' is not of paramount importance for the adoption of a CSR standard, because companies would not extensively seek information about a standard before the actual adoption. This was confirmed by the fact that companies which had adopted a certain standard were not always knowledgeable about other available CSR standards. Two organizations already working with the CSR Performance Ladder noted that certain concepts and terminology in the underlying documents were not clear, but that they expected improvements soon. Some respondents viewed ISO 26000 as a good reference document that provides a comprehensive picture of CSR and some respondents highlighted the importance of the standard 'Propagating one definition for CSR by the standard', especially in an international context. Generally, no substantial differences in content quality between the two standards were observed by most of the respondents. Several respondents did however criticized the CSR Performance Ladder for not including the fundamental principles of ISO 26000 and for the fact that it was less transparent with regard to choices made regarding requirements during the development process. With regard to 'Coverage of full spectrum of CSR topics', some respondents emphasized that ISO 26000 covers (almost) the whole range

of topics that can be placed under the umbrella of CSR, whereas the CSR Performance Ladder mainly emphasizes issues of environmental management.

Regarding the 'Extent to which the standard is complementary to standards already implemented', a majority of the respondents stated that the CSR Performance Ladder is inspired by ISO 26000 which could be seen as an advantage in the uptake of the standard. Several respondents indicated that the CSR Performance Ladder could be viewed as an extension of ISO 26000 rather than a competing alternative standard. One respondent even stated that ISO 26000 should be seen as the precursor of the CSR Performance Ladder. With respect to other standards, several respondents argued that ISO 9001 or ISO 14001 could be integrated into the CSR Performance Ladder. However, a few other respondents explained that other ISO standards would also could be used in combination with ISO 26000. Moreover, since the CSR Performance Ladder is a certifiable standard, auditing this standard can be combined with other management system audits, which would provide an interesting benefit for companies. The CSR Performance Ladder is also based on other CSR-related standards such as AA 1000 and GRI, but its added value is the certificate: *"The CSR Performance Ladder complements existing instruments to demonstrate CSR."* 'The extent to which the standard could replace standards already implemented' (or the substitution ability of the standard) was not explicitly mentioned by the respondents – the complementary nature of the standards was generally regarded more important than the possibility of substitution. One respondent stated, however, that its organization did not want to adhere to multiple CSR standards at the same time. 'Improving the organization's actual CSR performance' was not explicitly mentioned by the respondents. Yet, one respondent stated that the annual external audit for the CSR Performance Ladder would be a better guarantee for a company to stay active in the field of CSR than an ad hoc self-declaration, while another respondent appreciated that a CSR standard could reveal areas for improvements if applied properly.

2.6.5 Determinant category 5: Characteristics of the standards organization

In line with aforementioned results, some respondents felt that the 'Legitimacy of the standard-developing organization' mattered, while other respondents did not see any big differences between ISO 26000 and CSR Performance Ladder: *"NEN is accepted as a legitimate organization, but the same goes for LRQA, KIWA, DNV, and the other certification organizations."* Respondents however agreed that companies tend to not deliberately consider the legitimacy of the organizations in their decision for a particular standard. As one respondent put it: *"Companies do not care much about the organization behind a standard. The fact that the certification organizations are all accredited is perceived positive, but companies do not further research the organizations."* One respondent appreciated the fact that the CSR Performance Ladder was developed by multiple, competing COs: *"Certification organizations have the knowledge to translate ISO 26000 into a certifiable document."* Regarding the 'Expertise of auditors auditing a CSR standard', one

respondent thought that the auditors' expertise was sufficient because of the experience auditors gained with related standards such as OHSAS 18001 for occupational health and safety and ISO 14000 for environmental management. Also, the auditors have had professional training in this area, so even though CSR was a new topic for them, they were perceived to have the proper background with knowledge in most of not all important areas. However, a respondent who had experience with the CSR Performance Ladder stated that auditors had difficulties in interpreting certain parts of the standard, but concluded that it had to do with the ambiguity of certain concepts and terminology rather than with lacking auditor expertise.

The 'Market position of the standard-developing organization' (e.g., existing customer base, network, reputation) was viewed as an important factor for the adoption of CSR standards by most of the respondents. Especially name recognition was emphasized here. Most respondents agreed that the ISO label enjoys high name recognition, but also said it might lead to wrong or even negative associations: *"The name ISO is extremely well-known and companies are aware of it, but at the same time they expect to obtain a certificate with the label ISO on it."* Or, as another respondent said: *"The emotional value of ISO plays a role as well. The name ISO can evoke resistance against standardization and certification."* Again, making a clear distinction between ISO as an organization and ISO as a standard proved difficult. With regard to the network and customer base of the standard-developing organization, a majority of the respondents thought that these are important for the adoption of a CSR standard as well. Being a commercial product, the CSR Performance Ladder was considered to be pushed into the market by COs. It was argued that the COs can make use of their existing customer base and network to promote the CSR Performance Ladder. However, one respondent claimed that more marketing was needed to enhance the name recognition: *"The brand awareness of the CSR Performance Ladder is too low – more marketing needs to be done. The CSR Performance Ladder is set up by certification organizations which are usually not very strong in marketing."*

About half of the respondents viewed the 'Extent of stakeholder involvement in standard's development process' as an important factor for the adoption of a CSR standard, and named the multi-stakeholder process of ISO 26000 as a good example. These respondents emphasized that a multi-stakeholder process is, in fact, an inherent characteristic of the proper enactment of CSR and that the involvement of various constituents will advance the adoption of a standard. In contrast, the development process of the CSR Performance Ladder was seen as of a lesser quality: *"The CSR Performance Ladder was developed as a private initiative by three certification organizations. This can be seen as a disadvantage since the link to a commercial product aimed to make profit is more prevalent. This emotional side has to be taken into consideration as well."* Whereas according to some respondents the influence of the development process on the adoption should not be overrated, the involvement of stakeholders was considered to be important. 'Continuous improvement of the standard by the standard-developing organization' and 'Provision of support by the standard-developing organization' (e.g., providing information,

advice, and management tools) were not directly linked to the adoption of a standard by the respondents, but were mentioned in the context of making a standard more appealing to potential users and could therefore eventually enhance adoption. Several respondents stated that they expected ISO 26000 to be further developed for SMEs and for different sectors and industries, alike the GRI sector supplements. Hence, the 'Provision of industry and sector supplements by standard-developing organization or industry associations' was seen as an important factor as well.

Most respondents felt that the 'International acceptance of the standard' could be better guaranteed by ISO 26000 than by the CSR Performance Ladder. As one respondent said: *"ISO 26000 as an international guideline gains much attention, which also creates acceptance."* Creating acceptance is, again, linked to the concept of legitimacy, implying that ISO as the international standardization authority enjoys sufficient legitimacy to instantly create acceptance for its standards. Regarding the value for firms, the importance of international acceptance was evidently linked to the operational scope of a company. Most respondents indicated that smaller, locally operating companies attach less importance to the international acceptance of a standard, whereas larger companies would instead prefer ISO 26000. For one of the respondents, international acceptance was important in order to be in agreement with specific CSR terminology and issues as defined in other standards and guidelines (e.g., the UNGC). Several respondents however said that the ISO 26000 self-declaration initiative by NEN is limited to the Dutch context.¹¹ Respondents also pointed at the English translation of the CSR Performance Ladder and the international links and networks of the COs: *"The CSR Performance Ladder has everything in it to become an international scheme: it is very broad and all issues that are addressed in ISO 26000 can be embedded within the scheme. Moreover, the certification organizations themselves are international organizations with subsidiaries in various countries."* Despite the fact that an English version of the CSR Performance Ladder has been under construction, most respondents were rather reticent concerning its impact on the international marketplace. Some respondents suggested that COs in other countries have developed and would continue to develop their own CSR standard.

2

2.7 Conclusion and discussion

This chapter aimed to identify determinants for the adoption of comprehensive CSR standards and investigated two prominent CSR standards that are available in the Netherlands, namely ISO 26000 and the CSR Performance Ladder. The analysis of the data that was collected through interviews with CSR experts has led to the identification five main categories of determinants for CSR standards adoption: external market forces, organizational characteristics, intangible characteristics of the standard, tangible characteristics of the standard, and characteristics of the standards organization. As the findings showed, the demands and wishes of customers,

the attitudes of a company's management, the market position of the standard-developing organizations, the accessibility and quality of the contents of the standard, providing structure to organize CSR through the implementation of the standard, and the actual improvement of a firm's CSR performance were seen as particularly relevant factors within these five categories of determinants for CSR standards adoption by the respondents.

Although these insights were derived from original empirical data about two comprehensive CSR standards in the Dutch context, they may also be relevant from an international perspective. As different CSR standards have been and will be developed in other countries (e.g., DS 49001; also see Chapter 4) and existing approaches to CSR standardization may be introduced in new contexts (e.g., the introduction of the CSR Performance Ladder in the UK and the international interest in the ISO 26000 self-declaration approach for ISO 26000 that was originally developed in the Netherlands), similar 'standards battlefields' are likely to emerge around the world.

This study is among a limited number of investigations of the determinants for adoption of comprehensive CSR standards and standards that are CSR issue-oriented, especially in an early stage (e.g., Delmas, 2002; 2003; Castka & Balzarova, 2007; Castka & Balzarova, 2008c) and it is the first to be conducted within the Dutch context. It aimed for reaching analytical generalization instead of statistical generalization (Yin, 1989) by deploying a qualitative research methodology leading to insights into the subject matter at hand. At the same time, this presents a first limitation of this study. An obvious next step will be to establish the relative importance of the identified determinants by a quantitative methodology that complements the findings. Testing the findings presented in this chapter in such a way may corroborate or reject the findings, but will in any case provide a further specification of the insights.

Another methodological point of discussion concerns the selection of respondents, which might have influenced some of the findings. Some of the interviewed experts were formally associated or their organization was involved in a partnership with a specific standardizing body or CO. This may have biased their view on the adoption of a CSR standard to a certain degree, even though they were asked to adopt a helicopter view on the subject and provide answers that were not biased by possible interests they or their organizations may have.

Having focused on the Netherlands, the findings may in the future be used to study the adoption of CSR standards in other countries as well. The Netherlands is seen as a leading country in CSR (Visser & Tolhurst, 2010) and may provide an indication for adoption factors and diffusion patterns of CSR standards (cf. Corbett & Krisch, 2001). In addition, the adoption of a CSR standard directly relates to the research topic of CSR implementation. Even though CSR is recognized as an important issue and even strategy in the modern business environment, research on the actual implementation of CSR, including the implementation of CSR standards, remains scarce (Lindgreen et al., 2009). This study may hence contribute to exploring and understanding CSR implementation through CSR standards as an important research area. As an extension of the previous point, cultural characteristics may have an influence on the

determinants for adopting CSR standards, for instance exemplifying differences between low-trust versus high-trust societies and business systems (Fukuyama, 1995; Lane & Bachmann, 1996; Bachmann & Inkpen, 2011). The Netherlands is an example of a high-trust society and adoption determinants may be different from those in other countries. In addition, determinants of standards adoption may also depend on the type of business relationships: when companies in high-trust societies do business with companies or governments in low-trust societies, the demands from the buyer may be dominant leading to a situation in favor of a certifiable CSR standard, as the outcomes of this study suggest. Still, this study may be used as a basis for the research of determinants for the adoption of CSR standards in other countries as well as for cross-national comparison of these determinants and therefore for global adoption.

Differences across industries and sectors were not taken into account in this exploratory study. Industries that are watched closely by NGOs, such as the oil, apparel or food and beverages industry, and those that are associated with high risks may adopt a CSR standard earlier than others (Young & Marais, 2012). In the context of MNEs it would be interesting to investigate the impact of companies' standard adoption on their entire supply chain in terms of adoption of CSR standards by suppliers (cf. Castka & Balzarova, 2008b).

A recent phenomenon is that some companies have decided to work with both comprehensive CSR standards investigated in this study simultaneously. To provide further insight into the adoption process by firms, it would be useful to study the characteristics of these companies and their motivations for this dual approach. Are these companies expecting to create some 'value surplus' with this approach that they do not experience when adopting one standard or do they just anticipate the future dominance of one of these standards? And is this a characteristic of an early stage of adoption or a long-term strategy? Since ISO 26000 and the CSR Performance Ladder are not mutually exclusive, further study should examine how the two standards may reinforce each other's adoption rather than hindering it.

Although the study was purposefully conducted in an early stage of CSR standards adoption in the Netherlands and the insights it generated may be relevant to other contexts as well, this approach may also incur some bias as it inherently focuses on experts, pioneers and early adopters rather than mainstream business. At the time of finishing this dissertation (December 2014), little over 200 CSR Performance Ladder certificates have been awarded to companies. As for ISO 26000, 73 organizations have completed the full procedure that led to a self-declaration. Exact figures on the adoption of ISO 26000 lack, however, as it is not mandatory for companies to have a self-declaration nor to communicate about their adherence to ISO 26000. Estimates are that many more organizations in the Netherlands are working with ISO 26000 as a foundation for their CSR policies.

This chapter aimed to contribute to existing academic work and business practice by presenting original empirical findings and by providing insights into the determinants for CSR standards adoption. From an academic viewpoint, it not only adds to the emerging stream of

scholarly work on CSR standards in general and ISO 26000 in particular (e.g., Rasche, 2011; Hahn, 2012a,b), but aims to contribute new insights into the factors that influence the adoption of comprehensive CSR standards as opposed to standards CSR issue-oriented. It may also add to the literature by providing new knowledge on the strategic considerations that organizations may make and institutional dynamics that encourage organizations to implement CSR through standards. In addition, the findings of this study may help predict which CSR standards may surface as dominant in the future and may even provide considerations for effective CSR standards development and the design of standards. Practically, they may identify some 'buttons' for policy makers trying to stimulate business to engage in CSR. It may also serve as input for marketing strategies by organizations involved in the development of standards worldwide and other organizations that have taken (commercial) CSR standardization initiatives or are planning to do so as a response to ISO 26000 as well as NGOs and even consultancies in order to spur the adoption of CSR standards as a means of CSR implementation.

Although the uptake of both standards is in progress, it remains to be seen which, if any, standard will eventually turn out as the dominant CSR standard in the Netherlands. The findings presented in this chapter hopefully serve as a basis for further investigation of this topic.

Notes

- 1 This chapter has been published in *Social Responsibility Journal* 10(3): 516-536) in a slightly adjusted form as a co-authored article with Alice Tatang and with Lars Moratis being the lead author. The research for this article has been a joint academic project with the lead author specifying the research subject and main body of literature. Both authors have been involved in the methodological design and collection of the empirical data. The lead author was responsible for developing the results of the research project into an academic publication. For an overview of the experts interviewed within this project, see Annex I.
- 2 A notable exception is the work of Magali Delmas and her colleagues (e.g., Delmas, 2002; Delmas & Montiel, 2008; Delmas & Montes-Sancho, 2010), although her research has mainly focused on the environmental management systems standard ISO 14001.
- 3 ISO 26000 uses the term social responsibility, defined as *“the responsibility for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organisation and practiced in its relationships”* (ISO, 2010: 3). The main reason for deleting the term ‘corporate’ from the more widely used term CSR was that the standard applies not only to corporations, but to all types of organizations. This chapter uses the term CSR, not implying that it refers solely to corporations.
- 4 Despite the worldwide interest in ISO 26000 from practice (Lazarte, 2012), it has not become a very popular topic for academic investigation judging on the number of works that have appeared on the standard (see e.g., Weidtmann (2012), Ward (2012), Hahn (2012a,b), Helms et al. (2012), Hahn & Weidtmann (2012); for critical appraisals, see e.g., Perera (2008), Egyedi & Toffaletti (2008), Schwartz & Tilling (2009), Johnston (2011), Hahn (2012b), and Hemphill (2013)).
- 5 The CSR Performance Ladder has recently been translated for and introduced in the UK market as the first market outside the Netherlands.
- 6 ISO 26000 states that it is neither intended nor appropriate for certification (ISO, 2010).
- 7 Although the self-declaration has to date only been developed for Dutch organizations and has been deployed in the Netherlands, there appears to be interest from other countries in this approach, judging by the discussions during the 2012 ISO 26000 forum organized in Geneva on November 7-8. Also, France and Sweden have recently taken similar initiatives and various countries may join forces to bring this approach further together.
- 8 See the aforementioned example of Denmark as an illustration of a certification strategy based on ISO 26000 which led to the development of the certifiable CSR management systems standard DS 49001.
- 9 One should bear in mind that, despite the classification into categories, the determinants are partly interlinked.
- 10 Only a handful of companies has been experimenting with applying both ISO 26000 and the CSR Performance Ladder to date.
- 11 See footnote vi.

Chapter 3

Out of the ordinary?

An appraisal of the ISO

26000 definition

of (corporate)

social responsibility¹

3.1 Introduction

The concept of CSR, understood as the responsibilities of firms in society, has been contested since the inception of scholarly thought on business-society relations. The debate about adequately defining the concept has led a plethora of definitions to emerge over time and the discourse within the CSR domain about the conceptual interpretation of the term remains vivid to date. Despite this proliferation of definitions, discussions about their interpretation and the varying theoretical orientations that scholars have taken to investigate and reflect on the CSR concept, different evolutionary phases of this peculiar definitional construct can be distinguished (Carroll, 1999). Also, most of the definitions are composed of similar dimensions (Dahlsrud, 2008; Rahman, 2011) and, by implication, have a considerable degree of overlap.

The development of ISO 26000, a comprehensive CSR standard developed under the auspices of ISO, is one of the most recent and ambitious contributions to both the development and implementation of CSR in practice and the broader discourse on the concept.² This global, multi-stakeholder standardizing initiative has resulted in an interpretation of CSR that is worth investigating for at least two reasons. The first reason is that this definition, as a consequence of the nature of the standard's development process, has a high degree of legitimacy and the aura of being a universal definition of CSR (cf. Mueckenberger & Jastram, 2010). Secondly, on closer inspection the definition of CSR as propagated by ISO 26000 seems an 'out of the ordinary' definition when compared to most other contemporary definitions of CSR. Although the standard and its development process have attracted some scholarly attention in the recent past (e.g., Castka & Balzarova, 2007, 2008a; Mueckenberger & Jastram, 2010; Ward, 2011; Hahn & Weidtmann, 2012; Hemphill, 2013; Valmohammadi, 2014), in-depth appraisals of ISO 26000's contents in general and the peculiarities of the ISO 26000 CSR definition have so far remained absent. This chapter is primarily concerned with the way in which ISO 26000 defines CSR (not the process of defining the concept within the broader standardization project ISO 26000) with the intention to analyze its contents and to consequently position the definition vis-à-vis other definitions and within the discourse of defining CSR as a concept.

This chapter contains four sections. In the first section, a number of observations is made about the evolution of the CSR concept, focusing on some of the more recent contributions to the discourse around this contested concept, such as the shared value concept (Porter & Kramer, 2011). It is explicitly not the purpose of this chapter to review the development of CSR as a definitional construct, but to focus on some scholarly landmarks in order to come to a proper assessment of the ISO 26000 definition of CSR. This section also adds several new observations on the concept's development, thereby aiming to make a modest contribution to the discourse. Next, the chapter turns to looking into the different dimensions of CSR definitions as identified by Dahlsrud (2008) and Rahman (2011) in order to analytically dissect CSR definitions and to set the stage for an appraisal of the definition of CSR as proposed by ISO 26000. In the

third section, the ISO 26000 standard is briefly introduced and this section zooms in on its definition of CSR. A distinction is made between a narrow or core definition and an extended definition of CSR offered by ISO 26000. Analyzing the standard's interpretation of CSR, several observations are made about the definition, including reflections from the perspective of the CSR landmarks, and several shortcomings of the definition are addressed. Finally, the main conclusions of this chapter are presented by providing an answer to the question raised in the title of the chapter; weighing the ISO 26000 definition of CSR using the various definitional dimensions identified and positioning it within modern-day interpretations of CSR.

3.2 Some observations on a contested concept

Although the term CSR has been consistently used by scholars and businessmen alike, its contents has taken various guises, shapes and forms in the course of time. Countless definitions and conceptual labels have been coined since Dodd (1932) laid important intellectual groundwork for a vivid academic debate when he contended that corporate managers have social, not just economic, responsibilities as the modern large firm is *“permitted and encouraged by the law primarily because it is of service to the community rather than because it is a source of profit to its owners”* (Dodd, 1932: 1149). Many scholars have contributed to the debate since, leading to a plethora of views on the nature, focus and extent of firms' social responsibilities (e.g., whether or not limited to fiduciary duties towards shareholders) and how firms derive their license to operate. Notable contributions include those of Bowen (1953), whose view on the social responsibilities of the businessman is generally perceived as the start of the modern era of CSR; Friedman's conception of CSR which emphasizes shareholder primacy and holds that the only social responsibility of business is to increase its profits for it not to harm a free society's foundations (Friedman, 1970; cf. Berle, 1932; Manne & Wallich, 1972); Davis' 'iron law of responsibility' holding that businesses must behave responsibly for them not to lose the power and legitimacy granted to them by society (Davis, 1973); Freeman's seminal work on stakeholder theory from the early 1980s (Freeman, 1984); Carroll's pyramid of CSR involving economic, legal, ethical and philanthropic responsibilities of the firm (Carroll, 1983; 1991); Elkington's triple bottom line emphasizing responsibilities for 'people, planet, profit' (Elkington, 1994); and, as one of the latest hallmarks of CSR, Porter & Kramer's concepts of strategic CSR and shared value creation (2006, 2011).

As Arnaud & Wasieleski (2011) assert on account of Marsden's interpretation of corporate citizenship (which can be viewed as one of the guises of CSR) as *“a company's management of its influence on and relationships with the rest of society”* (Marsden 2000: 11) many interpretations of CSR simultaneously revolve around the concept of the triple bottom line, shareholder value based on stakeholder relationships and new forms of monitoring and codes of conduct, and managerial satisficing or strategic philanthropy that involves specialist intervention in societal

issues. In addition, the voluntary or supra-legal nature of CSR, as for instance emphasized in Jones' conception of CSR (Jones, 1980), has become a characteristic of modern-day thinking of CSR as well.

The various interpretations of CSR are an illustration of the fact that the conceptual boundaries of CSR have proven to be rather porous, giving it a sort of epistemological flexibility and burdening the discussions about the concept with a certain degree of *"analytical looseness and lack of rigor"* (Friedman, 1970; cf. Moon, 2002; Okoye, 2009). Votaw in this respect spoke of the brilliance of the term,

"[a]s it means something, but not always the same thing to everybody. To some it conveys the idea of legal responsibility or liability; to others, it means socially responsible behavior in the ethical sense; to still others, the meaning transmitted is that of 'responsible for' in a causal mode; many simply equate it with a charitable contribution; some take it to mean socially conscious; many of those who embrace it most fervently see it as a mere synonym for legitimacy in the context of belonging or being proper or valid; a few see a sort of fiduciary duty imposing higher standards of behavior on businessmen than on citizens at large" (Votaw, 1972: 25).

3

The epistemological flexibility has stood in the way of the discourse arriving at an unequivocal, universal definition and both the lack and the assumed need thereof has been a topic of fierce disputation by academics. CSR scholar Frederick observed that one of the reasons for this is that *"the moral underpinnings of CSR are neither clear nor agreed upon"* and that *"the actual meaning of CSR has dogged the debate from the beginning"* (Frederick, 2006: 38-39). This characteristic of the concept has, perhaps paradoxically, made it an attractive concept for application in practice as it allows companies to claim to be socially responsible somewhat all too gratuitously. From an academic perspective, this predictably made the concept vulnerable for harsh critique, with some labelling CSR as *"a religion with too many priests"* (Michael E. Porter as quoted in Morsing, 2003) and others arguing for radically abandoning the term at all (Heugens & Van Oosterhout, 2008). Indeed, one of the main characteristics of the CSR concept is its unceasing critical appraisal, but in a dual sense: both in terms of the concept's object of critical evaluation (firms and their roles and responsibilities in society) and in terms of the ongoing critical appraisal of the concept itself by scholars from various academic disciplines. Undeniably, still, CSR has become a prominent part of the modern-day management vocabulary and has developed into a vivid academic domain of its own right, probably thanks to and despite that fact that one could easily claim it to be an 'essentially contested concept' that engenders perpetual disputes (Moon, 2002; Okoye, 2009). Okoye (2009) consequently argued that it is not necessary to arrive at an ultimate CSR definition, agreeing with Van Marrewijk's statement that a 'one size fits all' definition should be abandoned, *"accepting various and more specific definitions matching the development, awareness and ambition levels of organizations"* (Van Marrewijk, 2003: 95).

As a result of the conceptual proliferation, various reviews and meta-analyses of CSR and its development in the academic domain have been conducted.³ A notable analysis is an extensive bibliometric study covering 30 years of literature on CSR and corporate social performance by De Bakker et al. (2005). These scholars analyzed three perspectives on the development of the domain: conceptual development (or the lack thereof) occurring from conceptual vagueness, the inherently normative character of the literature, and the on-going introduction of new constructs. Based on their data, the authors conclude that support can be found for both a progressive and a variegational view on CSR and that there is a tendency by scholars to both building on each other's works and introducing divergent concepts. The normativist view, in contrast, was not supported by their analysis, also because of the relatively limited number of scholarly contributions from this perspective (cf. Alcañiz et al., 2010). Other scholars have tried to classify CSR definitions in order to make sense of and navigate the domain, create academic and managerial clarity and pave the way for further conceptual development. One of the most cited articles in this regard has been that of Garriga & Melé (2004), mapping the domain by classifying CSR theories into four groups: instrumental theories (seeing the corporation merely as an instrument for profit generation); political theories (concerned with the power – and the responsible use of it – of corporations in society); integrative theories (seeing the corporation as focusing on satisfying social demands); and ethical theories (based on companies' ethical responsibilities towards society). While a study commissioned by the Committee for Economic Development (1971) caused a paradigm shift in the debate about CSR by recognizing the necessity of striking a balance between social and economic interests, instrumental theories emphasizing a strategic view on CSR appear to have become the most popular ones especially since the mid-1990s (cf. Lee, 2008). Cochran (2007) in this respect even asserted that these instrumental theories perhaps present the most important intellectual breakthrough regarding modern conceptions of CSR, adding that

“The corollary is that most, if not all, economic decisions should also be screened for their social impact. Economic returns and social returns should not remain quarantined in isolated units. Firms that successfully pursue a strategy of seeking profits while solving social needs may well earn better reputations with their employees, customers, governments, media, et cetera. This can, in turn, lead to higher profits for the firms' shareholders” (Cochran, 2007: 453).

The lack of integration of the four perspectives has however been denounced as the main reason for the lack of a paradigm for the business and society domain (Swanson, 1999) and Garriga & Melé note that “[a] proper concept of the business and society relationship should include these four aspects or dimensions, and some mode of integration of them” (Garriga & Melé, 2004: 65). Indeed, modern strategic interpretations of CSR, such as Porter & Kramer's concepts of strategic CSR and shared value (Porter & Kramer, 2006, 2011) that ground the primacy of

a firm's social responsibilities in profit-seeking behavior; may represent a sort of moral void as they make positive societal contributions (including protecting environmental quality and human well-being) dependent on the ability of firms to generate profits with it (cf. Moratis, 2014).⁴ Strategic interpretations of CSR allow for taking responsible corporate action in order to enhance business performance without moral intention. Conscious capitalism (Sisodia et al., 2007; Thaker, 2009) and stewardship approaches to CSR (Karns, 2011), on the other hand, place non-financial values and human purpose ahead of corporate profit motivations and pose holistic and truly integrated views on business-society relationships.

3.3 Dimensions of CSR definitions

In the conclusion of his analysis of the evolution of the 'definitional construct' of CSR, Carroll (1999) expects the discussion on the definitions of CSR and the proliferation of new concepts to continue. He notes, however, that *"it is hard to imagine that these new concepts could develop apart and distinct from the groundwork that has been established over the past half century"* (Carroll 1999: 292), which was corroborated by the analysis of De Bakker and his colleagues (De Bakker et al., 2005). In a study on the evolutionary path of CSR definitions, Lee (2008) observes a progressive rationalization of the CSR concept that has been focusing on a tighter coupling between social responsibilities and firms' financial goals over time. This rationalization involves two general shifts in the conceptualization of CSR relating to the level of analysis used by researchers of CSR and their theoretical orientation. Regarding the former, researchers have moved from the discussion of the macro-social effects of CSR to the firm-level of analysis of the consequences of CSR for a firm's profit. Regarding the latter, researchers have moved *"from explicitly normative and ethics-oriented arguments to implicitly normative and performance-oriented managerial studies"* (ibid., p. 53). Irrespective of the exact specifications of CSR definitions that have surfaced over the decades, though, one only needs to have a quick glance at them to understand that they have certain dimensions in common. Dahlsrud (2008) and Rahman (2011) both investigated this by analyzing a range of CSR definitions in order to delineate dimensions of these definitions.

Dahlsrud gathered the 37 definitions of CSR he used for his analysis by means of an extensive review of management literature, including both academic articles and websites, covering a time span from 1980 to 2003.⁵ One of his findings showed that although the 37 definitions share many characteristics between them, they do not provide guidance on how they should be balanced against one another for decision-making (Dahlsrud, 2008). He concludes that CSR concepts are socially constructed in specific contexts. Referring to Berger & Luckmann's seminal work on the social construction of reality (1966), Dahlsrud concludes that CSR should be viewed as a social construction and, as such, it is not possible to develop an unbiased definition:

"[A]ny attempt to develop an unbiased definition is challenging, because there is no methodology to verify whether it is indeed unbiased or not. Even if an unbiased definition were to be developed, it still would require people engaged in CSR to actually apply it for the confusion to be solved" (Dahlsrud, 2008: 1-2).

Dahlsrud's analysis shows that the existing definitions are to a large degree congruent and he consequently derives five analytically distinctive dimensions of CSR definitions: an environmental dimension, a social dimension, an economic dimension, a stakeholder dimension, and a voluntariness dimension.

A point of critique on the dimensions identified by Dahlsrud lies in the use of the economic dimension as it refers to both societal welfare and business profitability. These aspects are obviously linked, but conceptually different and one should question why these have been integrated in one dimension. It would perhaps have been better to specify both a profit dimension (relating to the economic performance of a company, either in a monetary way or related to more intangible value) and an economic dimension (relating to the welfare of the society or the community a firm operates in).

Two scores calculated by Dahlsrud (a dimension score and a dimension ratio score) show that the stakeholder dimension, together with the social dimension, is most prominently present in CSR definitions (Exhibit 3.1). Only eight definitions incorporate all of the dimensions identified by Dahlsrud (Exhibit 3.2).

Dimension	Dimension score	Dimension ratio (%)
Stakeholder dimension	1213	88
Social dimension	1213	88
Economic dimension	1187	86
Voluntariness dimension	1104	80
Environmental dimension	818	59

Exhibit 3.1 The dimension score and ratio for the five dimensions of CSR definitions (adapted from Dahlsrud (2008)).

Dimensions included in a definition	Number of definitions	% of total frequency count from Google
=5	8	40
≥4	20	64
≥3	31	97
≥2	33	99
≥1	37	100

Exhibit 3.2 The number of dimensions included in the definitions, the number of definitions and their percentage of the total frequency count (adapted from Dahlsrud (2008)).

Alike Dahlsrud, Rahman (2011) identified analytically distinctive dimensions of CSR definitions. He states that the incorporation of distinguishable dimensions of CSR is dependent on the period in time CSR dimensions were conceived of: different definitions during different segments of time reflect different dimensions of CSR (Rahman, 2011: 166). Based on his analysis of CSR definitions he concludes that the concept of CSR has evolved from the mid-20th century as dominated by 'obligations to society' to 21st century conceptions of CSR that stress, among other things, the integration of social and environmental concerns, voluntariness, economic development, transparency and accountability. Rahman consequently identified 10 major dimensions of CSR definitions, namely obligation to society, stakeholder involvement, improving the quality of life, economic development, ethical business practice, law-abiding, voluntariness, human rights, protection of the environment, and transparency and accountability.

At the time Dahlsrud's article was published, the ISO 26000 standard had not been published yet. The standard was however published at the time of Rahman's article, although he failed to incorporate the ISO 26000 definition in his analysis. The works of both do provide a good analytical point of reference for the analysis of the ISO 26000 definition of CSR. The next section first briefly introduces the ISO 26000 standard and highlights the most important characteristics of this CSR standard, including its definition of CSR. It then provides an analysis of this definition, including reflections from the perspective of the CSR landmarks and an observation of several shortcomings of the definition.

3.4 ISO 26000 on CSR

ISO 26000 is a comprehensive CSR management standard, developed through an elaborate global MSI led by ISO. The standard was published in late 2010 and effectively offers organizations a widely accepted interpretation of CSR, cultivates understanding on a range of CSR themes and offers practical guidance on CSR by translating principles into suggestions for implementation and best practices. The standard intends to be of value to any type of organization – not just companies – in all sectors, of all sizes, all over the world and in every stage of CSR development or implementation (ISO, 2010: vi). As opposed to other well-known ISO management standards such as ISO 9001 for quality management and ISO 14001 for environmental management (which are just two of the standards ISO 26000 builds on), ISO 26000 does not include requirements for a management system and is not certifiable.

Although the involvement of many organizations from all over the world and their respective interests combined with the slippery subject of CSR has proved an ingredient for a lengthy and at times a conflict-prone process (Balzarova & Castka 2012), ISO 26000 offers a global point of reference and even agreed-upon language for CSR. The consensus that has been arrived in the process of deliberative democracy that led to the publication of the standard gives it a considerable degree of legitimacy (Mueckenberger & Jastram, 2010; Hahn & Weidtmann, 2012).

ISO 26000 can in effect be viewed of as an exercise in conceptual interpretation of the CSR domain since it contains an overview and an elaboration of concepts, terms and definitions related to CSR. It thus extends a narrow, abstract definition of CSR into a broad and more concrete interpretation, including a detailed conceptual specification of CSR comprising underlying principles and related subjects.

3.4.1 Exploring the standard's core definition⁶

This chapter distinguishes between a core or narrow and an extended definition of CSR by ISO 26000. In the narrow sense, ISO 26000 defines CSR by limiting or conditioning its interpretation with four stipulations concerning the business-society relationship as the

“responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that (1) contributes to sustainable development, including health and the welfare of society; (2) takes into account the expectations of stakeholders; (3) is in compliance with applicable law and consistent with international norms of behaviour; and (4) is integrated throughout the organization and practised in its relationships” (ISO, 2010: 3).

A couple of things immediately stand out from this definition. Perhaps the most eye-catching aspects of this definition is the sheer absence of an explicit profit dimension of CSR. The definition indeed mentions ‘welfare to society’, which can be interpreted as an economic dimension (cf. Dahlsrud, 2008), but a direct aspect of firm-level economic performance cannot be discovered in the ISO 26000 interpretation of the CSR concept.⁷ However, the standard recognizes the interdependence of corporate success, global ecosystems’ health and social well-being by stating that

“(a)n organization’s performance in relation to the society in which it operates and to its impact on the environment has become a critical part of measuring its overall performance and its ability to continue operating effectively” (ISO, 2010: vi).

From the perspective of business practice, the standard acknowledges that corporations can benefit from CSR as it may contribute to, among other things, creating competitive advantage, building reputation, developing its ability to recruit and retain employees and customers and a creating a positive view of the company for investors, owners, and the financial community. Still, the argument the standard makes for increasing awareness for CSR among organizations seems to rely more on non-financial stakeholder demands and scrutiny (including transparency) and awareness of increased impacts of business on (vulnerable) communities and environment than it does on profit motivations. If there is any attention for the business case of CSR or a strategic management approach in ISO 26000, it is in an indirect rather than a direct manner. In fact, the standard does not mention the term ‘business case’, and in not doing so, it diverges from

the message conveyed by modern instrumental CSR rhetoric which seems preoccupied with encouraging organizations to engage in CSR activities for this reason in particular. This absence of the profit dimension is clearly illustrated in the following sentence which appears later in the standard's text, where it states that

"(t)he essential characteristic of social responsibility is the willingness of an organization to incorporate social and environmental considerations in its decision making and be accountable for the impacts of its decisions and activities on society and the environment" (p. 6).

The standard probably aims to convey the message here that a firm's decision-making is primarily oriented at making a profit, but still one cannot conclude otherwise than that the standard seems to isolate or decouple profit on the one hand from people and planet on the other. ISO 26000 thus deviates from mainstream triple bottom line thinking. In addition, besides the aforementioned areas that the standard mentions for firms to reap economic benefits of CSR, the standard is in fact silent on shareholders, investors, and the financial community as well as their respective interests.⁸

Although deception and fraud, which Friedman (1970) urged companies to refrain from in market transactions and which he incorporated as preconditions in his conception of the social responsibility of business, are obviously dealt with in ISO 26000 in terms of ethical conduct and fair operating practices (including the avoidance of corporate complicity in activities that are not consistent with international norms of behavior), this essentially means that, in a way, the ISO 26000 definition on CSR is a diapositive of Friedman's interpretation of CSR. The sole social responsibility of firms as promulgated by the standard is to deal with its impacts in a way that spurs societal interest with sustainable development rather than maximizing corporate profits. This effectively means that firms should aim to deal with their externalities (i.e., reducing their negative social and environmental impacts and increasing their positive social and environmental impacts). One could therefore argue that ISO 26000 essentially puts back business ethics and managers' morality centre stage rather than taking corporate strategy as a starting point in the business-society debate. The standard hence bears more resemblance to definitions from the early phases of evolution of the definitional construct, such as those of Bowen (1953) and Heald (1957), and normative stakeholder conceptions (Donaldson, 1982; Donaldson & Preston, 1995; Whetten, et al. 2002) than to most current conceptions of CSR that emphasize strategic approaches to firms' social responsibilities.

Another aspect of the ISO 26000 definition of CSR that is worth investigating concerns the concept of 'relationships'. The standard notes that relationships refer to an organization's activities within its so-called sphere of influence. This latter concept refers to the range or extent of *"political, contractual, economic or other relationships through which an organization has the ability to affect the decisions or activities of individuals or organizations"* (ISO, 2010: 4). The ability to influence the decisions or activities of individuals or organizations does not imply

a responsibility to exercise influence *per se*, according to the standard. By adding this note on an organization's sphere of influence the standard clearly diverges from the iron law of responsibility as coined by Davis (1973). Ergo, simply because an organization has the power to exert its influence on others in order to contribute to sustainable development, it need not necessarily do so. It should of course be noted that there is a pragmatic argument to be made for not applying Davis' iron law of responsibility, as, *in extremis*, this maxim could pose a virtually unbearable burden on a company as it would be encourage to identify the full extent of its impacts in its upstream and downstream value chain and act on all of them in every antrum of its sphere of influence. While for some companies this would be feasible, for most this would probably not. ISO 26000 says in this regard that

“not all of an organization's value chain necessarily falls within its sphere of influence. (...) However, there will be situations where an organization will have a responsibility to exercise influence. These situations are determined by the extent to which an organization's relationship is contributing to negative impacts. There will also be situations where, though an organization does not have a responsibility to exercise influence, it may nevertheless wish, or be asked, to do so voluntarily” (ISO, 2010: 16).

A third aspect that is mentioned here, and which is the consequence of the phrasing “the responsibility of an organization for the impacts of its decisions and activities” in the standard's definition of CSR, is that firms are encouraged by the standard to formulate their own, company-specific interpretation of CSR within the epistemological boundaries set by the standard around the CSR concept. This idiosyncratic approach is at the basis of the claim ISO 26000 makes on its broad scope of application regarding different types of organizations (also see Chapter 2) and allows firms to approach CSR ‘in their own words’ (cf. Van Marrewijk, 2003; Murillo & Lozano, 2006). Or, as the standard notes:

“It is an individual organization's responsibility to identify which issues are relevant and significant for the organization to address, through its own considerations and through dialogue with stakeholders” (ISO, 2010: vi).⁹

The standard hence clearly encourages firms to engage in a corporate sensemaking process (cf. Cramer et al., 2005; Basu & Palazzo, 2008; Johnston, 2011). Consulting with stakeholders and entering in a dialogue with them is a key aspect of this sensemaking process. This effectively means that an organization is enabled by the standard to socially construct its own definition of CSR, which corresponds with the conclusion drawn by Dahlsrud (2008) about CSR definitions (cf. Johnston, 2011). In other words, ISO 26000 seems to put the analytical looseness and conceptual vagueness of the CSR concept, which are generally thought of as a drawback of the concept, to effective use through the concepts of relevance and significance.

A fourth aspect of the ISO 26000 definition that is addressed in this appraisal relates to

its third stipulation – the suggested compliance of corporate conduct with applicable law and consistency with international norms of behavior. Essentially, with this condition, the standard poses that legal compliance and operating in congruence with internationally accepted norms of behavior functions as a threshold for talking about CSR in the first place – if firms do not comply with these, they cannot claim to operate in a socially responsible manner. This obviously corresponds with the conception of CSR put forward by many definitions that have emerged over the years. What is particularly relevant here is that the standard does not appear to imply that CSR should be about activities that go *beyond* what is required by the rule of law, such as is integral to the definitions of Jones (1980), Carroll (1991) and McWilliams & Siegel (2001), the latter defining CSR as “*actions that appear to further some social good, beyond the interest of the firm and that which is required by law*” (McWilliams & Siegel, 2001: 117). Mere compliance by firms would hence suffice in terms of this condition, leading to the conclusion that CSR is not a matter of voluntary or supra-legal business activity *per se* according to ISO 26000. As for the voluntariness of CSR, ISO 26000 does emphasize the voluntary nature of certain activities (such as taking responsibility by a firm for impacts beyond its sphere of influence), but not the intrinsic voluntary nature of CSR itself. When speaking of voluntary initiatives, the standard primarily refers to initiatives that have been developed by organizations that are “*intended to help other organizations seeking to become more socially responsible*” (ISO, 2010: 82). The standard adds that “[*it*] is not necessary for an organization to participate in any of these initiatives for social responsibility, or to use any of these tools, for it to be socially responsible” (ibid.). Examples of these organizations are global ‘corporate responsibility coalitions’ (Grayson & Nelson, 2013), voluntary labour programs (Fransen & Burgoon, 2013) as well as small-scaled sectoral CSR initiatives.

3.4.2 Exploring the standard’s extended definition

The points addressed so far in this chapter all relate to the narrow or core definition of ISO 26000. When looking at its extended definition of CSR, a number of other observations can be made that require discussion in the light of this chapter’s aim. The extended definition can be viewed of as the core definition plus the seven CSR principles and seven CSR core subjects formulated by the standard, the latter being divided into 36 CSR issues, which, in turn, specify practices that firms could adopt. The principles provide companies using ISO 26000 with a fundamental basis for decision-making or corporate conduct in the context of CSR. The CSR core subjects and CSR issues essentially reflect a contemporary view of what constitutes good practice. While principles may change in importance over time, the standard says that “[*v*]iews of good practice will also undoubtedly change in the future, and additional issues may come to be seen as important elements of social responsibility” (ISO, 2010: 5). When applying ISO 26000, companies should adhere to all of the underlying CSR principles that are specified by the standard and specify how they put these in practice. Also, each of the core subjects is relevant to all companies, while this condition does not apply for the CSR issues – a company may

choose to declare issues as not relevant and hence remain silent on them. This observation is another illustration of the standard recognizing the idiosyncratic nature of CSR and ISO 26000 thus allows for a definition of CSR that is tailored to the particular characteristics and context of the individual firm.

Even though the contents of ISO 26000 is rather comprehensive, some obvious themes seem to be missing from it. These relate to both the principles specified by the standard and the core subjects. For one, it could be expected that caring for the needs of future generations, the defining aspect of sustainable development, would be among the standard's underlying CSR principles. This is not the case, actually – and perhaps it is because sustainable development is already acknowledged in the standard's core definition of CSR. Constructing a consistent argument for this proves rather difficult, as both the second stipulation (taking into account stakeholder expectations) and the third stipulation (complying with applicable law and international norms of behavior) in the core CSR definition of ISO 26000 are among the principles as 'respect for stakeholder interests', 'respect for the rule of law' and 'respect for international norms of behavior' respectively. A similar example of thematic overlap can be found in the principle 'respect for human rights' and the core subject of 'human rights'.¹⁰ Regarding this overlap it can be said that the practices specified on this theme by the applicable CSR issues are of a much more practical nature than the point of reference provided by the principle. Returning to the list of principles, however, one could argue that alike sustainable development, continuous improvement could have well made the list of principles. Next to the fact that this is an objective of many ISO management standard, the standard recognizes this theme as a central tenet of CSR and pays a full section of attention to it. Among other things, it says:

"On the basis of periodic reviews, or at other appropriate intervals, an organization should consider ways in which it could improve its performance on social responsibility. The results of reviews should be used to help bring about continuous improvement in an organization's social responsibility" (ISO, 2010: 82).

And the standard adds to this:

"In addition to reviewing existing activities, an organization should also keep abreast of changing conditions or expectations, legal or regulatory developments affecting social responsibility and new opportunities for enhancing its efforts on social responsibility" (p. 80).

To come full circle with the argument, the standard explicitly links continuously improving CSR performance to stakeholder involvement, one of the central tenets of the standard, as one of the latter's major functions. It should especially be noted that the primacy that ISO 26000 attaches to continuous improvement and furthering societal interest would make the standard's

first stipulation of contributing to sustainable development, interpreted as not compromising the ability of future generations, an insufficient condition as 'not compromising' is something else than 'improving'. One could perhaps even conclude that the standard contradicts itself on this point as the whole document breathes a progressive ambition of firms improving value or being a positive force instead of a conservative ambition of doing no harm (cf. Pedersen, 2010).

As a final observation, one of the main flaws of ISO 26000 relates to the core subject of organizational governance, which is conceived by ISO 26000 as the system by which an organization makes and implements decisions in pursuit of its objectives (ISO, 2010: 21). While all the core subjects are important, relate to each other and are complementary according to the standard, organizational governance takes a special position vis-à-vis the other core subjects:

"Effective organizational governance enables an organization to take action on the other core subjects and issues and to implement the principles. (...) Organizational governance is the most crucial factor in enabling an organization to take responsibility for the impacts of its decisions and activities and to integrate social responsibility throughout the organization and its relationships" (ISO, 2010: 20-21).

3

Organizational governance is the only core subject that is not divided into several CSR issues that specify related actions and expectations towards companies. The standard seems to make a serious misstep here. The reason why this could be considered a shortcoming in the standard is that organizational governance touches on various critical and contemporary themes in the CSR domain (e.g., Arora & Dharwadkar, 2011; Harjoto & Ho, 2011; Jo & Harjoto, 2012), such as transparency and CSR performance disclosure (Kolk & Pinkse, 2010; Levy, et al. 2010), conditions of director attention for CSR (Knudsen, et al. 2012), the role of supervisory boards in the development and supervision of corporate CSR commitments and strategies (Boubaker & Nguyen, 2012), stakeholder integration in governance mechanisms (Ayuso & Argandoña, 2009), the adoption of sustainability criteria in executive compensation packages (Callan & Thomas, 2011; Miles & Miles, 2013), shareholder activism (Chung & Talaulicar, 2010; Kang & Moon, 2012), and, notably, new perspectives on private governance (Brammer et al., 2012), including novel organizational forms such as cooperatives. Despite the proliferation of works over the last years on this subject and despite its own acclamation of the subject as *"the most crucial factor"* (ISO, 2010: 21), ISO 26000 does not cover important debates on or specifies key issues of corporate governance, however. The standard in this respect suffices with stating that effective governance should be based on incorporating the CSR principles (ibid., p. 22).

3.5 Conclusions and implications

When one evaluates the ISO 26000 definition, the standard appears to rely on an interpretation of CSR that is built on many of the epistemological dimensions that can be found in other CSR

definitions. Exhibit 3.3 depicts the different dimensions of both the core and the extended definition based on the synthesized works of Dahlsrud (2008) and Rahman (2011). When reading the table, it should be noted that the extended definition obviously includes the core definition.

Epistemological dimension	Core definition	Extended definition
Environment	Yes, explicitly	Yes, explicitly as a core subject (The environment)
Social	Yes, explicitly	Yes, explicitly as a core subject (Labour practices, Consumer issues)
Economic	Yes, explicitly, though not directly related to firm performance; also, financial stakeholders nor their interests are explicitly mentioned	Yes, but not directly related to firm performance and financial stakeholders are not explicitly mentioned
Stakeholder	Yes, explicitly	Yes
Voluntariness	No, as compliance with law and behavioral norms may suffice	No, although the standard emphasizes the importance of 'voluntary initiatives'
Societal obligation	Yes, implicitly as the definition emphasizes responsibility for impacts and does not explicitly mention community engagement	Yes, explicitly as a core subject (Community involvement and development)
Quality of life	Yes, explicitly	Yes, explicitly
Ethical conduct	Yes, explicitly	Yes, explicitly as a principle and as a core subject (Fair operating practices)
Law-abiding	Yes, explicitly	Yes, although not as explicit as in core definition
Human rights	Yes, but not explicitly	Yes, explicitly as both a principle and a core subject
Transparency and accountability	Yes/No: accountability is not explicitly mentioned	Yes, explicitly as principles and as an explicit part of a core subject (Organizational governance)

Exhibit 3.3 Dimensions in ISO 26000's core and extended CSR definition.

Judging on the applicability of the various epistemological dimensions, the ISO 26000 definition of CSR would hence be placed in a rather particular category as neither the economic dimension of CSR on the firm-level nor the voluntariness of CSR is apparent in it. This sets it apart from definitions that emphasize the voluntary or supra-legal nature of CSR (e.g., Jones, 1980) and ethical conduct in general and diverges from interpretations of CSR that can be found in some of the most cited CSR definitions over the past thirty years, such as those formulated by Carroll (1983) and McWilliams & Siegel (2001).

The standard's interpretation of CSR is firmly rooted in the idea of the responsibility of firms for their social and environmental impacts and bears resemblance to and builds on

Davis' (1973) iron law of responsibility, a normative version of stakeholder theory (Donaldson, 1982; Donaldson & Preston, 1995) and Marsden's (2000) conception of corporate citizenship that comprises both managerial influence on and relationships of the corporation with society. One could conclude that the definition is strongly oriented on a normative view of the social responsibilities of firms and, as such, represents a contemporary species within a relatively limited number of contributions that various scholars have observed within this perspective. Alcañiz et al. (2010), for instance, have concluded in this respect that contributions to the CSR debate were much likely to be of a normative nature (cf. Lee, 2008). ISO 26000 would fall within this category and is reminiscent of some of the early modern accounts of CSR such as those of Bowen (1953) and Heald (1957). Notably, the standard hardly makes reference to market, financial or strategic benefits for firms resulting from addressing social responsibilities, the instrumental view that has become dominant in CSR literature in recent years. Hence, although it is one of the latest extensive contributions to the CSR discourse and one that carries a large degree of legitimacy, the definition proposed by ISO 26000 could even be seen as an anachronism as it diverges from instrumental theories of CSR and signifies an explicit moral standpoint by emphasizing the obligations of business towards society and its stakeholders. Rather than a regression to foregone times, it is argued here that the standard, being the result of a global stakeholder dialogue, tries to make a strong plea for the return of morality in the CSR debate. As such, it is indeed 'out of the ordinary'. Although embedded in a comprehensive document that mentions business benefits of CSR, addresses responsible use of power in the political arena, focuses on satisfying social demands and emphasizes the need for ethical behavior of companies, the ISO 26000 definition itself does not, however, put forward an integrated view on CSR as meant by Garriga & Melé (2004).

Also, it can be concluded that ISO 26000 can be viewed of as an exact opposite of the conception of CSR as propagated by Friedman. While Friedman argued that CSR may endanger the foundations of free society as it fundamentally compromises a company's effort to maximize its profits for shareholder purposes alone and undermines the capitalist system, the standard, by taking an inclusive perspective on business-society and business-stakeholder relations, in fact assumes that business not accounting for impacts would limit the freedom of stakeholders and compromise democracy. The version of capitalism that ISO 26000 favours is clearly one of stakeholder capitalism, that is "*based on freedom, rights, and the creation by consent of positive obligations*" (Freeman et al., 2007: 311).

Despite (or perhaps precisely because of) the fact that the standard aims to be a comprehensive CSR standard that tries to incorporate a wide range of topics in the business- society relationship, it contains some overlapping or even redundant elements and flaws. Among those set out in this paper, arguably the most prominent of these is the lack of a detailed specification of the core subject of organizational governance. The standard seems to have missed an opportunity here to address a central topic in the current CSR debate that could have offered an important link between its normative orientation on CSR and its practical implementation and management (cf.

Hemphill, 2013). ISO 26000 has endured other critiques as well (see endnote v), but expounding on these is beyond the scope of this paper. Notwithstanding these shortcomings, it is important to note that ISO 26000 seems to present a departure from mainstream modern-day thinking about CSR that is dominated by instrumental strategic management views on CSR and by finding a business case behind the social responsibilities of business in order to pursue both. In this sense, the standard is an illustration of the concurrent development of CSR definitions that is still taking place (De Bakker et al., 2005) in which moral views, instrumental views and holistic views co-evolve and compete for dominance. It is to be hoped that both for academic purposes and purposes of business practice a reflexive relationship between these views will continue to evolve and that they may inspire the cultivation of business-society relations and interpretations thereof.

3.5.1 Implications for CSR theory and practice

So where does this chapter's assessment of ISO 26000 leave the standard in the discourse on CSR? What are its implications for theory and practice, if any? In its essence, and while recognizing that there are business benefits to be reaped through CSR, ISO 26000 is thus an argument for an explicit moral turn in a discourse dominated by instrumental and strategic theories of CSR. As the ISO 26000 definition of CSR itself does not incorporate a 'profit' dimension but as the standard is at the same time not naïve about firms' instrumental motives or economic interests to engage in CSR, it sheds a nuanced light on business-society interactions. As the central tenet of contemporary instrumental CSR theories, epitomized by the concept of shared value, is that companies engage in CSR as long they can financially benefit from acknowledging societies interest, these theories *de facto* hold that a firm's contribution to societal or stakeholder wellbeing is dependent on the extent to which it is able to make a profit (Moratis, 2014). Put otherwise: when, in the course of time, a firm is not able anymore to profit from the license to operate it is granted by stakeholders and society, it seizes to serve their interests. Such business case approaches to CSR have hence been criticized by scholars (e.g., Blowfield & Frynas, 2005; Prieto-Carron et al., 2006; Nijhof & Jeurissen, 2010) as they seem to propagate a win-win approach at first glance, but ultimately imply a win-lose scenario. ISO 26000, on the other hand, does not argue against business case approaches to CSR, but adds to the CSR discourse a view on business case approaches to CSR that build on what can be called a principle of 'delayed reciprocity'. Within such a view, firms engage in CSR, assuming that somewhere in the future society and stakeholders will reward them with premiums that are above the level they can expect for doing business in an efficient and customer-centric way. A view of delayed reciprocity on CSR thus moves beyond a transaction-oriented model of business-society relations that is inherent in business case approaches to CSR. While critics may see this approach of delayed reciprocity as riskier or less balanced compared to instrumental CSR, it may cultivate mutual trust, enhance the credibility of corporate CSR claims and, as a result, make firms more resilient in cases of adverse CSR events. From a theoretical viewpoint,

the principle of delayed reciprocity introduces a temporal element in instrumental CSR theories which could enrich these theories. This may stimulate a shift in CSR business case thinking that is dominantly rooted in a win-lose orientation that is disguised as a win-win orientation into one that truly represents a win-win orientation. Scholars could consequently focus their efforts on researching if firms that adopt such a delayed reciprocity approach to CSR are viewed by their stakeholders to have a more credible CSR claim, outperform competitors (e.g., in brand value) or whether they are more resilient in the case of adverse events.

From the viewpoint of business practice, the results of the assessment of ISO 26000 in this article may have several implications. A first implication of the standard concerns its signalling value. One reason for firms to use CSR standards is their signalling function: adherence to a standard may communicate a certain CSR quality, such as intent or performance (Rasche, 2011). Considering the definition of CSR propagated by ISO 26000, firms adhering to ISO 26000 may risk sending the signal that they have not adopted a business case approach to CSR. While the previous paragraph has commented on this, a firm's stakeholders in practice (e.g., shareholders) may not recognize this or argue for a more transaction-oriented relationship with the communities it operates in or more instrumental approach to CSR. In fact, given that instrumental thinking about CSR strongly resonates in business practice, companies adopting ISO 26000 may find themselves being perceived by stakeholders as less credible than their competitors. While this article would not argue that ISO 26000-adhering firms fall short of CSR, these firms could signal an approach that they do not prioritize a widely called for business case approach to CSR. Also, ISO 26000 may attract companies that have a more enlightened view of CSR, perhaps leading the standard to be a rather elitist initiative instead of a project that will mainstream and harmonize CSR around the globe. The issue of signalling value also pertains to the standard being a guidance standard rather than a management systems standard and it being non-certifiable, but investigating that is beyond the scope of this chapter (see Chapter 5).

A second implication concerns the need for firms wanting to work with ISO 26000 to operationalize the core subject of organizational governance. As this article has shown, this core subject is a weakness in the standard as it is not well operationalized and, in contrast to the other core subjects of ISO 26000, lacks detail and falls short of linking to the state of current business practice on topics such as sustainability-oriented remuneration and relationships between firms' executive committees and supervisory boards from the perspective of CSR. While this core subject touches on managerial decision-making and issues of corporate governance, it is in the interest of ISO 26000-adhering firms to specify this core subject in more detail and applying it to their own characteristics and contexts in order to avoid that the credibility of their own CSR approaches is compromised. After all, the ISO 26000 standard views this core subject as a fundamental underpinning of the other core subjects. As an extension, both firms and their stakeholders should call for a substantially improved specification in the standard especially on this point, both in their own interest, that of society's and that of the standard's.

Notes

- 1 This chapter has been accepted for publication in the International Journal for Law and Management.
- 2 Instead of CSR, ISO 26000 uses the term 'social responsibility', abbreviated with SR. The main reason for the standard to do so, relates to its claim to apply to all types of organizations, not just corporations. This chapter uses the accepted term CSR and focus on the firm perspective, the focus of most definitions of CSR.
- 3 It is explicitly not the aim of this chapter to list the full range of CSR definitions that has surfaced over the years nor to review CSR literature as exemplary reviews of the evolution of the concept over time have been made by various authors (e.g., Carroll, 1999, 2006; Moon, 2002; Cochran, 2007; Lee, 2008).
- 4 Despite the adoption within the business vocabulary, shared value has been subject to various critiques, stating that it is hardly more than a cosmetic representation of CSR, offers no real progress in terms of the CSR concept and that *"it appears to merely advance a conventional rhetoric about business and society that what is good for business is good for society"* (Aakhus & Bzdak, 2012: 233).
- 5 One should note that most definitions that were used in the analysis of Dahlsrud were in the period 1998-2003. Hence, his analysis does not include the recent contributions to the debate by Porter & Kramer (2006, 2011).
- 6 The reader is reminded this paper revolves around the definition of CSR as proposed by ISO 26000. It is beyond the scope of this paper to formulate a broader critique on ISO 26000 and its development process. Several critiques have emerged on the standard over the past few years, but none of them has assessed the standard from the perspective of the definition of CSR it provides. For critiques on ISO 26000 see Egyedi & Toffaletti (2008) who, from a political minority view, point at the absence and lack of influence of SMEs in the development of ISO 26000 compromising the legitimacy of the standard (cf. Balzarova & Castka, 2012); Perera (2008) for the relevance of ISO 26000 contents for application by SMEs; Schwartz and Tilling's critique of CSR standardization as a phenomenon that has the tendency to decouple CSR themes from actual firm performance (Schwartz & Tilling, 2009); Johnston (2011) who focuses on the difference between the construction of social expectations towards companies and factual organizational impacts and concludes that ISO 26000 may not lead to co-decisions between a company and its stakeholders on how to cope with factual externalities; and Hemphill (2013) concluding that ISO 26000 has too broad a scope in order to be useful in the context of specific industries and sectors, too costly and time-consuming for SMEs to implement, and is not a certifiable management system which leads to weaknesses in assessing its efficacy.
- 7 It seems that by deleting the prefix 'corporate' from the concept of CSR, the standard has paved its own way for paying only limited attention to the profit aspect that is integral to most modern conceptions of CSR instead of signalling that it applies to all sorts of organizations rather than merely firms. Still, the standard could have taken the view of multidimensional organizational profits (any direct, indirect, tangible or intangible net economic result on the level of an organization) that can be monetized or can be approximated in such a way, but it does not – at least not in its definition of CSR.
- 8 Of course, one could discuss if such a clear-cut distinction can be made as shareholders and investors are supposed to represent societal concerns as well. The standard however clearly states on this point: *"The objective of sustainable development is to achieve sustainability for society as a whole and the planet. It does not concern the sustainability or ongoing viability of any specific organization"* (ISO, 2010: 9). This is also illustrated by the section of ISO 26000 that elaborates on the characteristics of social responsibility which seems to focus on stakeholders that represent societal (as opposed to financial) concerns.
- 9 The notions of relevance and significance play an important role in ISO 26000, but, interestingly, are rather ill-defined in the standard. Neither notion is part of the 'Terms and definitions' section which sets out the definitions of various concepts that are central to understanding ISO 26000. The best explanation of the notions of relevance and significance can be found at the end of the standard's text where it notes that *"[o]nce an organization has identified the broad range of issues relevant to its decisions and activities, it should look carefully at the issues identified and develop a set of criteria for deciding which issues have the greatest significance and are most important to the organization"* (ISO, 2010: 72).
- 10 The main explanation for this overlap is the importance attached to the theme by the various stakeholder groups that were involved in the development process of ISO 26000, especially representatives from developing countries (Castka & Balzarova, 2008b, 2012).

Chapter 4

Consequences of
collaborative governance
in CSR: An empirical
illustration of strategic
responses to institutional
pluralism and some
theoretical implications¹

4.1 Introduction

Collaborative governance is seen to become the common currency of decision-making, able to surmount existing institutional constraints to effectively address challenges related to social and environmental corporate behavior (Zadek, 2008). The ISO 26000 standard represents an ambitious step in the institutionalization of CSR in the global business environment (Hahn, 2012b). The publication of this standard was the result of a participative, stakeholder-inclusive development process governed by ISO, articulating the roles and responsibilities of business in society and specifying expectations towards companies on what constitutes responsible business conduct.² As an illustration of collaborative governance in the CSR domain (Albareda, 2008; Rasche, 2010; Mena & Palazzo, 2012), ISO 26000 possesses a high degree of legitimacy and can be seen as an important point of reference for organizations aspiring to be responsible corporate citizens worldwide (Hahn & Weidtmann, 2012).

Although collaborative governance approaches hold important promises for the CSR domain, it has limitations as well, including the risk of resulting in institutional complexity. The ISO 26000 standard represents a pluralistic institutional logic that resonates several tensions arising from, among other things, the domain it tries to standardize, the nature of its development process, its interpretation of CSR and the type of standard it represents. This institutional complexity has consequently provoked a number of strategic responses to the standard by various standards-related organizations (SROs), including national standards institutes (NSIs), certification organizations (COs) and service providers (SPs), including accountancy and consultancy firms. This chapter aims to empirically identify and examine strategies that SROs are pursuing to respond to the institutional complexity engendered by ISO 26000. The empirical material that this chapter builds on includes information from ISO's post-publication surveys on ISO 26000, relevant news articles and research reports. As initiatives in the Netherlands in this context are among the pioneering responses to ISO 26000, this chapter is partly based on and inspired by the Dutch standards environment and the author's own experience and findings as a practitioner in this field.

Next to identifying and investigating these strategies, this chapter aims to contribute to the understanding of strategic responses of organizations to pluralistic institutional logics that result from collaborative governance, inferring theoretical insights through a grounded theory approach (Glaser & Strauss, 1967). The chapter answers the call of Greenwood et al. (2011) who identified a lack of empirical accounts in this nascent field of inquiry. It also contributes by exploring a category of organizations, namely SROs that operate in the context of firms instead of taking the dominant perspective of an individual organization or an intra-organizational approach (cf. Pache & Santos, 2010).

In order to present the theoretical frame, the chapter sets out with a brief overview of developments within institutional theory that focus on institutional complexity and strategic

responses of organizations. It particularly draws on the insights from recent reviews from scholars of institutional theory such as Kraatz & Block (2008) and Greenwood et al. (2011). Second, it characterizes ISO 26000, specifying the nature of the standard, its objectives and its most salient aspects. It then frames the trajectory of this example of collaborative governance and the objectives that guided its development as processes of institutionalization in the CSR domain manifested as a field-level mechanism. The consequences of choices that were made during the standard's development, which are root-causes of the emerged pluralistic institutional logic manifested in and by ISO 26000, are consequently discussed. The chapter then turns the attention towards the strategies that SROs have pursued in order to respond to the situation of institutional complexity and the inherent variety of institutional pressures they experience. Finally, this chapter discusses the implications of the findings on strategic responses to multiple institutional logics from a theoretical perspective, reflects on the future of collaborative governance, and formulates several research questions for further (empirical) investigation.

4.2 Institutionalization, institutional pluralism and strategic responses

Institutional theory suggests that organizations are influenced by pressures in their institutional environment for compliance or conformity, enabling and constraining organizational actions exerted through their referent audiences. Such pressures are exerted on organizations through rules and regulations, normative prescriptions and social expectations (Scott, 2008), but they are also carried over through institutional logics (Thornton, 2004; Thornton & Ocasio, 2008). Institutional logics can be defined as overarching sets of principles that prescribe *“how to interpret organizational reality, what constitutes appropriate behaviour, and how to succeed”* (Thornton, 2004: 70; cf. Friedland & Alford, 1991). In other words, institutional logics provide guidelines for organizations on how to interpret their context and operate within them by providing meaning to their social reality. Institutional actors, then, can be viewed as agents and carriers for producing and reproducing the logic within a specific institutional environment (Scott et al., 2000). These pressures are the drivers behind processes of institutionalization *“by which social processes, obligations, or actualities come to take on a rule-like status in social thought and action”* (Meyer & Rowan, 1977: 341) and which shape organizational fields (DiMaggio & Powell, 1983). Organizations comply with institutional logics in order to make their actions *“desirable, proper, or appropriate, within some socially constructed system of norms, values, beliefs, and definitions”* (Suchman, 1995: 574) and, in doing so, gain endorsement from important referent audiences. As legitimacy functions as a critical resource for organizational survival, organizations are hence able to secure and strengthen their license to operate.

4.2.1 Institutional pluralism and opposing institutional logics

Organizations are increasingly subject to pluralistic demands imposed by their institutional

environment that are opposed or in conflict with each other (Djelic & Quack, 2003; Friedland & Alford, 1991; Kraatz & Block, 2008; Lounsbury, 2007; Meyer & Rowan, 1977). Institutional pluralism is described by Kraatz & Block (2008) as the situation faced by an organization when operating within multiple institutional spheres. As such, these authors say, an organization is subject to multiple regulatory regimes, embedded within multiple normative orders, and/or constituted by more than one cultural logic, effectively playing in several games at the same time.

While the phenomenon represents a separate category in institutional theory, institutional pluralism may be the *de facto* norm for the functioning of corporations. This is for instance exemplified by stakeholder conceptions of the firm which emphasize that corporations in general should be properly viewed of as pluralistic entities (Donaldson & Preston, 1995; Mitchell et al., 1997; Kaptein & Wempe, 2001). Scott (1991: 167) in this respect observed that *“there is not one but many institutional environments and (...) some would-be sources of rationalized myths may be in competition if not in conflict.”* Similarly, D'Aunno et al. (1991: 636) write that *“conforming to strong environmental beliefs and rules is difficult for many organizations (...) because they face fragmented environments in which multiple independent groups and organizations make demands that are, at best, uncoordinated.”*

Conflicting institutional demands refer to antagonisms in the organizational arrangements required by institutional referents (Pache & Santos, 2010). Greenwood et al. (2011) say that organizations face institutional complexity whenever they confront incompatible prescriptions from multiple institutional logics (p. 318). They note, however, that the sheer number of logics is only one aspect of institutional complexity; the relative incompatibility between logics represents another. Pache & Santos (2010) argue that institutional complexity is most acute in fields that are *“characterized by the competing influence of multiple and misaligned players whose influence is not dominant yet is potent enough to be imposed on organizations”* (2010: 458). Fields, in other words, can contain multiple points of centralization (Greenwood et al., 2011), reflecting Meyer & Scott's notion of fragmented centralization (Meyer & Scott, 1983). Collaborative governance may provide an approach to overcome such institutional constraints caused by multiple, possibly misaligned and sometimes outright conflicting stakeholder interests and positions, thereby increasing the legitimacy of institutional logics (Albareda, 2008; Zadek, 2008).

Institutional complexity consequently is a dynamic rather than a static concept. Greenwood et al. (2011) argue that patterns of institutional complexity experienced by organizations are never completely fixed and that the nature of that complexity is fundamentally shaped by processes within organizational fields (cf. Scott, 2008). They say: *“Emerging fields, for example, are often characterized by sharp contestation between logics as proponents vie to prioritize logics favourable to their material interests or normative beliefs, with the result that the relative salience of particular logics ebbs and flows”* (Greenwood et al., 2011: 318). Institutional complexity unfolds, unravels and re-forms, thereby creating new circumstances which urge organizations to develop an action repertoire and respond (ibid., p. 319).

4.2.2 Strategic responses to conflicting institutional logics

Identifying and interpreting repertoires of responses that are available to organizations in the face of institutionalization has been a topic of academic investigation in institutional theory particularly since the seminal work of Oliver (1991). While implications of multiple institutional demands were addressed in Oliver's model of strategic responses, it merely suggests that organizations find it difficult to acquiesce to what is expected from them and are consequently likely to seek refuge in more resistant strategies, including compromise, avoidance, defiance, or manipulation (Pache & Santos, 2010).

In the context of conflicting institutional logics full compliance is impossible to achieve because satisfying some demands will inherently lead to ignoring or rejecting others (Pfeffer & Salancik, 1978; Oliver, 1991). Kraatz & Block (2008), however, argue that in the face of pluralism institutionally-adept organizations are often able to simultaneously meet the expectations and pressures imposed by various institutional spheres in which they operate to a degree and see the ability to at least placate diverse external constituent groups as a minimum requirement for bare survival. While acknowledging that pluralism problematizes an organization's legitimacy, they also suggest that organizations may benefit from institutional pluralism and even thrive in its midst. Underlying this argument is the assumption that organizations are not passive recipients of institutional prescriptions but interpret, translate and, in some instances, even transform them. Pache & Santos (2010: 455) have in this respect observed that this is a gap in institutional theory: *"while institutional scholars acknowledge that organizations are often exposed to multiple and sometimes conflicting institutional demands (...) existing research makes no systematic predictions about the way organizations respond to such conflict."*

Scholars of institutional theory indeed suggest that the availability of competing institutional models of action creates latitude for organizations to exercise some level of strategic choice (Clemens & Cook, 1999; Dorado, 2005; Friedland et al., 1991; Seo & Creed, 2002), allowing them to respond rather than undergo institutional pressures. Strategic choice, as *"a unified, comprehensive, and integrated plan designed to ensure that the basic objectives of the enterprise are achieved"* (Glueck, 1980) or, in the original definition of Child as *"the process whereby power-holders within organizations decide upon courses of strategic action"* (Child, 1997: 45), thus represents the antecedents of the responses to institutional complexity. Kraatz & Block (2008) identified four response strategies to institutional pluralism. They propose that organizations may attempt to resist or eliminate the sources of conflicting institutional demands, compartmentalize them and deal with them independently (also known as 'decoupling'), reign in the tensions by actively attempting to balance various institutional demands, and forge a new institutional order by detaching itself to a certain extent from the institutional setting and emerge as an institution in their own right. Characteristics of the organization (e.g., structure, ownership, governance, identity) can make it particularly sensitive or insensitive to certain institutional logics. As an extension of this, organizational characteristics may result in organizations responding differently

to institutional complexity as well as them selectively prioritizing some of their interests and the demands of their institutional referents at the expense of others (cf. Kraatz & Block, 2008). Pache & Santos (2010) in this regard note that the strategy that an organization adopts will – at least partly – be a function of the degree to which multiple logics are represented or are given voice within an organization.

Although the primary aim of this chapter is to provide an empirical illustration of organizational responses to institutional complexity, it also aims to provide some first insights in several theoretical issues of institutional pluralism that have remained unexplored so far. These relate to the observation by Pache & Santos (2010) that existing studies make no systematic predictions about responses of organizations to opposing institutional logics and the questions coined by Greenwood et al. (2011), asking whether or not field-level structural positions matter for responses and what strategies organizations use to minimize social penalties. Also, while organizations may thrive in the face of pluralistic institutional logics (Kraatz & Block, 2008), it is unclear how they are able to benefit from such situations and if similar organizations respond in the same ways.

4.3 Institutionalizing CSR through standards: ISO 26000

CSR has been identified as an essentially contested concept (Moon et al., 2005: 433–434) and a contested institutional practice (Matten & Moon, 2008). CSR exists as an 'umbrella construct' (Crane & Matten, 2008; Geppert et al., 2006; Matten & Moon, 2008) covering a wide range of topics ranging from working conditions in the supply chain to climate change and from stakeholder engagement to corporate community involvement. There is no universally agreed upon definition (Palazzo & Scherer, 2008) and even the need for arriving at such a definition itself has been questioned (Okoye, 2009). The domain is fragmented due to the concept's intrinsically normative orientation and values-led nature and the idiosyncrasy of CSR approaches and company-specific sensemaking processes in order to achieve strategic fit between a firm's ambitions, characteristics and its context (Van Marrewijk, 2003; Cramer et al., 2005; Murillo & Lozano, 2006). This is reflected in business practice by opportunistic corporate behavior to claim CSR commitments and performance without properly substantiating such claims or delivering on promise (Visser, 2011; Oekom, 2013). In addition, there is a lack of consensus about what exactly makes corporate behavior sustainable, illustrated by the proliferation of CSR rankings and award schemes and different beliefs that different NSIs have and codes of conduct that exist as to what constitutes socially responsible behavior on environmental, human rights, and consumer practices (Helms et al., 2012). Within the institutional context of CSR, one could observe a situation of 'fragmented centralization' (Meyer & Scott, 1983) emerging from different moralities, beliefs and proper implementation approaches propagated by a range of institutional actors. As a result, the CSR domain is characterized by a fragmented practice and a

pluriform academic discourse (De Bakker et al., 2005; Lockett et al., 2006; Lindgreen & Swaen, 2010). Questions regarding its legitimacy have inevitably been raised by a growing stream of critical management studies on the CSR concept (e.g., Blowfield & Frynas, 2005; Heugens & Oosterhout, 2008).

4.3.1 Standards

The development of standards, defined as *“predefined rules and procedures for organizational behavior with regard to (...) issues that are usually not required by law”* (Rasche, 2011), is one way to reduce this fragmentation. Balzarova & Castka (2012: 265) note that *“international standards are an important mechanism contributing to facilitation of trade, spread of knowledge, sharing of technological advances, and management practices.”* The overall goal of standardization efforts is to enable reaching consensus on solutions that meet the requirements of business as well of the broader needs of society (ISO, 2013) thereby making legitimate sense of contested concepts and multifaceted management and technical issues. Organizations generally find standards attractive as they offer a shared point of orientation in the management of often unspecific and sometimes contradictory demands and expectations that they are challenged with. In addition, standards may function as a signalling device to stakeholders enabling companies to differentiate themselves from competition (Rasche, 2011). Standards may also guide managers in their implementation efforts for which they offer an accepted point of reference.

Over the years, a myriad of standards that are related to aspects of CSR as well as comprehensive CSR standards have surfaced within and influenced the institutional CSR infrastructure (Waddock, 2008), including principle-based standards, reporting-based standards, certification standards, process standards and integrating guidance-based standards (Rasche, 2010). On a macro-level these standards may aim to harmonize companies' approaches to CSR through providing common frameworks that guide organizational behavior; for instance in order to enable benchmarking and mutual learning and spur adoption of socially desired practices by firms. In some cases, such standards have been integrated in regulatory frameworks by governments and are referred to in legislation. From the perspective of individual organizations CSR standards aim to provide a common language and carry a legitimizing function, enabling the interpretation and implementation of CSR, improving stakeholder relations and enhancing the credibility of firms' CSR claims (Ingenbleek et al., 2007; Castka & Balzarova, 2008a; Mueller et al., 2009; Mijatovic & Stokic, 2010; Pflugrath et al., 2011). Widely used standards in the field of CSR include the UNGC, the GRI guidelines for sustainability reporting, the ISO 14001 management systems standard for environmental management, the SA 8000 standard for working conditions in the supply chain of companies and the AA 1000 series of standards which focus on sustainability reporting assurance and stakeholder engagement. In the words of Rasche (2010: 500) *“such standards represent collaborative attempts to define and/or implement rules governing the social and environmental consequences of economic activities.”* CSR standards

can be seen as both a basis of institutionalization and the result of institutionalization processes as they usually are developed within transnational norm-building networks, comprising a nexus of voice and entitlement beyond the level of the nation-state (Mueckenberger & Jastram, 2010).

4.3.1.1 ISO 26000

Launched in November 2010, ISO 26000 is a recent and ambitious example of a comprehensive global CSR standard and a form of collaborative governance. ISO 26000 emerged as a response to the fragmented institutionalization of CSR, which had resulted in a sheer impenetrable jungle of CSR standards, guidelines, codes, conventions and the like (cf. Fransen & Kolk, 2007). The ISO committee on consumer policy, known as COPOLCO, was a key driver behind the process of developing an ISO CSR standard, which recognized increasing consumer concerns regarding the integrity of MNEs. With its objective of providing *"guidance on the underlying principles of social responsibility, recognizing social responsibility and engaging stakeholders, the core subjects and issues pertaining to social responsibility and on ways to integrate socially responsible behaviour into the organization"* (ISO, 2010: vi), the global stakeholder-inclusive nature of its development process, and its embeddedness within the ISO tradition of standards development it can be viewed of as an important project of institutionalization in the field of CSR.³ Emanating from the most important non-state standards organization and specifying many expectations and related actions for organizations that want to adhere to ISO 26000, the standard can be viewed of as a *"codification of the expectations of the global community concerning the behavior of MNEs and others"* and an *"influential statement of global custom"* (Webb, 2012: 5, 25). The standard makes reference to many authoritative private, public and intergovernmental standards and agreements in the CSR domain, including UN conventions and ILO resolutions.

A recent research report commissioned by the European Commission to map what CSR standards are being used by European firms shows that ISO 26000 is among the standards large European companies most commonly refer to (European Commission, 2013). It is hence becoming an important point of reference for interorganizational communications and stakeholder relations, especially in business-to-business and business-to-government contexts where organizations expect their suppliers and contractors to comply with CSR rules. Examples include the integration of CSR criteria within sustainable procurement by organizations and public sector organizations, subsidy and (co-)funding arrangements aimed at incentivizing trade relations between developed and developing countries, export credit insurance facilities for international trade and award schemes. ISO 26000 is also mentioned as one of the core guidance documents in the EU's 2011 CSR Strategy (ibid.).

4.3.2 Collaborative and transnational governance

ISO 26000 hence is a good example of collaborative governance in the CSR domain, profiting from high input legitimacy through the involvement of a variety of actors in the standard-setting

process (Roloff, 2008). Mueckenberger & Jastram (2010) argue that the voice and entitlement nexus that is characteristic of transnational norm-building networks such as ISO 26000 “constitutes a founding element of an emerging worldwide polity, under conditions where a world state or a world society cannot be imagined (...) governing globalization by means of democratically legitimate and effective rules” (p. 236). The ISO 26000 development process may represent an example of what Meidinger calls “a novel form of democracy” that anticipates “emergent public values” and “institutionalizes broad participation, rigorous deliberative processes, responsive to state law, incorporation of widely accepted norms (...) to achieve public acceptance” (Meidinger, 2008; op. cit. Webb, 2012: 14). An analysis of the ISO 26000 standard by Hahn & Weidtmann (2012) from the perspective of democratic legitimacy of transnational governance mechanisms shows that the standard has a relatively high level of normative legitimacy, particularly stemming from its stakeholder-inclusive approach both in qualitative and a quantitative terms (cf. Rasche, 2010; Mena & Palazzo, 2012). The authors point, however, at the possibility that its voluntary nature leads to superficial claims of adherence to the standard and possible greenwashing tendencies. Hence, the standard’s legitimacy also depends on its actual acceptance in practice (i.e., its empirical legitimacy; see Chapter 2). In a similar vein, Ward (2011) notes that ISO 26000 might be understood as a signpost along the way to an emergent transnational democracy, bearing some resemblance to an outer layer of a system of ‘nested governance’ (Alter & Meunier, 2006). Helms et al. (2012) recently provided a negotiation perspective on the development of ISO 26000 as a discursive process of settling on new institutional practice through which the involved constituents try to reach agreement on the meaning and legitimacy of an institutional practice or arrangement (cf. Balzarova & Castka, 2012). In this sense, ISO 26000 has ultimately been found worthy of formal support by a majority of involved constituents and constitutes a new and legitimate institutional practice that through its rule-like function can be expected to engender isomorphic effects among adopting organizations and the standardization of strategic management processes (Hahn, 2012a).

ISO 26000 can hence be viewed as an emerging field-level mechanism, trying to reduce the fragmented centralization of the CSR domain through providing a widely shared interpretation of what constitutes responsible business practice. Judging by its outcome, the lengthy, global, inclusive and participative standardization process represents a successful project in formal structuring that has led to a unified and legitimate point of reference for all sorts of organizations worldwide. As an encompassing standard that draws on many other standards, conventions, codes of conduct and guidelines in the social and environmental domain, it may complement and perhaps partly supplant other points of centralization in the CSR domain. Although the standard is a dominantly normative document that formulates expectations towards firms, ISO 26000 in fact contains a quasi-coercive enforcement mechanism as it explicitly notes that it is not intended for certification which is reflected by the ISO standpoint on this issue, thereby making certification claims of the standard false accounts of standard adherence. Such false

claims are being tracked by the ISO organization and several observers such as www.ISO26k-estimation.com.

4.4 A source of pluralistic institutional logic

As an inherent characteristic of collaborate governance approaches, underlying the standard a pluralistic institutional logic can be detected that resonates several tensions that have been designed-in into the standard. Webb (2012) provides a general account of this, arguing that ISO 26000 constitutes a unique bridging instrument in terms of public-private interactions between transnational regulatory instruments and official legal systems. He also points at the inevitable opposing and potentially conflicting demands that arise during the development of such instruments by stating that *“private rule development processes that involve widely divergent participants, each with their own agendas, typically involve ongoing struggles or negotiations between the rule developer and those who participate in or otherwise support the process, and among the participants in the process”* (Webb, 2012: 7). As the development of ISO 26000 incorporated experts in competing and related standards and instruments developers in the field of CSR, it represents a formalized and structured form of co-opetition, structured by *“sophisticated and formalized example of a global [C]SR ‘norm conversation’”* (ibid., p. 17). It should be noted here that ISO 26000 both is the result of a pluralistic institutional logic and, consequently, the source of a pluralistic institutional logic.

In addition to this general account of the pluralistic institutional logic underlying ISO 26000, this section examines other reasons for this pluralistic logic resulting from a process of collaborative governance. It consecutively focuses on the nature of the standard, the standard's position on certification, the standard-setting process, the standard's interpretation of CSR and general objectives of standardization.

4.4.1 Nature of the standard

Arguably the most important among the reasons that ISO 26000 is a source of institutional pluralism pertains to the fact that, contrary to what one might expect, the ISO 26000 standard was not developed as a management systems standard nor as a certification standard. As a result, organizations cannot claim to be 'ISO 26000 certified', even though this has been the case (Henriques, 2012). Organizations cannot claim to be 'in compliance' with the standard either, as it provides guidance instead of containing requirements to comply with. Organizations willing to communicate their adherence to the standard can only choose either of two options: recognizing ISO 26000 as a reference document that provides guidance on CSR or using ISO 26000 as a guide to integrate CSR into its values and practices (ISO, 2012b).

These salient characteristics of the standard have become a source of confusion and disappointment in the business environment.⁴ Results from research among 220 organizations

in the Netherlands however learns that many companies are expressing a desire to obtain something of an ISO 26000 certification, or, in generic terms, demanding certification of a comprehensive CSR management systems standard (Moratis & Cochiu, 2011). This result is corroborated by the results of the worldwide ISO 26000 post-publication survey, which observes that such interest indeed exists and that certification is the primary topic of inquiry by firms when approaching NSIs (ISO, 2012a). The standard's non-certifiability hence does not reflect the interest of firms in pursuing certification for substantiating their CSR commitments. Underlying this interest are arguments related to the limited signalling potential of the standard and corresponding questions regarding the credibility of an organization's CSR claim (see Chapter 5), but also arguments that relate to the internal value of certification, such as its function as a driving force for compliance (see Chapter 7).

4.4.2 *Position of the standard on certification*

The contents of the ISO 26000 standard itself may also add to the confusion since it is not unambiguous about the idea of CSR certification. While the standard explicitly excludes intentions of the standard to serve as a basis for certification, its text on this topic also reveals that it *"is not intended to prevent the development of national standards that are more specific, more demanding, or of a different type"* (ISO, 2010: 1). This not only seems to recognize the autonomy of NSIs in developing related standards, but also seems to allude on the development of management systems standards containing performance requirements that an organization can comply with in order to obtain certification.

4.4.3 *The standard-setting process*

The nature of the ISO 26000 development process was bound to inherently design-in institutional pluralism as it gave voice to organizations and experts of all sorts, sectors and geographies whose behavior may not only be driven by different value-sets and ideologies, but also by more specific and narrow interests and opportunism. Helms et al. (2012) acknowledge this when interpreting the development of the standard as a construction of meaning in a negotiation process of settling institutional practices based on logical pluralism (cf. Mueckenberger & Jastram, 2010). Their analysis of internal voting records in the process reveals a variation in opinions and beliefs within the categories of the involved constituents' organizations regarding whether the contents of the draft version of the standard should proceed to the final stages of the standard's development process. Also, Helms et al.'s analysis shows a mixed-motive negotiation process in which organizations simultaneously followed strategies of cooperation and competition on a broad range of CSR issues. While at the end of the first development stage nearly half of the organizations involved in the ISO 26000 standard-setting process voted to move to the final drafting stage, almost 64 per cent voted to approve the final draft. Settlement was thus achieved not through unanimity but by majority vote, the results of which signal around one-third of

the constituents not fully agreeing on the standard's contents. The authors hence conclude that *"These different types of expertise constituted divergent worldviews about the meaning and appropriate role of CSR, reflecting differing underlying values, assumptions, and professional principles about the legitimacy and nature of CSR as a practice"* (Helms et al., 2012: 1125).

Similarly, Hahn & Weidtmann (2012) examined the role of the ILO in the deliberations during the standard's development process on whether or not to decide to develop ISO 26000 as certifiable standard. Although arguments in favour and against the certification of the standard came from both industry and the NGO sector, the ILO strongly opposed to certification and favoured legally binding rules. The ILO has its own system of standards on labour issues and the organization wanted to prevent them from becoming less important in the face of ISO 26000. ISO consequently put efforts to secure participation of the ILO in the standard's developing process as it would seriously risk comprising its legitimacy *a priori* without the inclusion of the ILO. However, with the ILO's participation certification was no longer an option in the development of ISO 26000.

4.4.4 The standard's interpretation of CSR

Stakeholder orientations are central to most definitions of CSR (Dahlsrud, 2008). The ISO 26000 definition is no exception to this, defining CSR as follows:

"responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that (1) contributes to sustainable development, including health and the welfare of society; (2) takes into account the expectations of stakeholders; (3) is in compliance with applicable law and consistent with international norms of behaviour; and (4) is integrated throughout the organization and practised in its relationships" (ISO, 2010: 3).

The stakeholder view permeates the whole standard as it not only is integral to ISO 26000's core definition, but also is recognizable as one of the seven CSR principles that are distinguished by the standard and manifested in the standard as a full clause. One of the key assumptions of stakeholder views of the corporation is that different constituents may have opposing or even outright conflicting interests, both in relation to each other and to the company, making it impossible for an organization to address all of these interests, at least at the same point in time. An organization hence needs to balance its own interests, interests and demands of stakeholders and expectations of the broader society against each other (e.g., Freeman, 1983; Kaptein & Wempe, 2001).

Another aspect of the ISO 26000 conception of CSR is the centrality of idiosyncratic CSR approaches, encouraging firms to formulate CSR strategies and implementation trajectories that fit their unique ambitions, characteristics and contexts (cf. Van Marrewijk, 2003; Cramer et al., 2005; Murillo & Lozano, 2006). The standard's approach to standardizing CSR is built

upon the foundation that “[i]t is an individual organization’s responsibility to identify which issues are relevant and significant for the organization to address, through its own considerations and through dialogue with stakeholders” (ISO, 2010: vi). Guided by the results of stakeholder dialogue, individual companies should assess the social and environmental impacts of their particular operations and conduct an analysis of their sphere of influence, through which they may impact stakeholders in negative and positive ways. Although this is consistent with most modern ideas about CSR as an exercise in moral and strategic sensemaking, it is important to note here that this can be a source of institutional pluralism. After all, by following the idiosyncrasy principle, the standard allows for many interpretations of CSR within the broad confinements of the ISO 26000 standard without any forms of conformity assessment, making it vulnerable for opportunistic firm behavior.

However, there is more to the ISO 26000 definition than just the above narrow definition formulating four conditions under which the standard calls corporate behavior socially responsible and the importance it attaches to idiosyncrasy. One of the more intriguing aspects of the ISO 26000 interpretation of CSR is that it deviates from the contemporary dominant instrumental and strategic conceptions of the business-society relationship and seems to revive a moral account of the social responsibilities of companies (see Chapter 3). Related to the previous point, it should be noted that the contents of the standard is the result of the standard-setting process as well and has hence been subject to negotiations between the constituents involved. The standard may have even become somewhat unbalanced and rather than providing an objective or exhaustive interpretation of CSR (to the extent this would have been a desirable or possible outcome; cf. Okoye, 2009) it offers an inter-subjective account of this contested concept at best. One of the implications of this is that the CSR subject of human rights in the standard is much more prominently present than other subjects and that the core subject of organizational governance has not been specified in equal detail as others (Moratis & Cochius, 2011).

4.4.5 Objectives of standardization

Finally, the objective of the standardization initiative itself can be seen as a source of institutional pluralism. The overall goal of ISO’s standardization efforts is to enable reaching consensus on solutions that meet the requirements of business as well of the broader needs of society (ISO, 2013). While most of the modern CSR literature emphasizes instrumental or strategic approaches to CSR that aim to reconcile or align firms’ profit motivations and social responsibilities, there are inherently trade-offs between these interests (see section 4.4.4). In the case of ISO 26000, the standard was developed as a guidance standard and, as such, “does not contain requirements but may contain recommendations” (ISO, 2010: x), mostly in the guise of the expectations towards organizations and corresponding actions that it specifies. As noted earlier, because of this approach to standardization and the fact that ISO has developed a standard not on a

technical but on a moral issue, ISO 26000 may be conceived of as an innovation in standards development (Hahn, 2012b). Ward (2011: 665) captures the tension that is ingrained in this innovation as follows: *"For its enthusiasts, the standard represents a groundbreaking experiment in multi-stakeholder governance and norm-setting. For critics, ISO 26000 is a watershed in ISO's trespasses into areas of broad public policy concern, beginning in the mid-1990s, marked by the ISO 14000 series of environmental management standards."*

Exhibit 4.1 displays the sources of institutional pluralism that ISO 26000 comprises.

Bridging function of the standard for public-private interactions
Non-certifiable and guidance nature of the standard
Ambiguous position on certification by the standard itself
The standard's participative and stakeholder-inclusive development process
Stakeholder-oriented CSR definition of the standard
Acknowledgement of idiosyncrasy of CSR approaches by the standard
CSR as 'essentially contested concept'
Objectives of standardization

Exhibit 4.1 Underlying sources of institutional pluralism in ISO 26000

4

The next section of this chapter turns the attention to the strategies that SROs have pursued to respond to the institutional pluralism that is built-in to and engendered by ISO 26000.

4.5 Strategic responses of SROs

The institutional pluralism inherent to ISO 26000 has led SROs to formulate various strategic responses to cope with this complexity. Thus far, such responses have not been examined by researchers, conceptually nor empirically. Although the specific reasons why SROs responded to ISO 26000 in the ways they have are beyond the scope of this chapter, one can speculate why they have done so in the face of institutional complexity. Broadly speaking, two related categories of motivations can be identified: offensive and defensive motivations. Offensive motivations may relate to seizing market opportunities that result from institutional pluralism. As institutional pluralism allows for organizational latitude to exercise a certain level of strategic choice (Clemens & Cook, 1999; Dorado, 2005; Friedland et al., 1991; Seo & Creed, 2002), by responding to ISO 26000 SROs may opportunistically create and capture economic value through either serving a new group of clients or serving an existing client base that has new demands. Defensive motivations of SROs may relate to protecting organizational legitimacy as institutional pluralism may compromise an organization's legitimacy and hence threaten its market position or its control over resources for survival. Not responding in the face of

competitive action may lead an organization to be unable to secure its license to operate. In the specific context of ISO 26000 SROs may have anticipated on their expectations and analyses regarding the adoption of ISO 26000 based on the standard's (perceived) strengths and weaknesses (cf. Chapter 2).

4.5.1 *Four empirically-derived response strategies to ISO 26000*

Among the responses observed are, for instance, self-assessment tools, handbooks and guidance reports for interpreting and using ISO 26000 developed by SROs. The 2011 ISO survey on the standard's post-publication activities mentions 11 local guidance standard documents by NSIs (ISO, 2011). In France, for example, where most copies of the standard have been sold so far, the uncertifiable nature of ISO 26000 poses a problem in interorganizational market relationships and sector-specific guidance notes have been developed by the French NSI AFNOR to support organizations in using the standard (ISO, 2012a). Other publications that have emerged offer comparisons and cross-reference tables between ISO 26000 on the hand and the UNGC, GRI and the OECD Guidelines for MNEs on the other. In 2011, NORMAPME, an international non-profit organization devoted to the interests of SMEs in the European standardization system, issued an SME user guide on CSR which was explicitly informed by ISO 26000.

Particularly the two most salient characteristics of ISO 26000 – the fact that the standard is not certifiable and that it was developed as a guidance standard – appear to have provoked SROs to formulate a number of strategic responses. This section focuses on these responses, distinguishing between four strategies followed by NSIs, COs, and SPs, namely:

1. The development of certifiable variants of ISO 26000
2. The development of a guideline for self-declaration for ISO 26000
3. The development of substitute certifiable CSR standards for ISO 26000
4. The provision of verification and assurance services for ISO 26000

4.5.1.1 *Development of certifiable variants of ISO 26000*

The fact that ISO 26000 is explicitly not intended for certification has not prohibited several SROs (both COs and consultancies) to offer certification services to companies through which companies could claim being 'ISO 26000 certified', some of them even prior to the official publication of the standard. Next to some more obscure organizations, several renowned certification institutions were quick to claim such a position and offered corresponding services in the marketplace (EC Newsdesk, 2011; Chhabara, 2011). By now, most of them, urged by ISO, have retracted their offering and have replaced it with services on the assurance and verification of firms' adherence the standard (see also the strategy *Provision of verification and assurance services*). ISO's communications director was quoted to say about this 'rogue certification' that "Anyone tempted into buying such a service is wasting their money and risks damaging the credibility

of their organisation since ISO has made it quite clear that ISO 26000 is not a certification standard” (Chhabara, 2011).

Under the ISO governance system, NSIs enjoy a high degree of autonomy and may however develop certifiable local variants of ISO 26000. The 2011 ISO survey on the standard's post-publication activities mentions eight of such certification standards (ISO, 2011). Various NSIs that participated in the ISO 26000 development process have hence pursued a strategy to develop certifiable CSR management systems standards. Although these NSIs are using their autonomy within the system legitimately, their efforts are viewed of as a breach of faith by several ISO constituents, despite the earlier mentioned confusing position of the ISO 26000 standard itself on the issue of certification. Some of these certifiable CSR standards were already developed and published by NSIs prior to publication of ISO 26000. Most of these had been developed as management systems standards and were adapted to the respective national contexts. The Brazilian NSI ABNT (who, together with Sweden, co-chaired the global working group responsible for developing ISO 26000) already presented a certifiable CSR management systems standard NBR 16001 in 2004, six years prior to the publication of ISO 26000. The NSIs of Portugal (IPQ) and Spain (AENOR) launched their management systems standards NP 4469 and RS 10 in 2007 and 2009 respectively, while the Austrian NSI ASI published a CSR guidance standard in 2003 and the certifiable CSR management systems standard ONR 192500 in 2011. While CSR certification standards that were developed prior to the launch of ISO 26000 may have benefited from ISO 26000's development process by integrating aspects from draft versions of the standard, future revisions of these standards will undoubtedly be informed by ISO 26000, as has been the case with the Brazilian standard.

The certifiable CSR standard that was developed by the Danish NSI Dansk Standard (DS) perhaps provides the most illustrative example as it was directly modelled on the ISO 26000 standard. This standard, which was published in December 2010, a month after ISO 26000 saw the light, aimed at Danish companies and used the structure of other well-known CSR-related management systems standards such as ISO 14001 and ISO 9001. The standard was attributed the name DS 26001, but ISO has urged the Danish NSI to withdraw this label as it may lead to disarray with organizations wanting to adhere to ISO 26000. The standard was consequently renamed DS 49001. The standard contains cross-references with ISO 9001, ISO 14001, OHSAS 18001 and ISO 26000 and includes 'animal welfare' as an additional issue within the ISO 26000 core subject 'environment'. The standard is accompanied by an additional CSR guidance standard, called DS 49004. Only recently has it been translated into English, indicating international interest in the standard and ambitions of the Danish NSI.

Despite the fact that these national certifiable variants of ISO 26000 represent legitimate standards within the ISO governance system and seem to be successful in terms of the number of standard's documents sold (ISO, 2011), critics have argued that they may engender further confusion in the marketplace and that these certifiable standards contradict the original

rationale of developing ISO 26000 to avoid the further proliferation of new CSR standards (EC Newsdesk, 2011).

4.5.1.2 *Development of a guideline for self-declaration*

Having been developed as an alternative to the option of certification, the Dutch NSI NEN has taken the initiative to propagate a format for self-declaration on ISO 26000 adherence in the ISO network of NSIs. By means of such a self-declaration individual organizations can voluntarily account for their approach towards ISO 26000 and their views on their roles and responsibilities in society. A guidance document on this form of self-declaration, called NEN NPR 9026, was developed and published by NEN a year after the official launch of ISO 26000 to guide and harmonize the self-declaration process. The document provides a framework that enables companies to go through a series of protocols that have been incorporated in 40 questions. By answering these questions, firms substantiate their adherence to ISO 26000 as a way to communicate CSR commitments and convey that they have used ISO 26000 to integrate CSR into their values and practices. An organization also needs to draw up the results of a process in which it has determined the materiality of CSR issues through the ISO 26000 notions of 'relevance' and 'significance' and specify which of these have priority. The resulting comprehensive overview of the organization's CSR ambitions and activities is to be reviewed and updated at least on an annual basis (NEN, 2011). Publication of this statement also demonstrates that the organization follows the OECD Guidelines for MNEs. The Dutch NSI provides an online publication platform for organizations to publish their self-declarations which functions to inform and respond to stakeholders. This platform is intended to become a virtual meeting place for organizations, governments and customers to both provide and search information related to the CSR activities and performance of organizations that adhere to ISO 26000. As per December 2014, 73 Dutch organizations have publicly disclosed the information according to the NEN NPR 9026 guidance on this publication platform.

Several other countries have explored a similar option or have indicated their interest in the concept of a self-declaration on ISO 26000. In Sweden, Volvo Group has been the first organization to publish the results of the Swedish guideline for ISO 26000 self-declaration SIS-SP 2:2013, developed and published by SIS, the Swedish NSI, in November 2012. This version of self-declaration contains an elaborate self-assessment comprising 83 questions on evidencing an organization's adherence to ISO 26000, including on categories on operational control, identification and involvement of stakeholders, and continuous improvement.

Together with France, the Netherlands and Sweden have prepared an international variant for ISO 26000 self-declaration. Although self-declaration has been coined as a viable alternative to ISO 26000 certification, the International Organization of Employers (IOE), an ISO constituent, has expressed its concerns about the original proposal of the Dutch NSI to develop this within the ISO system. The argument of the IOE focuses on the assumed violation

by the self-declaration of the guidance character of ISO 26000 and it argues that it jeopardizes the consensus reached on ISO 26000 in the elaborate development process (Wilton, 2012). Another often-heard point of critique in practice concerns the fact that an organization itself declares its adherence to ISO 26000 by providing evidence on this, without an independent audit or verification of the protocol or the evidence being mandatory (also see strategy *Provision of verification and assurance services*).

4.5.1.3 Development of substitute certifiable CSR standards

A third strategy as a response to ISO 26000 is the development of new certifiable CSR standards by organizations which are not within the ISO governance system such as NSIs. Again, the Netherlands provides an interesting example of a country where substitute CSR standards have been developed for ISO 26000. Currently, at least five certifiable CSR standards have emerged after the publication of ISO 26000 in the Netherlands, developed both by COs and consultancies. The main initiative, judged by the number of organizations adopting this standard has however been the CSR Performance Ladder. This standard, published five months prior to ISO 26000, was developed by the COs KIWA, DNV and LRQA and is supported by a consortium of Dutch and Flemish COs.

Although the CSR Performance Ladder, alike ISO 26000, is a comprehensive CSR standard, it differs from ISO 26000 on various dimensions and presents a different model of standardization of CSR (see Chapter 2 for a detailed comparison). It is important to note that in contrast to ISO 26000, the CSR Performance has both been developed as a management systems standard, including requirements for companies that want to adhere to the standard, and is certifiable. In addition, it distinguishes between five CSR attainment levels on which a company can be certified.⁵ The CSR Performance Ladder is inspired on several international standards for CSR, including ISO 9001, ISO 14001, AA 1000, GRI and, obviously, ISO 26000. The aim of the standard is to satisfy “the need to make sustainable development concrete, objective and demonstrable on the basis of social engagement” (FSR, 2010: 6) and “applies to all companies and organizations with a focus on CSR and that wish to certify these practices” (ibid., p. 7).

The CSR Performance Ladder has, together with ISO 26000, surfaced as the most widely adopted CSR standard in the Netherlands. As per December 2014, over 200 organizations had been certified according to the CSR Performance Ladder. The consortium of COs supporting the initiative has taken the first steps to offering the certifiable standard overseas, beginning with the United Kingdom.

There has been some critique on the CSR Performance Ladder; however, both by observers in the CSR domain and the Dutch NSI. The latter is strongly opposed to the CSR Performance Ladder initiative and previous attempts by COs to reconcile the initiative with ISO 26000 and activities of the NSI have failed. An important reason for this lies in the objections that NEN has to certification in this regard. Also, NEN did not agree on the CSR Performance Ladder

stating that it had been 'based on' ISO 26000, leading the COs to reformulate this as 'inspired by' ISO 26000 in the standard's text. Observers in the CSR domain have pointed at some flaws in the interpretations of several CSR concepts in the standard and the lack of experience with auditors of the CSR Performance Ladder (Moratis & Cochijs, 2011). In addition, the Dutch CSR national knowledge centre MVO Nederland seems to strongly favour ISO 26000 over the CSR Performance Ladder.

4.5.1.4 *Provision of verification and assurance services.*

A fourth strategy that is distinguished here as a response to ISO 26000 by SROs is the provision of verification and assurance services. Through these services a firm's CSR performance is systematically evaluated against an established set of content-related and process-related criteria. This strategy particularly pertains to accountancy firms and COs, although various specialist CSR consultancies, academic institutions, NGOs, stakeholder panels and individual auditors have also been involved in such services.

The majority of assurance services in the field of CSR pertains to sustainability reporting. Recent empirical research in this context by Perego & Kolk (2012) shows that the percentage of companies issuing a CSR assurance statement has risen from 21.4 per cent in 1999 to 55.8 per cent in 2008. Accountancy firms verifying these statements make up 51.7 per cent of the total market share, against specialists and COs accounting for 33.3 per cent and others constituting 15 per cent. While several relevant standards for providing sustainability assurance exist, including the international standards AA 1000AS and ISAE 3000 and national standards such as COS 3410N in the Netherlands, it appears that many organizations do not formally comply with a standardized approach to verify corporate statements. The results of the research by Perego & Kolk (2012) illustrate a large degree of variability in the adoption of assurance practices, indicative of a market that is still in its infancy, hence representing market opportunities for SROs.

Large SPs such as PricewaterhouseCoopers, EY and KPMG dominate this unregulated market, although COs such as DNV and KIWA have also begun to offer verification services relating to sustainability reports as well as CSR commitments, including ISO 26000. The fact that ISO 26000 is not intended for certification does not prohibit firms that want to work with the standard to get their application of the standard second- or third-party assured. Both verification of adherence to the standard and verification of the earlier mentioned self-declaration according to assurance standards is possible and takes place on a voluntary basis. The Dutch NSI NEN advises firms to involve stakeholders in assessments of their self-declaration (e.g., using AA 1000SES for stakeholder engagement), corresponding with the importance that ISO 26000 attaches to stakeholder dialogue. The Dutch ISO 26000 national mirror committee however states that verification statements do not necessarily enhance credibility of standards adherence (NEN, 2013). In the Netherlands, FrieslandCampina, a large dairy firm, and Albron, a food

service company, have been among the first to have their ISO 26000 self-declarations verified by COs. In both cases no assurance standard was used by the COs. More companies are however expected to follow FrieslandCampina and Albron, judging on the various COs and consultancies that offer ISO 26000 verification services, such as globally operating COs SGS and Bureau Veritas and specialist CSR consultancies, such as Vigeo. Other organizations have developed training such as a 'Certified ISO 26000 Lead Auditor training' and offer products such as sustainable development audits, based on ISO 26000. NEN has developed all kinds of training offerings on both CSR and auditing as well and in fact offers consultancy services on the implementation of standards, whereas it does not offer ISO 26000 verification services.

4.6 Discussion and conclusion

This chapter has sought to empirically explore how SROs have responded to the publication of the ISO 26000 standard, seen as a form of collaborative governance in the CSR domain, from a theoretical frame of pluralistic institutional logics. As such, it is responding to the call of Greenwood et al. (2011) who have emphasized the need for empirical illustrations and answering new questions on organizational responses to institutional complexity. Several observations and conclusions can be drawn from this chapter, which may hold some insights and implications for institutional theory as well as for the future of collaborative governance approaches.

4 A first observation is that, in the face of institutional pluralism, similar organizations may choose a different response strategy to cope with institutional complexity. Several NSIs have opted for developing certifiable variants of ISO 26000, some of which were launched even before the publication of the standard, while others have intentionally chosen not to pursue this course of action. Although the autonomy of NSIs within the ISO governance system allows them to develop such products, such a strategy seems to compromise the intention of the standard and defies the explicit standpoint of ISO and important constituents on this issue. Outside of the ISO governance system, a related initiative was taken by various Dutch COs to develop the ISO 26000-inspired CSR Performance Ladder. By doing so, several NSIs and COs are preferring one institutional logic over another, without eliminating or neglecting the other institutional logic as they offer products and services that correspond with this logic as well.

The Dutch NSI NEN proves an interesting case in point, as it has chosen to develop the novel solution of a self-declaration protocol that is fully in line with ISO 26000 and the ISO standpoint. This NSI thus also prefers one institutional logic over another – though the reverse in comparison to other NSIs and COs – and strongly opposes the other institutional logic, exemplified by the outright rejection of the CSR Performance Ladder. The initiative to develop the self-declaration protocol by NEN is providing new opportunities for COs as well as accountancy firms for offering assurance and verification services. While COs and

consultancies seem to provide assurance and verification by relying on their existing expertise in other domains, accountancy firms are traditionally more inclined to use internationally accepted standards for assurance and verification. In addition, both COs and SPs have begun to offer these services in the context of the ISO 26000 independent of the self-declaration; they also assure against the ISO 26000 standard.

Second, various SROs hence follow multiple responses simultaneously and different sets of response repertoires appear to exist. SROs are reflecting the institutional complexity that they encounter through their strategic action: several of them are engaging in strategic hybridization, enabling themselves not only to mirror but to bridge opposing institutional logics. Similar SROs may thus embody different institutional logics, leading them to respond differently to similar situations (Pache & Santos, 2010). Organizational survival in this respect is hence not a matter of strategic conformity but of strategic variety as it is through this latter strategy that SROs are capable of offering multiple services to organizations that face pluralistic institutional logics in the CSR domain as well (e.g., variations in requirements in sustainable procurement for evidencing CSR commitments). This reflects the notion of Binder who has said that organizations may be able to *“find heterodox ways of responding to the accountability demands of [their] environment”* (Binder, 2007: 567).

Thus, while some SROs acquiesce with the intention of the ISO 26000 standard and the ISO standpoint on certification, others are actively enterprising new solutions that allow them to navigate different institutional logics by embracing or encapsulating multiple logics. These new solutions may be regarded as both offensive strategies, enabling organizations to directly capture economic value, and defensive strategies, allowing organizations to hedge against solutions that may emerge as norms in the marketplace and thus anticipate institutional development. In line with what Kraatz & Block (2008) contended, complementarities may exist between an organization's institutionally-derived identities enabling an organization to develop synergies between its identities, enhancing its legitimacy. In the context of ISO 26000 this means that organizations are part of the ISO system as well as the initiators of the development of a certifiable variant of ISO 26000 standard that addresses firms' needs. They are an assurance and verification service provider as well as the initiator of an alternative CSR management systems standard.

From the purposive strategic hybridization of SROs it may be concluded that while institutional pluralism resulting from collaborative governance initiatives can problematize legitimacy, organizations may also benefit from and even thrive in the face of institutional pluralism (Kraatz & Block, 2008). In fact, it may even strengthen their legitimacy as strategic hybridization enables them to be 'multiple things to multiple audiences' and to increase their potential control over resources. With specific regard to the questions coined by Greenwood et al. (2011), this chapter also suggests that field-level structural position of an organization therefore does seem to matter as it constrains and enables strategic options. Also, opting for

hybrid solutions may enable organizations to minimize social penalties, as illustrated by the claim of the CSR Performance Ladder that it is 'inspired by' instead of 'based on' ISO 26000. Organizations may hence be seen as riding different and even opposing institutional logics, both constrained by their dominant normative institutional governing mechanisms and driven by strategic opportunity.

Third, by enterprising the new and hybrid solutions observed in this chapter, one could argue that institutional complexity only increases, something which ISO 26000 set out to counter in the domain of CSR. This may be an adverse effect of collaborative governance that has not been well-addressed in literature and may point at a possible trade-off between input and output legitimacy of MSIs (Mena & Palazzo, 2012). Instead of harmonizing the domain through a comprehensive and worldwide standardization process leading to an 'institution' that provides a collective language and interpretation on what constitutes CSR and how organizations should implement it, defining characteristics of the standard may lead to an erosion of the authority of ISO 26000. This might lead the standard to eventually emerge merely as an inspirational document and point of reference that forms the basis of a myriad of solutions. As such, collaborative governance may in fact destabilize the field-level structure of the CSR domain by provoking responses rather than stabilizing it, thus furthering fragmented centralization in the institutional environment. Future efforts to these kinds of governance should be aware of this as it may compromise their own legitimacy. While responses of individual SROs may be motivated by an objective to reduce complexity for firms (which may be an attractive commercial proposition), the sum of their responses may paradoxically lead to a proliferation of institutional complexity. The ISO 26000 case not only shows that organizations indeed are not passive receivers of institutionalization and are strategically responding to institutional complexity (Kraatz & Block, 2008), but that they may further shape or perhaps even create new institutional logics through their responses, inviting new responses in turn – and so on. What this chapter hence also suggests is that pluralistic institutional logics may reinforce or replicate complexity on different but interlinked levels of analysis. ISO 26000 may be viewed as a case of amplifying multi-level pluralism as it concerns the standardization effort of a pluralistic knowledge domain, a standardization approach in which actors from various institutional environments participated and the resulting responses that the standard provoked among SROs, thereby further increasing institutional complexity.

Although it was an aim of this chapter to provide empirical illustrations on organizational responses to institutional complexity in the context of ISO 26000 as an example of collaborative governance, further empirical research is of course needed to enhance the understanding of both the theoretical phenomenon and its manifestation in practice. Future research endeavours may not only focus at quantifying the responses by SROs to such situations in general and ISO 26000 in particular, but should also aim to understand organizations' motivations for their respective responses. These motivations may vary with the nature of the organizations

investigated and even with differences between organizations within the same category. NSIs, for instance, can be private (for-profit as well as not-for-profit) and public organizations, differing in their missions, ownership, resources, governance mechanisms, and identities. As field-level structures may especially be dynamic in situations of fragmented institutionalization, future research could include a temporal dimension, tracking which organizations are most successful over time in adapting to institutional complexity and what strategies they deploy (cf. Tilcsik, 2010; Greenwood et al., 2011) as well as investigating to what extent and how different logics may converge. In the specific case of ISO 26000, it may be interesting to see whether or not the self-declaration protocol that has been developed in the Netherlands will become part of the response repertoire of NSIs worldwide and whether more NSIs will develop certifiable variants of ISO 26000. While the self-declaration option has been suggested to the broader international ISO network, it remains to be seen whether it may become the dominant solution for firms to credibly demonstrate their adherence to the standard and how important constituents of ISO will react to this (e.g., withdrawing their support for the standard). From the perspective of collaborative governance initiatives, future research may be directed at investigating how to prevent unintended consequences such as increased institutional complexity that are contrary to their objectives, thus examining how trade-offs between input and output legitimacy occur. As an extension, research may study the conditions under which complex processes of collaborative governance thrive and result in institutions to effectively address social and environmental challenges.

Notes

- 1 This chapter has been submitted for publication in *Business and Society Review* and is currently under review.
- 2 Technically, ISO 26000 is aimed at the social responsibility (SR) of organizations of all sort, sizes and sectors. This chapter; however, consistently refers to corporate social responsibility (CSR) and companies or firms.
- 3 The ISO 26000 development process included experts from inter-governmental organizations, governments, peak industry and labour organizations, consumer and other non-governmental organizations, standards bodies, and others, both from developed and developing countries. These participants formed a global working group consisting of 450 experts and over 200 observers from 99 ISO member countries and another 42 liaison organizations. They were supported by a network of national mirror committees from the participating federation of ISO national member bodies that were designed as multi-stakeholder initiatives (Webb, 2012).
- 4 These characteristics, together with other choices on the contents of the standard, has led it to become a subject of increasing academic scrutiny. Hahn (2012b), for example, argues that ISO 26000 represents an evolutionary step in the innovation of standards and provides a dominantly positive account of these characteristics of the standard (also see Webb (2012: 5), who calls it “*a novel construction of global CSR custom*”). Prior to its publication, Castka & Balzarova (2008a) concluded that the standard should be developed as a non-certifiable standard based on drawbacks of certification, including “*inconclusiveness in findings whether adopters actually do outperform non-adopters, an undesirable focus on compliance rather than on performance in many organizations and using certification to raise trade barriers and execute power in global networks*” (p. 240). Others have taken a critical stance towards the standard, claiming that the standard decouples companies’ CSR commitment from performance (Schwartz & Tilling, 2009). Johnston (2011) focuses his critique on the lengthy and inclusive stakeholder consultation process leading to “[a] standard that is so broad in terms of content that it arguably fails to give meaningful guidance to the organizations to which it is addressed” (p. 115). He also sees the standard’s claim to be applicable to all types of organizations, the fact that the standard assumes that ‘by default’ organizations can learn what society expects from them, and the implicit underpinning of ISO 26000 that the market will correct its own failures and automatically lead to a maximization of the common good as problematic. In the previous chapter it was argued that adherence to the non-certifiable standard may only send a weak signal to organizational stakeholders on a firm’s CSR commitment, making this trait of the standard potentially problematic in the international marketplace.
- 5 Levels 1 and 2 of the CSR Performance Ladder are entry levels. Development towards level 3, which is a proxy for the sector’s average CSR attainment, is mandatory for firms seeking certification according to this standard.

Chapter 5

‘Say what?’ Applying
signalling theory to the
ISO 26000 standard
for corporate social
responsibility¹

5.1 Introduction

In order to reap the full benefits of engaging in CSR activities, firms need to ensure that their stakeholders are able to recognize and assess their CSR commitments, actions and performance, or 'CSR quality'. In trying to accomplish this, firms encounter at least two problems. First, the relative observability of an organization's CSR quality is generally low due its orientation on internal processes (Johnston, 2006; Terlaak, 2007a; Perez-Batres et al., 2012). A second problem concerns the essentially-contested nature of the CSR concept implying that firms need to develop idiosyncratic interpretations of CSR, based on their respective characteristics and contexts (Cramer et al., 2006; Matten & Moon, 2008; Okoye, 2009). The co-existence of many firm-specific meanings that different firms attribute to CSR may compromise stakeholders' ability to gauge these interpretations.

These problems cause information asymmetries between a firm and its stakeholders. To reduce these information asymmetries, firms pursue sensegiving and sensemaking communicating strategies using a variety of media and messages to reveal their true CSR quality (Morsing & Schultz, 2006; Du et al., 2010). However, research has shown that a majority of stakeholders appears to believe that firms do not communicate about CSR honestly (Globescan, 2012) and demonstrations of symbolic CSR implementation and corporate misconduct have raised concerns about firms' credibility (Basu & Palazzo, 2008; Jahdi & Acikdilli, 2009).

Efficacious signalling of CSR quality has thus become a key challenge for firms. Defined by Rasche (2011: 263) as *"predefined rules and procedures for organizational behavior with regard to (...) issues that are usually not required by law"*, CSR standards in this context not only have a function in disciplining firm behavior but also function as a signalling device. The ISO 26000 standard is among the most recent, authoritative and ambitious standards in the realm of CSR. This umbrella standard covers subjects across the entire CSR domain, provides guidance instead than being a certifiable management systems standard that contains requirements, and propagates a dominantly moral rather than strategic perspective on CSR. As such, it represents an innovation in standards development (Hahn, 2012b; Hemphill, 2013; also see Chapter 3). ISO 26000 is the result of a multi-year global stakeholder-inclusive development process that took place under the auspice of ISO, leading the standard to possess a high level of legitimacy (Mueckenberger & Jastram, 2010; Mena & Palazzo, 2012). Recent reports of the European Commission (2013) and ISO (2011, 2012a) show that ISO 26000 has become a commonly used standard by companies worldwide and that the interest for adhering to the standard is steadily growing.

Despite these positive signs several characteristics of ISO 26000 may cause it to suffer from severe signalling problems. Firms adhering to the standard could consequently well be emitting signals that compromise rather than enhance the ability of stakeholders to identify and interpret firms' underlying CSR quality and thus may engage in adverse CSR communication

that maintains information asymmetries. This chapter explores this proposition by examining literature on CSR standards, ISO 26000 and recent developments in the practical realm of the standard through the lens of signalling theory (ST), using the exemplary literature review of ST by Connelly et al. (2011) as a point of reference. Taking a critical stance, this chapter develops arguments about the signalling potential of ISO 26000 that are based on the type of standard ISO 26000 represents, its contents and developments in the CSR standards environment following the publication of the standard.

From an academic perspective the main contribution of this chapter is that it provides one of the few available accounts of empirical application of ST in the context of CSR (cf. Connelly et al., 2011). While others have examined ISO 26000 from the perspective of developing it as a guidance or certifiable standard (Castka & Balzarova, 2008a) and have hinted on signalling aspects of the standard (e.g., Hahn, 2012b), this chapter is the first to assess ISO 26000 from the perspective of ST. In addition, applying ST to ISO 26000 gives rise to a further specification of theoretical concepts within the ST framework for analyzing patterns of CSR communication. Practical relevance of this chapter can be found in the implications of analyzing ISO 26000 as a problematic signal for firms that want to demonstrate their CSR quality to secure legitimacy through the standard or which are requiring ISO 26000 adherence from their suppliers and subcontractors. The analysis points at the necessity of using of additional signalling strategies for firms that work with ISO 26000, contains advice to NSIs and COs that aim to design efficacious CSR standards, and provides suggestions for policy makers that want to encourage corporate transparency on CSR.

The chapter is structured as follows. First, it sets out the theoretical basis of ST. It elaborates on the core concepts used in this chapter and distinguishes between two types of information asymmetry that are relevant for the purposes of this chapter. Next, it provides a brief account of ISO 26000, including its main characteristics and consequences in the CSR standards environment. It then turns to the analysis of ISO 26000 along the lines of the concepts from ST. The chapter closes with a discussion containing a reflection on the analysis and a suggested specification of ST and suggestions for future research.

5.2 Signalling theory: focus and key concepts

Sprouted from the works of Akerlof (1970), Spence (1973) and Stiglitz (1985), ST relates to a substantial body of academic work in economical contract theory focusing on information asymmetries between two or more entities (e.g., individuals or organizations). In particular, ST is concerned with how one entity, the agent or insider, may undertake actions to signal its underlying quality to reduce information asymmetries. This underlying quality is often hard to observe or may be unobservable to another entity, the principal or outsider (Connelly et al., 2011). ST therefore revolves around *“problems of social selection under conditions of imperfect*

information” (ibid., p. 63). Signals can be defined as snapshots pointing to unobservable signaller qualities at a given point in time (Davila et al., 2003). Signals constitute messages or images that are communicated from one entity to another. Quality refers to attributes or abilities of the signaller to fulfil the needs or demands of an outsider observing the signal (Connelly et al., 2011: 43). A central assumption behind ST is that the entity that does not have certain information at its disposal is usually willing to pay a tangible or intangible premium to the entity that reveals its attributes through signals. ST essentially formulates propositions about strategies for action and inaction in the context of costs and benefits under different levels of opacity or transparency, both on the side of the signaller and the signal receiver. ST suggests that firms provide information that could be used by individuals or constituent groups that are seeking to form impressions about the firm, its values and its overall future direction (Jones & Murrell, 2001). It primarily addresses “the deliberate communication of positive information in an effort to convey positive organizational attributes” (Connelly et al., 2011: 44) that represent imperceptible underlying qualities and can be a powerful explanans for the conduct of firms, their constituents and their patterns of interaction.

5.2.1 ST concepts

In their comprehensive literature review of ST Connelly et al. (2011) have distilled several key theoretical concepts. These include (1) signals of quality and intent, (2) the efficacy of signalling by high-quality and low-quality firms, (3) signal honesty and signal fit, and (4) signal frequency and consistency.

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5.2.1.1 Signals of quality and intent

In ST, a basic distinction can be made between information signalling the quality and signalling the intent of an organization. Signals of quality relate to the communication of a certain characteristic of an organization in order to obtain legitimacy with signal receivers (e.g., CSR quality). Signals of intent “indicate future action, possibly conditional on the receiver’s response” (ibid., p. 60). Through these signals, firms inform stakeholders about their aspirations or resolutions.

5.2.1.2 Efficacy of signalling by high-quality and low-quality firms

Although important, the fact that a signal is observable is not a sufficient condition for it to be efficacious. Connelly et al. (2011) write that signals need to have the characteristic of being costly as well. Signals that incur costs from signallers show that some signallers may be better able to absorb the associated costs than others. Some firms may pursue social initiatives even if they imply economic losses (Windsor, 2001; cf. Reinhardt, 2008). The signal may hence send the message that the signaller should be perceived as more credible or honest in its claim to possess a certain quality.

5.2.1.3 *Signal honesty and signal fit*

Signal honesty relates to the coupling of formal plans and subsequent actions and is defined as “the extent to which the signaller actually has the underlying quality associated with the signal” (Connelly et al., 2011: 45; cf. Durcikova & Gray, 2009). It thus bears some similarity to the previously addressed distinction between signal intent and signal quality. Signal fit can be defined as the degree to which a signal correlates with the unobservable quality of the signaller. This notion implies that situations may occur in which a signaller sends out signals that do not correlate well with the signaller’s unobservable quality (Busenitz et al., 2005; Zhang & Wiersema, 2009). In the context of CSR, such misalignment is usually conceived of as greenwashing (Laufer, 2003; Marquis & Toffel, 2012). The discrepancy between the signal and the quality of the signaller – either actual or perceived – is hence due to poor signalling, which may either be caused by the quality of the signal or the integrity of the signaller. Signal fit and signal honesty together comprise signal reliability, which closely relates to the notion of credibility (Connelly et al., 2011).

5.2.1.4 *Signal frequency and consistency*

Firms can enhance the effectiveness of their signalling by means of sending a larger spectrum of observable signals or by increasing the number of signals emitted, which is called signal frequency. Connelly et al. (2011) point at the possibility for signallers to signal repetitively in order to keep reducing information asymmetries and increase the effectiveness of the signalling process. This especially applies when a firm uses multiple types of signals to convey the same message (Balboa & Marti, 2007). A related concept to signal frequency is that of signal consistency, which Connelly et al. define as the agreement between multiple signals from one particular source. Signal consistency may help mitigate the problem of communication becoming less effective as uncorresponding or conflicting signals confuse the receiver (Chung & Kalnins, 2001; Fischer & Reuber, 2007).

While other concepts can be distinguished in literature on ST, Connelly et al. consider the above to cover key categories within ST. This chapter takes these categories as its point of reference for analyzing ISO 26000 from a signalling perspective.²

5.3 **Observing CSR signals: within-firm and between-firm information asymmetries**

While generally accepted to be of a voluntary nature, CSR represents an integral part of corporate strategy and is concerned with the responsibility a firm takes for the social and environmental impacts of its (in)actions and its responsiveness to the legitimate concerns and expectations of its stakeholders and broader society about these impacts (Carroll, 1999; Dahlsrud, 2008). CSR discourse is dominated by instrumental and strategic approaches rather than moral orientations towards CSR, emphasizing the economic benefits that firms can gain

by addressing their social and environmental responsibilities (Lee, 2008; Carroll & Shabana, 2010). In this context, CSR is an important underlying quality to signal to stakeholders as firms seek to capitalize on their investments in managing sustainability impacts, product and business model innovation and corporate philanthropy. As Johnston (2006: 7) puts it: “[u]nless firms can find a credible signal of CSR, the positive potential of the market may go unrealized.” Literature has pointed at the value of signalling CSR as a beneficial firm characteristic that sends investors the message that they can anticipate future firm profits, that helps building a good corporate image and reputation among customers, (future) employees and regulators, cultivates trust among corporate constituents and that can enhance the credibility of CSR claims (Daugherty, 2001; Fan, 2005; Johnston, 2006; Pfau et al., 2008; Lys et al., 2013). Scholars have also suggested that organizations may signal their CSR quality in response to stakeholder demands or to differentiate themselves from competitors, providing them with greater legitimacy in the marketplace (Clarke & Gibson-Sweet, 1999; Morsing & Schultz, 2006; Gugerty, 2009; Scherer & Palazzo, 2011; Etilé & Teyssier, 2012).

In its simplest form, ST's primary focus is on information asymmetries between two entities, the signaller and the signal receiver. However, in the realm of CSR firms experience strong incentives to signal their CSR quality. Receiver attention for signals of CSR quality has surged. A recent survey by Globescan (2012) demonstrates that a large majority of corporate stakeholders are interested to learn about firms' CSR engagement. Connelly et al. (2011: 60) rightfully argue that the field of CSR presents an interesting research area from the perspective from ST: *“as many stakeholders such as host communities, employees, and customers become increasingly concerned about sustainability, how can firms signal their commitment to a sustainable enterprise?”* This has led to a proliferation of signals, including the use of product labels, advertising responsible products, sponsoring worthy causes, issuing press releases about CSR initiatives, engaging in strategic stakeholder dialogue and publishing glossy sustainability reports, making competitive signalling important. In the face of information asymmetry, firms with good performance will try to find ways of signalling the relative superiority of their performance to increase observability (Rutherford, 2003).

Consequently, this spree of CSR communication causes relationships between firms and their stakeholders to be characterized by two types of information asymmetries in particular: within-firm and between-firm information asymmetries. Within-firm information asymmetries concern the inherent opacity of underlying CSR quality and its relative unobservability to stakeholders. In many cases a firm's CSR quality is hard to observe or even unobservable for transacting partners due to the prevalent orientation of CSR activities on internal business processes rather than its integration in the development of new products, the exploration of new markets and the innovation of business models (Johnston, 2006; Terlaak, 2007a; Visser, 2011; Perez-Batres et al., 2012). To the extent firms communicate their CSR engagement in order to reduce information asymmetry, only a part of signal receivers appear to think that companies communicate honestly about CSR (Globescan, 2012). As Lydenberg (2002: 61) has observed: *“Although an increasing*

number of corporations publish environmental and health and safety reports, many are simply token efforts – greenwashing – and few address the full range of social issues necessary to assess adequately a corporation's behaviour.” In other words, the inconvenient truth for firms here is that assumptions of greenwashing seem to be a starting point in assessing communication on their social and environmental responsibilities. These conjectures thus point at a more subtle concept of unobservability: while a firm tries to signal its CSR quality to reduce problems of information asymmetry, many stakeholders tend to think that the information revealed to them does not reflect the organization's true underlying quality or may be communicated to consciously obscure rather than reveal observability. Signalling CSR then results in maintaining information asymmetries as stakeholder perception may trump truth.

A second type of information asymmetries relates to between-firm observability and concerns the idiosyncrasy of the CSR concept. The contested, multifaceted, and vague nature of CSR (Frankental, 2001; Moon et al., 2005; Matten & Moon, 2008; Okoye, 2009) requires company-specific interpretations of the concept to acquire meaning (Cramer et al., 2006; Murillo & Lozano, 2006). While such interpretations may benefit stakeholders' understanding of the CSR quality of a particular firm, this also implies that substantial differences between management approaches to, incomparable renditions of and widely varying communications strategies for CSR, even of similar firms that are in direct competition with each other, are scattered around the marketplace (Morsing & Schultz, 2006; Barth & Wolff, 2009; Perera & Chaminda, 2012). As a result, CSR (minimum) norms and performance benchmarks are unclear to signal receivers, making it hard for stakeholders to gauge, differentiate between and make inferences about companies' signals about their comparative CSR quality. This leads to the preservation of information asymmetries in business-stakeholder relationships.

5.4 A standard for signalling CSR: understanding ISO 26000

In this context, CSR standards can serve as efficacious signalling devices for firms to reduce information asymmetries. By increasing the observability of firms' underlying CSR quality and through providing common frameworks for interpreting and implementing CSR, they enable firms and their stakeholders to cope with problems associated with within-firm and between-firm observability of CSR. CSR standards offer a shared point of orientation and an agreed-upon language in a fragmented domain and thus carry a legitimizing function for guiding CSR behavior (Castka and Balzarova, 2008d; Mueller et al., 2009; Mijatovic & Stokic, 2010; Pflugrath et al., 2011). Terlaak (2007b) argues that standards may create order without law in settings characterized by incomplete consensus and information and capture in a written and codified form 'how things should be done'. Several standards allow firms to obtain certification for their demonstrated compliance through second- or third-party auditing. Certification functions as an enforcement mechanism that cultivates accountability and disciplines corporate conduct, ensuring – at least

to a certain extent – signal honesty and fit. Certification allows firms to explain and justify their behavior; enabling stakeholders to pass better informed judgments and may lead firms to face sanctions when they do not comply with the designated norms (Bovens, 2007: 450).

Over the past two decades, the CSR domain has witnessed a proliferation of complementary and competing standards. Representing exclusive nor exhaustive categories, types of standards that have emerged include principle-based standards, reporting-based standards, certification standards, process standards and integrating guidance-based standards (Waddock, 2008; Rasche, 2010; Gilbert et al., 2011). Amidst the proliferation of CSR standards, ISO has taken the initiative to develop ISO 26000, a comprehensive CSR standard that offers guidance for understanding and interpreting CSR, formulating and implementing CSR policy and communicating CSR. Published in late 2010, the standard marks a deviation from the closely related category of management systems standards in the CSR realm (e.g., ISO 14001, ISO 9001, OHSAS 18001, SA 8000) which contain process and performance requirements and are certifiable. Whereas widely used standards such as the UNGC and the GRI guidelines through their own enforcement mechanisms (communication on progress requirement and contents verification, which recently replaced the GRI application levels, respectively) mandate firm behavior, ISO 26000 contains no enforcement mechanisms at all. Hahn (2012b) labels ISO 26000 as an innovation in standards development, *“intended to enhance (or induce) a [management system] with regard to content and structure by systematically promoting (or introducing) continuous discourse processes”* (p. 720). This type of standards focuses on providing guidance on contents, process and dialogue, facilitating stakeholder interaction and organizational learning.

ISO 26000 was developed in the largest-ever stakeholder consultation process, involving institutional stakeholders from more than 90 countries and hundreds of international delegates and experts in the field of CSR that deliberated and negotiated on aspects of the standards during more than five years. The inclusive nature and procedural fairness of the development process, its consensual orientation and its transparency lead the standard to possess a high level of legitimacy (Mueckenberger & Jastram, 2010; Mena & Palazzo, 2012; Hahn & Weidtmann, 2012).

Its broad-based contents was inspired by many other authoritative standards, conventions, guidelines, codes of conduct and the like. ISO 26000 specifies expectations and related actions for guiding firm behavior in the realm of CSR in order to *“provides guidance on the underlying principles of social responsibility, recognizing social responsibility and engaging stakeholders, the core subjects and issues pertaining to social responsibility and on ways to integrate socially responsible behaviour into the organization”* (ISO, 2010: vi). The standard has a strong stakeholder orientation (Johnston, 2011; Balzarova & Castka, 2012) and, although it recognizes the business imperative for addressing social and environmental responsibilities, takes a dominantly moral instead of an instrumental or strategic approach to CSR. The standard builds on the idiosyncratic character of the CSR concept encouraging firms to develop their own interpretation of CSR within the general confinements of the principles and core subjects it specifies.

In a comparison of ISO 26000 vis-à-vis other standards, Hahn (2012b) has argued that ISO 26000 provides opportunities for signalling CSR beyond certification on a direct level of interaction with stakeholders: *“While possible de-coupling tendencies in third-party certificates might induce a loss of confidence in the respective conventional standards, such alternative modes of signalling potentially enable a more credible implementation [of CSR]”* (2012a: 724). He also concluded that ISO 26000 holds particular value for firms that are in the beginning stages of CSR implementation. Webb (2012) argues that ISO 26000 is an innovative rule instrument that contains bridging functions in addressing public and private transnational business governance interactions, including the standard's compatibility with other global CSR standards and the function of the standard as an emerging global CSR custom to address firm behavior.

The standard seems to be well-received by firms. A recent report of the European Commission (2013) based on research among 200 European companies shows that 40 per cent refer to at least one internationally recognized CSR standard, while 33 per cent of the companies in the research refer to at least the UNGC, the OECD Guidelines for MNEs or ISO 26000. ISO post-publication surveys indicate that adoption of the standard is gaining traction worldwide (ISO, 2011, 2012a).

The characteristics of the standard have led to various responses by organizations in the CSR standards environment, including NSIs and COs (see Chapter 4). As many firms seek to certify their CSR engagements, various NSIs (e.g., Denmark, Portugal, Brazil) have developed certifiable CSR management systems based on ISO 26000 standards, such as the Danish DS 49001. A consortium of internationally active COs have developed and launched a certifiable management systems standard as response to the publication of ISO 26000, called the CSR Performance Ladder, which for now targets the Dutch market specifically. Other NSIs (e.g., in the Netherlands, Sweden, France) have initiated the development of self-declaration options to evidence the CSR claims of firms adhering to ISO 26000 in a systematic way. The Dutch NSI NEN has developed a self-declaration protocol which was laid down in a guideline that has served as the basis for a proposal to formally acknowledge this strategy within the international ISO network. A self-declaration contains structured information about an organization's claim that it works in accordance with ISO 26000 and can be subjected to an external audit. Accompanying this initiative is the availability of an online publication platform for organizations to issue an ISO 26000 self-declaration.

5.5 Analyzing ISO 26000 with ST

The nature, contents and consequences of the ISO 26000 standard on the one hand and its promise and take-up by firms on the other occasion investigating the signalling value of ISO 26000. In the next sections, ISO 26000 is examined with ST along the lines of the earlier

mentioned concepts. The analysis subsequently focuses on the extent to which ISO 26000 can be viewed as a signal of quality and intent, to what extent the standard is an efficacious signal, examines signal honesty and fit, and looks at signal frequency and consistency. The analysis incorporates aspects related to the nature and the contents of the standard as well as its consequences in the CSR standards environment.

5.5.1 *Signal of quality and intent*

Adherence to ISO 26000 may dominantly signal a company's intent to engage in CSR. Rather than containing requirements for taking appropriate action or specifying performance levels it merely offers guidance to firms in interpreting CSR and formulating their CSR policy and CSR implementation. Although the standard emphasizes "*the importance of results and improvements in performance*" (ISO, 2010: vi), it does not specify performance levels for companies in terms of reducing negative social and environmental impacts nor does it provide accepted or general benchmarks. Hahn (2012b) in this respect points at the possibility that the adoption of standards as institutionalized rules does not necessarily improve operational efficiency (cf. DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Westphal & Zajac, 2001). Similar fears have been expressed by Schwartz & Tilling (2009) who have argued that ISO 26000 focuses "*on management techniques and related rituals, rather than on actual outcomes in terms of more responsible actions*" (p. 292). This means that a firm's intention to engage in CSR is decoupled from its actual engagement in CSR and its performance, or CSR quality.

In the absence of appropriate governance or enforcement mechanisms (e.g., certification, required communication on progress) there are few thresholds for claiming ISO 26000 adherence and the standard may even tempt firms that do not possess CSR quality to engage in signalling such quality. This is especially the case when relationships between firms and their stakeholders are characterized by within-firm and between-firm observability of CSR. The low exigencies of ISO 26000 imply the presence of a risk of incongruence between a firm's CSR claim and its actual CSR actions, compromising the credibility of both the firm that communicates that it adheres to the standard, the CSR concept in general and the standard itself (cf. Becker-Olsen, 2006; Christensen et al., 2013). Information that signals a firm's actual CSR quality (e.g., relative or absolute reduction of carbon emissions, measures the company has taken to find alternatives for the use of deplete-prone natural resources, and information on working conditions in overseas factories) rather than its intent ultimately determine its credibility in the marketplace.

In the realm of standards, performance can also be conceived of in another way. Various authors have placed ISO 26000 within quality management-oriented approaches towards CSR (Castka & Balzarova, 2007, 2008c,d; Hahn, 2012b). Such approaches are known for their focus on continuous improvement from a systematic plan-do-check-act perspective (Van der Wiele et al., 2001; McAdam & Leonard, 2003; Castka & Balzarova, 2007) and may be considered to constitute a commitment to improving performance and optimizing the efficiency of

internal business operations rather than the achievement of ambitious performance levels and innovation. The option of ISO 26000 self-declaration does not solve these problems as this self-declaration is essentially only an exercise in illustrating adherence to the standard, not in performance (also see section 5.5.3).

In his analysis of ISO 26000 Hahn (2012b) concludes that the standard is particularly suited for firms that are in the beginning stages of CSR implementation. He argues that ISO 26000 *“can serve as an introduction into the main concepts of [CSR] and it can help by introducing relevant instruments, initiatives and core elements of an management system for those organizations which are still in the initial stage of implementing [CSR] into orderly management processes. (...) For companies beginning to realize their [social responsibilities], ISO 26000 with its content-focus can be a starting point for implementing it into organizational management processes”* (Hahn, 2012b: 722-724). While firms in early stages of CSR development may possess a certain CSR quality, it can be assumed that this quality is still underdeveloped and can be considered to be primarily reflecting an intention to further develop their CSR quality. ISO 26000 thus seems to signal intent over performance.

5.5.2 Efficacy of the signal

ISO 26000's lack of proper verification and enforcement mechanisms hampers the ability of signal receivers to distinguish between firms with different CSR quality. Such mechanisms can function as useful discriminators between companies of high and low quality (Terlaak & King, 2006; Connelly et al., 2011; Pflugrath et al., 2011). Related to the cost aspect of efficacious signalling, certification or other second- or third-party conformity assessments provide an illustration of this: high-performing firms generally incur lower certification costs because their practices are already up to par and because better firm capabilities contribute to the reduction of costs related to making the necessary adjustments to qualify for certification (Riley, 2001; Terlaak & King, 2006; Terlaak, 2007a; Connelly et al., 2011). In the case of ISO 26000, however, producing the signal would incur only little cost and claiming adherence to the standard would merely require symbolic or selective implementation of change from the organization. From the perspective of ST, poor-performing firms may experience superior benefits from signalling over non-signalling too and conclude that these benefits outweigh the minor costs involved. High-quality firms are consequently not motivated by arguments of costly signalling to claim that they are working according to ISO 26000 as it does not offer them a comparative advantage vis-à-vis the proverbial cheap talk of low-quality firms. ISO 26000 is thus likely to lead to an uninformative 'pooling equilibrium' instead of a 'separating equilibrium' in which firms can be clearly distinguished (cf. Kirmani & Rao, 2000; Etilé & Teyssier, 2012).

The costs incurred by firms as a result of going through an ISO 26000 self-declaration protocol such as the ones that are available in the Netherlands, Sweden and France, will probably not be a burden for low-quality firms to signal their adherence to the standard either. Although

there is a fee involved in publishing a firm's self-declaration on the Dutch ISO 26000 publication platform and despite the fact that the exercise to comply with the applicable guideline requires effort from firms, these burdens may prove to be too low for firms to become reluctant to adhering to the standard in the face of the benefits of doing so.

A final observation on the cost characteristic of signal efficacy relates to the standard's interpretation of CSR. Since this interpretation is dominantly normatively-oriented rather than reflecting a strategic or business case orientation towards CSR, one could argue that by adhering to ISO 26000 firms choose to respond to stakeholders' and society's expectations primarily from a moral point of view rather than through aligning these interests with their own from a profit-seeking motive (Johnston, 2011; also see Chapter 3). As such, adhering to ISO 26000 could indicate that firms opt for a mode of CSR that signals they are prepared to sacrifice profits in the public interest (Reinhardt, 2008: 219; Lys et al., 2013), leading the standard to account for a costly signal.

The absence of required verification mechanisms such as certification and communications on progress requirements also relate to the observability aspect of efficacious signalling as firms are unable to make their CSR quality visible through these mechanisms. The observability of the CSR quality of ISO 26000-adhering firms is further hampered as neither a public register of companies that adhere to the standard nor a clearinghouse system for ISO 26000 exist. While ISO post-publication surveys have observed a substantial increase in the number of firms that seem to be interested in and adopting ISO 26000 (ISO, 2011; 2012a), it is impossible to determine how many firms and which firms have adopted the standard or even obtain a sensible proxy of this. While not being available for ISO 26000, such provisions are available for many certifiable standards, enabling stakeholders to obtain detailed information on for instance a firm's certification and related data, including the scope of its certification, prior certifications, the period through which the certification is valid, non-conformances, related certifications and a firm's management declarations on the topic. Initiatives have however been taken in the context of ISO 26000 that aim to do exactly the opposite: blacklisting companies that wrongfully claim that they have been ISO 26000 certified or are saying that they intend to obtain certification with the standard and showcasing bad practice (cf. Henriques, 2012).

As a final point, one of the ways firms can increase the observability of their CSR quality is through disclosing their CSR quality in greater clarity, whereas firms with poor performance will obfuscate their poor quality by using complex and difficult wording, a phenomenon known as the obfuscation hypothesis (Bakar & Ameer, 2011; Barkemeyer, 2012). In a way, ISO 26000 permits vague wording as the standard allows for idiosyncratic approaches to and interpretations of CSR. Any interpretation of CSR is in fact acceptable for the standard as long as it remains within the general confinements of the standards' CSR definition, CSR principles and CSR core subjects. Similarly, Hemphill (2013) has in this regard said that ISO 26000 is too broad in its scope, implying that it cannot serve a useful purpose in the context of specific industries and sectors in terms of being a meaningful CSR signal.

5.5.3 *Signal honesty and fit*

Lacking verification and enforcement mechanisms and the fact that there are hardly any costs involved in signalling adherence to ISO 26000 for firms, make the standard susceptible for false signalling, thereby compromising signal honesty. The low exigencies of ISO 26000 make it easy for companies to polish or even fake underlying qualities and may tempt or encourage firms spitefully wanting to claim an engagement in CSR to only partly implement changes for cosmetic purposes (cf. Laufer, 2003; Mueller et al., 2009). As high-quality firms may be discouraged to signal when low-quality firms can easily send the same signal, the standard could even become a symbol of false signalling, inferior norms and outright deceit. This could lead to dire adverse effects in the face of the standard's objectives, including consciously misinforming stakeholders and obscured purposeful corporate misconduct.

In addition, and as was illustrated earlier, ISO 26000 is particularly concerned with signalling a firm's intention to engage in CSR rather than its CSR performance, rendering it difficult for stakeholders to distinguish between the different signals they receive from different companies and assess these by gauging the extent to which these signals fit firms' underlying CSR quality. Stakeholder assessment of the honesty of a firm's CSR signals is further impeded by the tendency of the standard to decouple action from performance (Schwartz & Tilling, 2009), making the standard subject to moral hazard as a result of opportunistic firm behavior. At its best, ISO 26000 would enable stakeholders to differentiate organizations based on their intent to engage in CSR initiatives rather than their actual engagement in these initiatives or the social and environmental effects their engagement engenders. However, it is clear that judging firms based on their intentions may be a precarious exercise in the first place; the litmus test for distinguishing between credible companies ultimately lies in demonstrating CSR performance and hence in evidenced information that signals a firm's quality. Signal honesty thus seems hard to determine in the context of firms that adhere to ISO 26000, especially when compared to, for example, the certifiable environmental management systems standard ISO 14001 and the certifiable variants for ISO 26000 that have been developed to date. ISO 26000 hence upholds between-firm asymmetries.

The aforementioned is inextricably linked to problems in determining the degree to which the signal emitted by firms about their adherence to ISO 26000 correlates with their underlying CSR quality (i.e., signal fit). This may be considered an inherent flaw resulting from the type of standard and the approach to CSR that ISO 26000 represents and points to a phenomenon that can be called 'the paradox of idiosyncrasy'. As the standard leaves a lot of interpretation and application of the CSR concept up to individual firms, the messages that are communicated by firms about their supposed CSR quality may actually reflect their CSR quality well, indicating a high level of signal fit. However, exactly because of the fact that ISO 26000 revolves around company-specific CSR interpretations and implementation, signal fit is very hard to determine for stakeholders and may lead to confusion when they compare even similar firms to each

other (cf. Cramer et al., 2005; Murillo & Lozano, 2006). ISO 26000 may represent a range of CSR interpretations that are used by firms, leading the same signal (i.e., a firm's adherence to ISO 26000) to reflect very different approaches to interpreting and implementing CSR and thus hamper the reduction of between-firm information asymmetries.

The notion of signal fit becomes even more problematic when one takes into account the results of empirical research by Perera (2008) on the relevance of the contents of ISO 26000 for SMEs. These results indicated that only a small number of the CSR principles, core subjects and issues that are specified by ISO 26000 are seen as being of sufficient material importance for SMEs. This is attributed to the lack of involvement of SME representatives in the ISO 26000 development process (Egyedi & Tofaletti, 2008; Balzarova & Castka, 2012).

5.5.4 *Signal frequency and consistency*

Under the condition that signals correspond with each other, signalling effectiveness can be enhanced by sending a larger number of observable signals or increasing the number of signals emitted in order to reduce information asymmetry (Connelly et al., 2011). In terms of signal frequency and consistency, ISO 26000 in itself does not necessarily give rise to any particular signalling problems: a firm can signal its adherence to the standard at will and in myriad ways (e.g., through press releases, sustainability reports, corporate presentations or social media) under the homogenous label of ISO 26000. However, ISO 26000 does not have the advantage of offering the possibility to communicate about the results of mandatory periodic conformity assessments such as external audits, re-certification, voluntary assurance statements or regular progress reports that other CSR standards offer. ISO 26000-adhering firms may thus be missing out on opportunities to signal about formal milestones on fixed intervals related to their standards adherence. The fact that alternative standards that have been developed for ISO 26000 are certifiable may therefore reinforce the competitive signalling dynamics in favour of these alternatives, further reducing the relative degree of observability of ISO 26000 (i.e., between-firm information asymmetries).

Another aspect of signal frequency lies in the signalling environment of ISO 26000. The Dutch context proves a case-in-point: communications by the Dutch NSI NEN on organizations that have adopted ISO 26000, for instance, seems to be much less frequent than that of the COs that have developed the CSR Performance Ladder, a prominent substitute CSR management systems standard in the Netherlands that was inspired by ISO 26000 and which is certifiable. COs arguably have stronger marketing and business incentives to communicate about their product and related supporting and certification services as they will financially benefit from both the process leading to certification and the certification itself. This incentive has become even stronger as the CSR Performance Ladder is not endorsed by NEN nor the national CSR knowledge centre in the Netherlands. Without this institutional backing COs are required to put more effort in marketing communications. As consultancies may also benefit from market

demand for obtaining certification according to the CSR Performance Ladder through offering advisory, implementation and audit services, they have an incentive to communicate about this standard as well (cf. Delmas & Montes-Sancho, 2010).

Despite the standard itself not representing problems in signal consistency for firms, ISO 26000 may well give rise to such problems to occur. In order for ISO 26000-adhering firms to make their CSR quality better observable and reduce information asymmetries between them and their stakeholders, engaging in additional signalling strategies is required (see Chapter 6). As was illustrated earlier, the standard only allows for limited signalling, both in terms of the number and diversity of signals. Firms that work with ISO 26000 have multiple options to strengthen their signals, including the adoption of issue-based CSR standards (e.g., SA 8000, ISO 14001) or adhering to other comprehensive CSR standards that are either mandatorily or voluntary subject to enforcement mechanisms (e.g., UNGC, DS 49001, CSR Performance Ladder, GRI).

Such approaches to strengthen corporate CSR signals may have drawbacks, however. One drawback is that a firm's CSR signals proliferate too much and comprise a diversity of signals that may consequently confuse stakeholders' perception of what a firm actually stands for or focuses on in the context of CSR. A second drawback of this approach relates to signal consistency. As a firm needs to manage an intricate constellation of partly overlapping CSR commitments and performance requirements to manage, it not only risks confusing stakeholders, but also increases the risks of emitting inconsistent signals. This may increase suspicion among stakeholders about the firm's CSR claims. A firm may for instance emit inconsistent signals as both the scope of the contents and the perceived status of the standards it adheres to differ to a certain extent. For instance, ISO 14001 focuses exclusively on environmental management and the DS 49001 that was directly modelled after ISO 26000 includes the subject of animal welfare. In addition, while ISO 26000 is a worldwide standard based on global consensus, the CSR Performance Ladder is particularly aimed at Dutch firms and the COs involved have only just begun to enter an international playing field with the standard. The signalling firm may even confuse signal receivers in terms of the value it attaches to certification for CSR purposes, since this is something that is not uncontested in practice and an ongoing debate among academics (Castka & Balzarova, 2008a; Hahn, 2012b).

5.6 Discussion, theoretical reflection and research suggestions

The analysis through an ST lens in this chapter shows that particularly due to its guidance orientation, its focus on intention, its tendency to decouple action from performance and the absence of enforcement mechanisms, ISO 26000 may be neither an efficacious signal nor has high signal fit. Several points of discussion and reflection arise, however.

A first point of discussion relates to the mixed results of research on the value of certifications. While some scholars have found labels and certifications in the context of CSR to cause

separating equilibriums (e.g., Miles & Munilla, 2004; Etilé & Teyssier, 2012), others have however empirically found or argued that certification may not always possess high levels of signal fit either. King et al. (2005) found that poor rather than stellar performers opt for certification, while Terlaak (2007a) observed 'satisficing signalling' by firms indicating mere compliance with requirements by well-performing subunits rather than aspirations to realize better performance for all subunits. Using certification as a signal may thus have drawbacks as well. Persuaded by the drawbacks of certification, including inconclusiveness in findings whether adopters actually do outperform non-adopters, an undesirable focus on compliance rather than on performance in many organizations and using certification to raise trade barriers and execute power in global networks, Castka & Balzarova (2008a) concluded that ISO 26000 should indeed have been designed as a guidance standard. However, these authors did not include a signalling perspective in their analysis. From a related angle, Duflo et al. (2013) recently provided experimental empirical evidence that auditors routinely make unethical decisions favouring client interests. Auditors' financial dependence of client firms leads to conflicts of interest and poor incentives to tell the truth and make objective observations on firms' compliance. When this type of information is available in the marketplace, certifications may not turn out to be efficacious mechanisms to create a separating equilibrium and equip firms with a signal of limited value (cf. Delmas, 2000). Evidence of greenwashing by companies that have subscribed to the UNGC or other CSR-related initiatives that involve enforcement mechanisms such as communications on progress may have similar effects as firms obscure their true quality by a smokescreen of signals. This may, in turn, be beneficial for ISO 26000 as it may increase its value relative to CSR management systems standards that include enforcement mechanisms. The adoption of ISO 26000 in practice could however prove to be the ultimate referee: when it is clear that firms that do possess underlying CSR quality adopt ISO 26000, the standard will gain empirical legitimacy (cf. Hahn & Weidtmann, 2012). ISO 26000 may be particularly adopted by firms that already have (certified) social, environmental and quality management systems in place and thus are already well under way with realizing the CSR agenda. In addition, while the reputed ISO label may serve as an attractive label or cover for firms that aim to mislead stakeholders and still gain legitimacy in the context of addressing their social and environmental responsibilities, assumptions about the organizational implications of ISO 26000 (e.g., the implementation of a perceived management systems standard and substantive change) may also scare and fence off those uninformed.

A second point of discussion relates to the constitutive function that adhering to ISO 26000 may have for firms despite it being a dysfunctional signal. While intention may not necessarily lead to action or performance, organizational CSR aspirations may yield behavioural dynamics that help guide and build performance by 'communicating the organization into being' (Schoeneborn & Trittin, 2011; Christensen et al., 2013). In this sense, a firm claiming to adhere to ISO 26000 while not yet possessing adequate underlying CSR quality may perhaps be better able to live up to its own claim and do so more committed precisely because of its adherence to the standard.

Both from the viewpoint of firm-supplier relationships and the perspective of public policy for stimulating transparent and responsible business behavior, managers and policy-makers may thus encourage the use of ISO 26000, although they should be well aware that to an extent they intentionally allow and embolden a certain level of loose coupling between intention and action or, as Brunsson (2003) has called it corporate hypocrisy (Christensen et al., 2013). In any case, and illustrated by this latter argument, accountability mechanisms are needed to discipline firm behavior and prevent excessive opportunism and patterns of free-riding behavior. In line with the standard's orientation on stakeholder engagement firm adhering to ISO 26000 could be disciplined in aligning their intentions, actions and performance and their signalling activity by engaging in sensemaking processes with critical stakeholders, such as NGOs, employees, client panels and public authorities. While such an approach may minimize risks of greenwashing it may also enable firms in coping with the paradox of idiosyncrasy observed in this chapter.

5.6.1 Further specification of ST concepts

Analyzing ISO 26000 along the lines of key concepts from ST seems to give rise to a further specification of the applied concepts.

ST distinguishes between signalling the quality and signalling the intent of an organization. One could even say that a firm's intention to engage in CSR using the contents of ISO 26000 as a point of reference perhaps constitutes the main quality of the firm that is signalled, blurring the analytical distinction between signals of quality and intent. Although both types of signals can be observed apart from each other, one could argue that in a CSR context these types of signals may be mutually conditioning. For instance, communicating CSR commitments (intent) without communicating action, demonstrating CSR performance or accountability for social or environmental impacts (quality) leads companies to run the risk of being accused of greenwashing. This distinction resembles the concept of credibility which Becker-Olsen et al. (2006) define as the difference between a company's CSR claim and its CSR action. In addition, the distinction between intent and quality may prove theoretically tangled and consequently difficult to discern in the context of CSR as the mere intent of a firm to behave socially responsible may be perceived as one of its qualities (Idowu & Papasolomou, 2007). Also, the nature of a firm's orientation towards CSR (e.g., public-serving, profit-serving or a combination thereof; see Becker-Olsen et al., 2006) reveals information about its intent, which may be relevant in stakeholders' assessments. Such a position could even be dependent on stakeholders' orientations towards CSR: some stakeholders may find a firm more credible when it pursues a business case approach to CSR, while others would prefer the firm to be engaged in CSR purely for the betterment of society. Instead of distinguishing between signals of intent and signals of quality, perhaps a more useful distinction in this context could be between a signal of intent on the one hand and signals of action, performance and impact on the other (cf. Christensen et al., 2013). Signals of quality could then also be perceived as a construct

that encompasses these different signals and constitute a proxy for the level of within-firm information asymmetries in the context of CSR and even the alignment of signals of intent and signals of quality. In this latter case, one may speak of *signal of fit*, which should then not to be confused with *signal fit*.

A second suggestion relates to a specification of the concepts of signal frequency and consistency. Signal diversity may be a more appropriate label than signal frequency as the latter is concerned with repeatedly sending out one and the same signal (which may be called 'signal iteration'), while the former is concerned with emitting a greater variety of signals (which may be called 'signal proliferation'). Signal iteration relates more to the timing of signals, making sure that signals have good reach among relevant stakeholders without overloading receivers with information, for instance. Signal proliferation then is the phenomenon that gives rise to investigating signal consistency, as this may increase the risk of emitting conflicting signals resulting in a diffuse or polymorph aggregate signal for receivers. In fact, from a theoretical point of view it is proposed that 'signal congruence' may be a better term for the phenomenon described by Connelly et al. (2011) than signal consistency. To illustrate this in a CSR context: signal consistency seems to apply more to a situation in which a company publishes a sustainability report with irregular intervals (e.g., not consistently on an annual or bi-annual basis) or in which a company publishes sustainability reports that are not always accompanied by assurance statements or include accounts resulting from stakeholder consultations (i.e., inconsistencies in data quality). The degree of signal congruence hence focuses on the extent to which different signals present corresponding messages or contents.

5

5.6.2 Research suggestions

This chapter has argued that because of the existence of within-firm and between-firm information asymmetries it may prove hard for stakeholders to interpret and assess signals relating to unobservable qualities such as CSR, even when companies signal their adherence to standards. A first suggestion would therefore be to focus research on identifying strategies for different types of stakeholders to evaluate corporate CSR claims that are based on non-certifiable standards. This is also a relevant research question for companies themselves, as companies that take their CSR commitments seriously would probably be interested in learning how to inform their stakeholders effectively. Obviously, stakeholder engagement strategies and stakeholder dialogue may prove useful as signals are created, attributed meaning to and institutionalized in the process of continuously interacting parties (e.g., Basdeo et al., 2006; Nijhof & Jeurissen, 2006; Morsing & Schultz, 2006). But what if a firm provides only limited options for such engagement and dialogue? Would the fact that it does so, and thereby breaches a principle behind many CSR standards, be a signal that becomes stakeholders' main source for dismissing its CSR claim?

A second research project could be guided by the question whether signal fit is higher with non-certifiable CSR standards than with certifiable management systems. Non-certifiable standards

may have lower exigencies, but may fence off firms with low CSR signal fit as they prefer to send a signal that is more costly. Since scholarly work appears to show mixed results on this issue, research could be guided by the question ‘are companies that adhere to non-certifiable CSR standards more likely to possess the unobservable qualities than those that adhere to certifiable CSR standards?’

Thirdly, as signal strength appears to be dependent on various aspects (not only certification) research could focus on empirical assessments of the signal strength of various CSR standards, both certifiable and non-certifiable and with different enforcement mechanisms (e.g., ISO 26000, UNGC, SA 8000, AA 1000 series), using the ST concepts used and refinements suggested in this chapter. In addition, research could be directed at the emerging competitive landscape of CSR standards, investigate what standards will surface for what reasons and the degree to which signal strength possesses explanatory value for this phenomenon.

The main research question that imposes itself based on this chapter; however, is what effective signal-enhancing strategies can be formulated in the context of ISO 26000 and other non-certifiable CSR standards. Given the weak signal ISO 26000 has been argued to be, what strategies can firms pursue to strengthen the signal they emit by adhering to this standard? Speculating on these strategies, and next to an (externally assured) ISO 26000 self-declaration, firms could opt for a certifiable variant of ISO 26000, although these have mainly been developed in several national contexts by NSIs until now. A second strategy for firms could be to obtain certification according to substitute certifiable comprehensive CSR standards developed by other organizations, or use these in combination with ISO 26000. A third option concerns adhering to multiple certifiable standards in CSR-related domains, such as quality, environment, accountability, and occupational health and safety. A fourth strategy for firms could be to have their claim to adhere to ISO 26000 or their self-declaration externally assured. Empirical research could focus on determining whether and under what conditions firms would consider different signal-enhancing strategies, the efficacy of (combinations of) these strategies and the perceptions of stakeholders of these. In these research efforts, scholars may particularly pay attention to issues related to signal frequency and consistency, including the refinements suggested in this chapter. As Connelly et al. note in this respect: “*Sending different signals from the same signaller, or the same signal from different signallers, could change the way receivers interpret those signals*” (2011: 59).

5.7 Conclusion

Firms have many incentives to signal their underlying CSR quality and can opt for adhering to CSR standards as a way of reducing information asymmetries in their relationships with stakeholders. Despite the high level of legitimacy ISO 26000 possesses based on its development process and the practical value its CSR framework offers adopters, firms adhering to the standard risk

emitting a rather weak signal. Analyzing the standard with ST shows that the standard satisfies neither characteristic of an efficacious signal (observability and costliness) and signal honesty and signal fit may be low. In addition, the standard appears to lead to problems of signal frequency and signal consistency. The analysis of ISO 26000 with ST also gave rise to a further specification of ST concepts.

The low exigencies of ISO 26000, including its lacking an enforcement mechanism, are a root cause of these problems. Firms may consequently be tempted to signal underlying CSR qualities that they actually do not possess. This can lead ISO 26000 to become a signal of companies with poor CSR performance and even a standard for greenwashing. Also, the idiosyncratic approach to CSR that the standard propagates requires a lot of effort from stakeholders to observe and assess the CSR quality of ISO 26000-adhering firms. The standard thus adds proof to the obfuscation hypothesis and by creating uninformative pooling equilibria it does not seem to be suited for differentiation purposes.

The fact that ISO 26000 was not developed as a certifiable management systems standard has led to the emergence of other CSR standards that make CSR better observable, thus enhancing between-firm information asymmetries to its disadvantage. The analysis in this chapter points at the necessity of using additional signalling strategies for firms that adhere to ISO 26000, including self-declaration and the adoption of certifiable (issue-oriented) CSR standards. However, as the standard necessitates firms to turn to alternative signalling strategies stakeholders may be more likely to misinterpret and get confused by a firm's CSR signals.

ISO 26000 may thus discourage precisely those investments that are necessary to develop and send credible signals of current and future CSR performance that reduce information asymmetries in firm-stakeholder relationships that firms need in order to capitalize on their CSR efforts. However, this does not say that ISO 26000 will not be taken up by firms worldwide – surveys among businesses actually indicate that the adoption of the standard is gaining traction. Firms, their stakeholders, governments and organizations involved in the standardization of business conduct should hence be aware of the signals firms emit by ISO 26000 in order to not let the standard become part of the problems it set out to solve.

Notes

- 1 This chapter has been submitted for publication in the Journal of Business Ethics and is currently under review.
- 2 Although these categories may partly overlap, for purposes of analysis they are treated as conceptually separate in this chapter.

Chapter 9

Signalling strategies

for ISO 26000:

A firm-level approach¹

6.1 Introduction

One way of encouraging responsible business conduct and corporate accountability is the development and promotion of CSR standards (Waddock, 2008; Fransen & Burgoon, 2013; Rasche et al., 2013). Many CSR standards have been developed in multi-stakeholder initiatives (MSIs) aiming to develop or add to mechanisms of self-regulation that carry high degrees of input and output legitimacy (Mena & Palazzo, 2012). Practically, CSR standards offer firms a common point of orientation for managing myriad stakeholder demands and expectations that firms face and supporting CSR implementation efforts. They also function as a signalling device: by using CSR standards, firms may communicate their CSR commitments and performance to stakeholders and may be able to differentiate themselves from competitors (Rasche, 2011).

The CSR standard ISO 26000 was launched in 2010, resulting from an elaborate multi-stakeholder process under the auspice of ISO.² The standard covers a wide range of CSR-related principles and subjects, aiming to offer all types of organizations a contemporary and comprehensive reference document that allows them to identify their responsibilities towards society, develop stakeholder relationships and guide them with the CSR implementation process. While the adoption of the standard is still in its early stages (Hahn, 2012b; ISO, 2011, 2012a; see Chapter 2), the nature of its development process gives ISO 26000 a considerable degree of legitimacy (Mueckenberger & Jastram, 2010; Hahn & Weidtmann, 2012) and it consequently carries the potential to become an important guidance document for firms worldwide that aspire to implement CSR and stakeholders and societies wanting to encourage firms to do so.

Despite these beneficial characteristics and the potential of the standard to advance the uptake and acceleration of CSR in practice, ISO 26000 is not unproblematic and the standard has met criticism both from business practitioners and academics alike, including the limited materiality of the contents of ISO 26000 for small and medium-sized enterprises (Perera, 2008) and the tendency of the standard to decouple organizational action and performance in the field of CSR (Schwartz & Tilling, 2009). This chapter is concerned with two of the defining characteristics of ISO 26000 that may lead it to become particularly problematic for corporate practice: the uncertifiable nature of the standard and the fact that it was not developed as a management systems standard. Referring to these two characteristics, Hahn (2012a) has argued that, being a guidance instead of a management systems standard, the standard represents an evolutionary step in standard development and perceives ISO 26000 as an innovation. Castka & Balzarova (2008a) have argued in favour of the standard not being developed as a certifiable standard focusing their argument on the disadvantages of certification. These characteristics of the standard, however, are at the source of ISO 26000 being at risk of becoming a problem of signalling both the CSR commitments and performance of firms, which may result in organizations becoming hesitant or even resistant to adopt the standard. Rooted in the work of Akerlof (1970), Spence (1973) and Stiglitz (1985), signalling theory (ST) essentially argues

that organizations may signal certain unobservable or hard-to-observe 'qualities' (e.g., intent, behavior or performance) to their constituents in order to reduce information asymmetry. While trying to obfuscate such qualities may be in the interest of some firm, it may be assumed that the lower the level of information asymmetry between a firm and its stakeholders, the better a firm will be able to reap the benefits from (the investments in) its CSR qualities. Obviously, stakeholders also have an interest in the firm revealing its underlying CSR quality as it enables them to assess a firm's CSR commitment and performance better, informing their attitude and strategies towards the firm (cf. Van Huijstee & Glasbergen, 2010).

This chapter focuses on strategies that firms may pursue in order to overcome the signalling problems inherent to ISO 26000 through reducing information asymmetries regarding firms' CSR quality. Assuming that adopting ISO 26000 is in the interest of both business, its stakeholders and broader society, it identifies several options available to firms to reduce information asymmetries and engage in efficacious signalling of their underlying CSR quality. These strategies are all standards-oriented, indicating that they either relate to ISO 26000 or to using other CSR standards to support their adherence to ISO 26000. Other strategies, such as CSR communication or reporting strategies, are beyond the scope of this chapter. The identification is derived from an institutional description of the ISO 26000 standard and based on anecdotal evidence from current business practice, initiatives that have been taken worldwide by organizations such as national standards institutes and certification institutes as a response to the publication of ISO 26000 (see Chapter 4), the ISO 26000 text and adjacent ISO documents, popular literature commenting on developments relating to ISO 26000, and research reports including ISO 26000 Post-Publication Surveys by ISO.

Practical relevance of this chapter may be found in insights for firms that want to adopt ISO 26000 without falling victim to the standard's inherent signalling problems, that want to effectively substantiate and enhance the credibility of their CSR claims and that want to minimize risks of being accused of greenwashing. This chapter may also be relevant for policy makers aiming to encourage responsible business behavior through the adoption of CSR standards as well as for organizations that are active in the process of standards development and the promotion of standards adoption. The signalling strategies that are identified in this chapter may also enable stakeholders of corporations to better assess a firm's CSR commitments, especially those that are founded on adherence to ISO 26000. The theoretical relevance of this chapter lies in the coupling of MSIs initiatives and ST and is manifested in the discussion section which formulates several avenues for research, including suggestions for further investigation of the legitimacy of MSIs.

The chapter starts with a brief characterization of the ISO 26000 standard to provide necessary background on this standard. After identifying two of the main characteristics of the standard as problematic, it consequently argues from the perspective of ST why these characteristics may pose a problem in signalling the CSR quality of firms. It then proceeds

with identifying and examining multiple signalling strategies that ISO 26000-adhering firms can deploy to deal with information asymmetries pertaining to their CSR quality between them and their stakeholders. The chapter ends with a discussion of research implications of the insights this chapter provides and formulates several suggestions for the future investigation of the topic both from the perspective of theory and practice.

6.2 ISO 26000 as an MSI

MSIs have appeared in literature as a topic of increasing relevance when it comes to regulating negative social and environmental externalities of global business in an effective and democratic way (Christmann & Taylor, 2006; Albareda, 2008; Scherer & Palazzo, 2008; Zadek, 2008; Glasbergen, 2011), putting self-regulation center stage in investigating and advancing the theory and practice of CSR (see e.g. Fransen & Kolk, 2007; Gilbert & Rasche, 2008; Scherer & Palazzo, 2011; Vogel, 2010). The development of standards is one of the objects of MSIs and the adoption of standards offers a way for firms to engage in self-regulation, anticipating or avoiding more binding mechanisms of governance such as legislation.

Many CSR-related and comprehensive CSR standards have emerged within and influenced the institutional CSR infrastructure over the past two decades (Waddock, 2008). Rasche (2010) identified several categories of CSR standards, including principle-based standards, reporting-based standards, certification standards, process standards and integrating guidance-based standards (cf. Leipziger, 2010). One of the functions of these standards is to harmonize firms' interpretations of and approaches to CSR by providing common frameworks that guides their understanding and behavior related to social and environmental responsibilities. This may enable firms and their stakeholders to engage in benchmarking and mutual learning processes, advancing the adoption of socially desired firm practices. Balzarova & Castka (2012: 265) note in this respect that *"international standards are an important mechanism contributing to facilitation of trade, spread of knowledge, sharing of technological advances, and management practices."* Mueller et al. (2009) write that the assumption behind the adoption of such standards is that they increase legitimacy among stakeholders.

Published in November 2010, ISO 26000 is a comprehensive CSR management standard that was developed within the ISO governance system through an elaborate global multi-stakeholder approach during the first decade of this century. The standard effectively offers organizations a widely accepted interpretation of CSR, cultivates understanding on a range of CSR subjects and offers practical guidance on CSR by translating principles into suggestions for implementation and best practices. The standard intends to be of value to any type of organization – not just companies – in all sectors, of all sizes, all over the world and in every stage of CSR development or implementation (ISO, 2010: vi). ISO 26000 can be viewed of as an exercise in a shared conceptual interpretation of the CSR domain since it contains an

overview and an elaboration of concepts, terms and definitions related to CSR. It extends a narrow, abstract definition of CSR³ into a broad and more concrete interpretation, including a detailed conceptual specification of CSR comprising underlying principles and related subjects. Additionally, the standard offers guidance for the implementation of CSR in practice, including suggestions on topics related to reporting on CSR performance, enhancing the credibility of firms' CSR initiatives and monitoring, reviewing and improving a firm's CSR actions and practices.

Alike the UNGC, the ISO 26000 standard has been characterized as a transnational norm-building network, meaning that they comprise a nexus of voice and entitlement beyond the level of the nation-state (Mueckenberger & Jastram, 2010). Rasche (2010) refers to multi-stakeholder standardization initiatives as a new generation of collaborative governance, stating that *"such standards represent collaborative attempts to define and/or implement rules governing the social and environmental consequences of economic activities"* (p. 500). Webb (2012) views ISO 26000 as an example of efforts that aim to arrive at *"codification of the expectations of the global community concerning the behavior of MNEs and others"* and an *"influential statement of global custom"* (p. 5, 25).

Although the combination of the involvement of many organizations from all parts of the world and their respective interests and the ambition to interpret the essentially contested concept of CSR (Okoye, 2009) has proved an ingredient for a lengthy and at times conflict-prone standard's development process (Balzarova & Castka 2012; Hahn & Weidtmann, 2012; Helms et al., 2012), ISO 26000 offers a global point of reference and an agreed-upon language for CSR. The consensus that has been arrived at in this process of deliberative democracy is assumed to give it a considerable degree of legitimacy (Mueckenberger & Jastram 2010; Hahn & Weidtmann 2012). However, scholars have argued that it is important to nuance the generic notion of legitimacy in the context of multi-stakeholder initiatives. Mena & Palazzo (2012) differentiate between input and output legitimacy, the former referring to criteria including stakeholder participation, procedural fairness, consensual orientation and transparency and the latter referring to rule coverage, efficacy, and enforcement. In the context of ISO 26000, Hahn & Weidtmann (2012) distinguish between the normative legitimacy and empirical legitimacy of the standard. Normative legitimacy refers to the conditions under which the rules, organizations and structures can be perceived as legitimate; empirical legitimacy focuses on the actual acceptance or adoption of these.

6.3 Issues with ISO 26000

Despite the inclusive nature of its development process and the ambitions and goals of the standard, ISO 26000 is all but uncontested and it has received various critiques. Critics have focused on the limited materiality of the contents of the standard for small and medium-sized enterprises (Perera, 2008) and the relative absence of this type of firms in the standard's

development process (Egyedi & Tofaletti, 2008), the decoupling between organizational action and performance in the field of CSR (Schwartz & Tilling, 2009), the risk of misalignment between social expectations towards companies and actual organizational sustainability impacts (Johnston, 2011), absent CSR themes and insufficient specification of the subject of corporate governance (see Chapter 2), and the standard being too broad-scoped to be useful in the context of specific industries and sectors (Hemphill, 2013).

Two of the most salient and debated characteristics of the standard relate to the specific type of standard ISO 26000 represents: a guidance standard (see e.g., Castka & Balzarova, 2008a; Hahn, 2012a,b). The first characteristic is that, although the standard's text also reads that it *"is not intended to prevent the development of national standards that are more specific, more demanding, or of a different type"* (ISO, 2010: 1), ISO 26000 is explicitly not intended for certification. The second characteristic of the standard is that it was not developed as a management systems standard, meaning that it does not specify a coherent set of requirements related to business processes or firm performance levels within a plan-do-check-act framework for adopting organizations to comply with. Some observers have argued that ISO 26000 in this respect represents an innovation in standards development (Hahn, 2012a; Webb, 2012) and stakeholder groups representing the business sector have been fiercely arguing in favour of the standard becoming a guidance document. However, these two salient characteristics of the standard have led to both confusion and disappointment among (potential) adopters of standards and their stakeholders alike. Already prior to the publication of the standard, firms worldwide have been claiming to have obtained ISO 26000 certification (see e.g., Chhabara, 2011; Henriques, 2012), even though this is a misrepresentation of the intentions of the standard and the possibilities of adhering to it. Interestingly, the ultimate decision whether or not to develop ISO 26000 into a certifiable standard was forced by the International Labour Organization in the standard's development process as a condition to keep this non-governmental organization involved. In other words: the decision on this defining aspect of the standard was primarily motivated by advancing the interest of and conditioning of the multi-stakeholder initiative by one powerful participant. Even though the certification aspect of ISO 26000 was heavily debated during the development process and participating stakeholders groups were in favour and against certification (both viewpoints did not only reflect differences between stakeholder groups, but were also represented *within* several stakeholder groups), consideration of the relevance and possible advantages of certification for business and calls from stakeholders, especially from developing countries, to ensure compliance with minimum CSR requirements through certification were in the end seen as of secondary importance (cf. Hahn & Weidtmann, 2012).⁴

Although the decision to develop the standard in this way may have benefited the input legitimacy of the multi-stakeholder initiative, the inclusion of an important stakeholder at the expense of technical characteristics of the standard seems to have severe repercussions for

ISO 26000's output legitimacy, particularly its mechanisms of enforcement (i.e., certification). Also, the fact that the standard is not a certifiable management systems standard potentially affects its relevance for business practice and may hence compromise its normative and empirical legitimacy. Being thus a standard of low exigencies, ISO 26000 raises little if any *a priori* thresholds for firms wanting to claim adherence to the standard. Mueller et al. (2009) warn that such standards may be especially attractive for firms to adopt as they help build a 'legitimacy front', jeopardizing the reputation and long-term trust in these standards among stakeholders. It is argued here that, as a result, the signalling potential of the standard may be compromised, posing the standard and its adopters with an uncomfortable reality. The next section will explore the signalling problem of ISO 26000 in more detail from the perspective of ST.

6.3.1 ISO 26000 as a signalling problem

Signalling theory (Akerlof, 1970; Spence, 1973; Stiglitz, 1985) essentially argues that companies emit signals that carry their messages in order to reduce the information asymmetry between them and their stakeholders to provide a more complete picture of their underlying qualities, such as intentions, behaviors and performance. Davila et al. (2003) define signals as snapshots that point to unobservable qualities of the signaller at a given point in time (i.e., it's this what is communicated to 'outsiders'). As these underlying firm qualities are sometimes hard to observe or even unobservable, a company (the 'insider') may decide to undertake actions to signal these qualities to other parties (the 'outsider', e.g., a stakeholder) (Connelly et al., 2011: 40). ST assumes that parties that do not have certain information at their disposal that they need or would value are willing to pay or transfer some kind of premium to parties that are willing to reveal these attributes through signals. Firms may for instance make assumptions about the willingness or size of these premiums and decide to invest in signalling their underlying qualities.

ST applies well to the subject of CSR. Through signalling, firms may be able to influence stakeholders perceptions and develop competitive differentiation which may benefit firms through additional purchases, price premiums, and improved corporate image and. This may lead to increased market share, improved stakeholder relations and insure a companies against lost reputation in case of adverse events (Deegan, 2002; Ramus & Montiel, 2005; Carroll & Shabana, 2011; Minor & Morgan, 2011). Connelly et al. argue that the field of CSR and sustainability presents an interesting research area from the perspective from ST "*as many stakeholders such as host communities, employees, and customers become increasingly concerned about sustainability, how can firms signal their commitment to a sustainable enterprise?*" (Connelly et al, 2011: 60). Terlaak (2007b) notes that CSR can be viewed as an unobservable or hard-to-observe quality for transacting partners as "*environmental or labor management practices, for example, primarily relate to internal firm processes, which makes them difficult for external exchange partners to observe*" (p. 974; cf. Doh et al., 2010). Another reason for the impaired observability of CSR lies in the fact that CSR has to do much with value systems, identity, intentions and aspirations (Van

Marrewijk, 2003; Lim & Phillips, 2008; Christensen et al., 2013) as well as with the alignment of these 'soft' properties and behavior on the one hand and behavior and performance on the other (Becker-Olsen et al., 2005; Hildebrand et al., 2011; McShane & Cunningham, 2012; Boiral, 2007; Khan et al., 2007). As a consequence, information asymmetries between the company and its stakeholders are likely to be present, potentially even in abundance. Stakeholders may consequently find it difficult to decide how the signals that a company emits reflect its actual CSR performance as it is virtually impossible to obtain a factual and comprehensive account of this, not in the least because assumptions, perceptions and expectations inhibit objective interpretation (e.g., Morsing & Schultz, 2006; Dilling, 2011; Stanaland et al., 2011; Glavas & Godwin, 2013). This may have dire consequences as revealing firm qualities through efficacious signalling about organizational behavior in the CSR domain may help breed corporate image and reputation, increase visibility, cultivate trust, reduce scepticism, enhance the credibility of CSR claims, and minimize the risk of accusations of greenwashing (Daugherty, 2001; Fan, 2005; Fombrun, 2005; Becker-Olsen et al., 2005; Pfau et al., 2008; Chiu & Sharfman, 2011; Elving, 2012; Lys et al., 2013).

The uncertifiable nature of ISO 26000 is a clear first aspect of the standard's signalling problem. In fact, any organization may claim adherence to ISO 26000 by saying that it 'uses the standard to integrate CSR into the organization' or 'follows the guidance provided by the standard' (ISO, 2012b). In an overview of the standard from a business governance perspective, Hemphill (2013) concludes that ISO 26000 not being a certifiable standard leads to weaknesses in assessing its efficacy. In the absence of recognized or agreed-upon verification and governance mechanisms for ISO 26000, the standard becomes vulnerable for opportunistic behavior with the goal of creating the illusion that a firm sincerely tries to reduce the information asymmetry between itself and its stakeholders (cf. Mueller et al., 2009; Hahn, 2012a). With the increasing importance that companies attach to CSR, one could argue that the uncertifiable nature of ISO 26000 prompts a certain degree of moral hazard (Ciliberti et al., 2011), leading firms to gratuitously emit signals about an underlying quality it does not possess but are not recognizable as such, reminiscent of what Delmas (2000) called a 'procedural smokescreen'. Consequently, firms that have adopted the standard and aim to use it for the purposes of building or strengthening their CSR initiative are at risk of being in the dubious company of firms that have adopted ISO 26000 as a fig leaf and use the standard as a way to obscure rather than reveal underlying CSR qualities. This may severely discount the value in adopting ISO 26000 and a daunting prospect emerges of the standard becoming a standard that signals greenwashing.

One might argue that the fact that ISO 26000 is not eligible for certification foregoes the disadvantages of certification. In an examination of plants of US companies Terlaak (2007a) concluded that firms were likely to engage in 'satisficing signalling' through environmental standards, indicating that companies opt for certification of their better performing plants whereas stakeholders would probably prefer to see poorer performing plants adopting

environmental management standards supporting them to raise performance. Darnall & Sides (2008) even found empirical evidence that the environmental performance of participants in voluntary eco-programs was lower than that of non-participants. Terlaak (2007b) additionally notes that certification does not provide an indication of what a firm does poorly or does not do at all. Persuaded by the drawbacks of certification, including an inconclusiveness in findings whether adopters actually do outperform non-adopters (e.g., King et al., 2005), an undesirable focus on compliance rather than on performance in many organizations and using certification to raise trade barriers and execute power in global networks, Castka & Balzarova (2008a) argued that ISO 26000 would be rightfully designed as a guidance standard. Such rebuttals, however, ignore other arguments in favour of certification. For instance, a survey among Dutch companies conducted by Moratis & Cochiuș (2011) illustrated that there is a clear demand for certification of ISO 26000, a result that is acknowledged by the 2012 ISO 26000 Post-Publication Survey (ISO, 2012a). Also, due to the fact that certification possibilities are absent, there is no public register available in which ISO 26000 adopters (irrespective of whether they have a justified claim for uptake in such a register) are inscribed and information on their adherence to the standard (e.g., inception year of adhering to the standard and the scope of application) can be consulted. From a signalling perspective, the absence of such a register makes it harder to signal a firm's underlying CSR quality.

The fact that ISO 26000 was not developed as a management system but rather as a guidance standard poses a second signalling problem. While adhering to the standard may signal that a firm possesses a CSR quality, signalling this adherence does not clarify to what extent a firm has followed the guidance of ISO 26000 and the related actions and expectations specified by the standard in its efforts to integrate CSR into the organization. The following statement from the standard provides a good illustration of this: *“Recognizing that organizations are at various stages of understanding and integrating social responsibility, this International Standard is intended for use by those beginning to address social responsibility, as well as those more experienced with its implementation. The beginner may find it useful to read and apply this International Standard as a primer on social responsibility, while the experienced user may wish to use it to improve existing practices and to further integrate social responsibility into the organization”* (ISO, 2010: iv). Hence, signalling that a firm uses ISO 26000 does not provide stakeholders that are looking for information on how advanced CSR implementation is nor tells it them how it advances. Nevertheless, the standard does encourage organizations to become more socially responsible by using the standard and ISO 26000 emphasizes the importance of achieving results and realizing improvements in CSR performance. In the clause ‘Integrating social responsibility throughout an organization’ the standard dedicates a two-page section to aspects of reviewing and improving CSR performance, stating that *“reviews of performance, at appropriate intervals, may be used to determine progress on social responsibility, help keep programmes well focused, identify areas in need of change and contribute to improved performance”* (ISO, 2010: 80). However,

when a firm's CSR performance in a certain year has decreased compared to the previous year, it can still legitimately communicate the same signal of adhering to ISO 26000. In a similar vein, the standard encourages reporting on CSR performance, but does not require disclosure of a communication on progress report such as is mandatory within the UNGC (which is not a management systems standard either), nor is it possible to claim an application level such as was part of the recently revised GRI guidelines for sustainability reporting.

While tick-box approaches and strategic selection of compliance levels are luring in the application of management systems standards (Christmann & Taylor, 2006), complying with a coherent set of requirements that intend to forge a coupling of intentions, behaviors, and outcomes in a reflexive process of continuous improvement may function to ascertain a sustained level of commitment and performance over time. In a dissenting interpretation of ISO 26000, Schwartz & Tilling (2009) note in this respect that the standard in fact has a tendency to decouple complex CSR issues from the organizational context, isolating a firm's CSR commitment from its actual performance. Even though idiosyncratic approaches to CSR are encouraged by ISO 26000 to achieve the right fit between the contents of the standard and a firm's characteristics and context, the fact that the standard does not specify the requirements within a management systems framework may lead to firms interpreting ISO 26000 in a rather superficial way and cherry-picking behavior towards CSR issues, making their CSR commitment more symbolic than substantive (cf. Christmann & Taylor, 2006; Perez-Batres et al., 2012; Nijhof & Jeurissen, 2010; Furrer et al., 2012). This also relates directly to issues of credibility and greenwashing, concepts that are defined by the extent to which a firm's commitment to CSR and its CSR action are aligned (cf. Becker-Olsen et al., 2005; Christensen et al., 2013).

To conclude this section, the uncertifiability of ISO 26000 and it being developed as a guidance standard compromise the signalling potential of the standard. Firms wanting to adopt the standard may need to formulate additional strategies if they want to efficaciously reveal their underlying CSR quality in order to reduce information asymmetries between them and their stakeholders as adhering to ISO 26000 alone and communicating this will not suffice.

6

6.4 Signalling strategies for ISO 26000 adopters

An obvious strategy to pursue to overcome information asymmetries with respect a firm's CSR quality would be to inform stakeholders through communications (e.g., sending out press releases, publishing sustainability reports, adding carbon footprint information on products, CSR advertising), respond to stakeholder demands and concerns (e.g., identifying stakeholder needs through polls or market surveys, inviting stakeholders to respond to public corporate statements) and involving stakeholders (e.g., engaging in continuous stakeholder dialogue) (Morsing & Schultz, 2006; cf. Kaptein & Van Tulder, 2003; Miles et al., 2006; Pomeroy & Johnson, 2009). Firms have other strategies at their disposal as well. ISO 26000 itself, for instance, suggests

several ways in which a firm can enhance the credibility of its CSR claims, including engaging in business-NGO partnerships and participating in sector initiatives that aim to advance CSR. Signalling these activities may bridge information asymmetries leading stakeholders to construct a more complete image of a firm's underlying CSR quality.

While the options to reduce information asymmetries mentioned above may function as flanking strategies when adhering to ISO 26000 (or any other CSR-related standard for that matter), the focus of this chapter is on standards-based signalling strategies. These signalling strategies take a firm's adherence to ISO 26000 as a starting point and address ways to strengthen the signal firms emit by means of adhering to ISO 26000 that are directly related to this standard and other CSR-related standards. Based on the reports of the ISO 26000 2011/2012 Post-Publication Surveys, academic and popular professional literature (e.g., Chhabara, 2011; Henriques, 2012; Hahn, 2012a), the identification of response strategies by standards-related organizations (see Chapter 4), analysis of the ISO 26000 text and related ISO documents (ISO, 2010; ISO, 2011; ISO, 2012a), research reports and the own experience and observations of the author in the development of ISO 26000, the following strategies are identified:

1. Opting for a certifiable variant of ISO 26000
2. Opting for other certifiable comprehensive CSR standards (both as a substrategy)
3. Opting for an ISO 26000 self-declaration
4. Opting for adherence to several CSR issue-related standards
5. External verification of ISO 26000 adherence

The following sections describe, illustrate and comment on these ISO 26000 signalling strategies and how these signalling strategies may affect the legitimacy of the standard.

6.4.1 Signalling strategy 1: Opting for a certifiable variant of ISO 26000

While ISO 26000 is not intended for certification, certifiable variants of the standard have been developed around the globe. Some of these certifiable CSR standards were already available prior to the publication of ISO 26000 in late 2010; several of them were developed post-publication. Interestingly, initiatives to develop certifiable variants of the standard have originated in various parts of the ISO network of national standardization bodies. A good example of this is the development of DS 49001 (which was renamed from DS 26001 after being urged by ISO) by the Danish standardization institute. The DS 49001 standard is explicitly based on ISO 26000, adding the topic animal welfare to its contents and containing many cross-references to other recognized standards in adjacent fields such as quality management, environmental management, and occupational health and safety management. DS 49001 also uses the structure of these management systems standards and formulates requirements against which a company can be

certified. Whereas the Danish certifiable variant of ISO 26000 was launched after the publication of ISO 26000, the national standards bodies of Brazil, Portugal and Spain have offered a certifiable CSR management systems standard already since 2004, 2007 and 2009. These latter certifiable standards have obviously been only partly inspired by the ISO 26000 standard, which was under development at the time of the launch of these variants.

The adoption by firms of such certifiable variants of ISO 26000, especially since they were developed as management systems standards, obviously represent a substitute or complementary signalling strategy that may better serve the purpose of reducing information asymmetries than (just) adhering to ISO 26000. However, as these standards have at least to a certain degree been adapted to the respective national contexts and have not been developed in an equally inclusive multi-stakeholder initiative as ISO 26000, they may neither possess the contents or scope necessary nor different forms of legitimacy to be perceived as equally legitimate standards beyond the confinements of the countries in which they originated. In addition, such standards are prone to increase confusion in the marketplace about adherence to ISO 26000 and contribute to a further and probably counterproductive proliferation of CSR standards. Despite the fact that ISO 26000 does not intend to prohibit the development of more specific and demanding national standards that are of a different type than ISO 26000, certifiable variants of ISO 26000 are generally considered to be a breach of the intentions of ISO 26000 (EC Newsdesk, 2010; Chhabara, 2011).

6.4.2 Signalling strategy 2: Opting for other certifiable comprehensive CSR standards

Firms may choose to obtain certification according to other comprehensive CSR standards than those developed within the ISO network as an alternative to following the guidance provided by and thus adhering to ISO 26000. This may be particularly attractive as other certifiable comprehensive CSR standards may have considerable overlap with or are even explicitly inspired by ISO 26000. These certifiable alternatives then quickly become substitutes for ISO 26000 in their own right. A good example of such a standard is the CSR Performance Ladder, a certifiable CSR management systems standard developed in the Netherlands by a consortium of well-known and experienced certification organizations. Although the CSR Performance Ladder is a much more compact standard than ISO 26000, it was inspired by the guidance standard and used its contents to specify requirements on CSR subjects against which a company can be certified. The standard builds on other standards as well, including ISO 9001, ISO 14001, AA1000, and GRI and aims to satisfy *“the need to make sustainable development concrete, objective and demonstrable on the basis of social engagement”* (FSR, 2010: 6). Moreover, the CSR Performance Ladder is structured according to five progressive attainment levels, allowing organizations to choose the level to be audited against. It is this external auditing and certification by recognized organizations that provides the opportunity to send a more objective signal on a firm's underlying CSR quality.

The input legitimacy and normative legitimacy of this certifiable standard may however not be entirely up to par with ISO 26000, as it was not developed as a multi-stakeholder initiative nor is it endorsed through government support as is ISO 26000. Its empirical legitimacy, on the other hand, may well be higher, at least within the specific geographic region it applies to. In July 2013, 174 firms had been certified according to the CSR Performance Ladder in the Netherlands. While the number of Dutch firms adhering to ISO 26000 is for reasons that have been noted earlier unclear, there are currently 46 organizations that have published an ISO 26000 self-declaration (also see signalling strategy #3). Besides its empirical legitimacy, standards such as the CSR Performance Ladder may possess a higher degree of normative legitimacy than may appear at first glance, partly as a result of an expanding base of certified firms which signals an endorsement of the standard. Also, since the CSR Performance Ladder has been explicitly inspired by ISO 26000 it may have a derived input legitimacy and benefit from a reputation-by-association mechanism (cf. Deephouse & Carter, 2005).

A substrategy within this category is the use of both ISO 26000 and a certifiable comprehensive CSR standard such as the CSR Performance Ladder. In the Netherlands, there have been several firms that have pursued this strategy. In each of the cases, their initial decision was to use the ISO 26000 standard to guide their already developed CSR implementation efforts, followed by the decision to obtain CSR Performance Ladder certification. Speculating on the motivations to follow this strategy, reasons may lie in demand specificity of marketplace actors, where transacting partners require an objectification of their contractors' CSR quality. As an extension of this first motivation, firms may have chosen to complement their adoption of ISO 26000 by CSR Performance Ladder certification to explicitly signal the maturity of their implementation efforts and performance levels to internal and external stakeholders (cf. Dunphy et al., 2007; Maon et al., 2010; Ditlev Simonsen & Gottschalk, 2011). This may both relate to creating competitive differentiation and being a driving factor behind sustaining or improving CSR performance, motivating (prospective) employees, clients and business partners to consider the firm to become or remain the organization of their choice (Rasche, 2011). Another motivation that relates to the internal organization may have been for these firms to help further structure the firm's CSR initiative with a management systems approach based on the principle of continuous improvement through a plan-do-check-act approach. Each of the firms in the Netherlands using this substrategy is moderately or strongly quality management-oriented. Both the use of an ISO standard for CSR and a management systems approach to CSR would then seem to fit well with their orientation and the management of core issues related to their production processes (cf. Tari, 2011). Interestingly, the first Dutch companies that chose to follow this substrategy were all considered to be CSR frontrunners already prior to their decision to use ISO 26000. As a corollary, the adoption of the CSR Performance Ladder by frontrunning firms that also adhere to ISO 26000 may result in a higher degree of normative legitimacy of the former without compromising or even strengthening that of the latter.

While adopting a certifiable comprehensive CSR standard in addition to a firm's adoption of ISO 26000 may be a viable strategy from a signalling perspective, firms pursuing this option may risk sending out possibly competing and discordant signals or signalling a CSR 'standardization fetish' to stakeholders. They may even risk sending a 'signal of ignorance' and be perceived to engage in greenwashing as firms may be thought to rely too much on standards as a way of seeking assistance with implementing CSR and being granted legitimacy from external sources rather than deploying authentic approaches to CSR (cf. Mueller et al., 2009). Overdoing CSR by emitting these signals may lead stakeholders to think that firms are intentionally trying to obfuscate irresponsible or unsustainable behavior (cf. Prasad & Holzinger, 2013). When signals are perceived in this way by signal receivers, they are likely to compromise the intentions these firms have in the first place and obscure rather than reveal their underlying CSR quality.

6.4.3 *Signalling strategy 3: Opting for an ISO 26000 self-declaration*

Within the ISO network of standardization institutes it has recently been proposed to develop a guideline for a self-declaration protocol for ISO 26000 through which firms can voluntarily account for their approach towards ISO 26000 and evidence their CSR quality to stakeholders (NEN, 2013). Several national standardization bodies are pioneering this approach, including those of Sweden, France and The Netherlands. The Dutch national standardization body has already developed a guidance document for ISO 26000 self-declaration that was published in 2011 and provides a framework enabling firms to follow a series of protocols. In doing so, firms can substantiate their adherence to ISO 26000 as a way to signal CSR commitment, convey that they have used ISO 26000 to integrate CSR into its values and practices and illustrate their CSR performance. The availability of this signalling strategy may well add to the empirical legitimacy of ISO 26000, spurring its adoption as it provides firms with a way of visibly demonstrating ISO 26000 adherence thereby reducing information asymmetries between the firm and its constituents.

The Dutch standardization body has developed an online publication platform that partly functions as a register for organizations to publish their self-declarations and the related scope of disclosure (i.e., varying levels of reducing information asymmetries). In this way, firms are able to signal not only their adherence to ISO 26000 to stakeholders, but also signal that they have gone through an elaborate process to demonstrate this and further evidence their use of ISO 26000 through illustrations of their responsible and sustainable behaviors. Publication of this self-declaration also implies that the organization is following the OECD Guidelines for multinational enterprises.

Self-declaration may serve as a substitute for certification, enabling firms wanting to adhere to ISO 26000 to send a similar signal compared to certification while avoiding obtaining certification according to other certifiable comprehensive CSR standards. This is illustrated by the objections made by the IOE, an ISO stakeholder, regarding the proposal to the ISO network

to adopt the idea of a self-declaration on a broader scale. The IOE considers it an infringement of the guidance character of ISO 26000 arguing that it jeopardizes the consensus reached on ISO 26000 by the involved stakeholders (Wilton, 2012). At the same time, self-declaration may be perceived as the proverbial butcher inspecting his own meat (or auto-legitimization), although one may assume that interested stakeholders consulting the online publication platform to get informed about a firm's CSR quality will respond critically to all too subjective or inflated claims made by the firm. These issues with the self-declaration potentially compromise both the input legitimacy and output legitimacy as well as, consequently, the normative legitimacy of the standard.

While an ISO 26000 self-declaration itself is no testimony to having a CSR management systems operational, firms having implemented a CSR management system may well include the fact that they have in their documentation supporting their self-declaration. The self-declaration protocol thus allows firms to signal their underlying CSR quality in a rather conscientious way, meticulously detailing its commitments, efforts and performance, although the level of detail is dependent on the scope of reporting selected by firms to substantiate their adherence to the ISO 26000 standard. Still, following a structured and uniform self-declaration protocol is not the same as an objectification of a CSR quality through second-party or third-party verification (cf. Ciliberti et al., 2011). Publication of ISO 26000 self-declarations through the online publication platform might be expected to have a disciplining function, increasing the credibility of this type of evidencing a firm's CSR quality. Firms do have the possibility, however, to have a self-declaration audited by an external party (see signalling strategy #5).

6.4.4 Signalling strategy 4: Opting for adherence to several CSR issue-related standards

Resembling the substrategy of adhering to a certifiable comprehensive CSR management systems standard in addition to ISO 26000, a fourth signalling strategy that firms have at their disposal in the context of the CSR guidance standard is choosing for multiple CSR issue-related standards to signal their CSR quality (e.g. standards that relate to a particular CSR subject or product-oriented sustainability). Within this strategy such standards need not necessarily be certifiable, nor is it necessary that they are management systems standards. It is neither necessary for the standards that firms adhere to to be of a comprehensive nature nor for these standards to enjoy worldwide recognition and possess the highest degrees of legitimacy.

For instance, a firm may choose to substantiate its adherence to ISO 26000 with ISO 9001 and ISO 14001 certification or through adopting standards such as SA 8000 and OHSAS 18001. A beneficial consequence of using such standards is that a firm may naturally develop a single overarching management system for their operations that may absorb CSR as well (cf. Jørgensen & Simonsen, 2002). Firms may opt for using the AA 1000 standards framework for developing accountability strategies and becoming a signatory of the UNGC as well when they want to support and signal their stakeholder engagement efforts or global peer group

respectively. Regarding the latter, this requires firms to annually issue a communications on progress report that discloses information on the extent to which firms have progressed on implementing the 10 UNGC principles (see e.g., Rasche, 2009a,b).

Standards that are oriented on national contexts and standards that are accepted in specific sectors (e.g., Responsible Care for the chemical industry, the Kimberley Process Certification Scheme for preventing conflict diamonds, Rainforest Alliance for the coffee industry or Fairtrade certification for garments and textiles) may also play a role in this signalling strategy. Such context-dependent standards enable firms to emit a more relevant signal based on ISO 26000 and make the signal recognizable for stakeholders, possibly enhancing its credibility. Irrespective of the standards adopted, this signalling strategy may include an ISO 26000 self-declaration as well since it provides a generic framework to demonstrate CSR commitments. Additional options for firms lie in the adoption of voluntary industry codes of conduct or developing their own code of conduct (Weaver, 1993; Vogel, 2010).

This signalling strategy is essentially based on crafting a 'web of standards' or laying a 'standards puzzle' to construct a framework of evidencing and managing the firm's CSR commitment or creating a 'standards minefield' for stakeholders to stumble upon. While the adoption of multiple, sector-specific CSR-related standards may be a signal that enables the reduction of information asymmetries between the firm and its stakeholders, selecting the proper constellation of standards tailored to the specific characteristics and context of a firm may in itself be perceived as a signal that reveals part of a firm's underlying unobservable CSR qualities as well. A downside of this strategy is that a firm risks to send out too many signals at the same time, possibly even conflicting signals, thereby confusing stakeholders about its CSR quality. When deploying this signalling strategy, it may be useful or even necessary to make clear why a firm has chosen for one set of standards over another as its selection of standards in the face of alternatives attaches meaning to the signal sent.

This signalling strategy may particularly enhance the normative legitimacy of ISO 26000 as it effectively positions the standard as an umbrella or higher-order standard that overarches and integrates CSR issue-related standards. Firms using this strategy may consequently signal to stakeholders that they have developed a truly integrative CSR initiative characterized by a holistic approach to addressing their roles and responsibilities in society. However, there may be negative signalling effects as well, as stakeholders may perceive firms pursuing this option as 'collectors of standards', trying to obscure rather than reveal true CSR quality or standardizing a value-driven concept and adopting compliance approaches to issues of authenticity.

6.4.5 *Signalling strategy 5: Opting for external verification of standard adherence*

The fifth and final signalling strategy identified here is the option for a firm to choose for external verification of its adherence to ISO 26000. While this strategy does not address the signalling problem of ISO 26000 related to the fact that it was not developed as a management systems

standard, it does address the problem of the standard's uncertifiability as it relates to objectifying a firm's signal on its CSR quality. In a process of external verification CSR commitments and performance are systematically evaluated against an established set of criteria (Kok et al., 2001; Morimoto et al., 2005). While external verification may be conducted by a consulting firm or certification organization (second-party verification), options in which a firm's peer group or stakeholders are involved are also possible (third-party verification) (Mena & Palazzo, 2012).

Similarly, statements of ISO 26000 self-declaration by firms may be externally verified. The Dutch national standardization body suggests in this context that firms involve their stakeholders in assessing their self-declaration, for instance by using the AA1000SES standard for stakeholder engagement. The Dutch ISO 26000 national mirror committee that has advised the Dutch standardization body in the ISO 26000 development and post-publication process stated that verification statements do not necessarily enhance the credibility of claims by firms of adhering to ISO 26000 (NEN, 2013). The Dutch firms that pursued the substrategy of adhering to both ISO 26000 and obtaining certification based on the CSR Performance Ladder all had their ISO 26000 self-declaration verified by renowned certification organizations providing these services.

External verification of adherence to ISO 26000 and ISO 26000 self-declarations may hence function as a substitute for certification and strengthen the output legitimacy of the standard through a quasi-enforcement mechanism. It does not however solve the signalling problem related to the standard not being a management system, nor is there a requirement for firms to have their CSR commitment and performance periodically verified. Although re-verification on an interval-basis would be entirely in the spirit of ISO 26000, this remains an entirely voluntary undertaking. Consequently, this strategy may reduce the information asymmetry between a firm and its stakeholders on its underlying CSR quality, but involves a perishable date.

6.5 Discussion and research implications

This chapter has focused on two defining characteristics of the ISO 26000 standard for CSR, namely the uncertifiable nature of ISO 26000 and the fact that it was not developed as a management system. It was argued that these characteristics may make the standard problematic for firms from a signalling perspective, possibly hindering its adoption worldwide and thus potentially compromising its empirical legitimacy. The assumption was made that firms need additional strategies for the signal through their adoption of ISO 26000 to become a more efficacious signal and five signalling strategies to complement the adoption of the standard were consequently identified.

There may however be other characteristics of the standard that potentially compromise its ability to serve as an efficacious signal of underlying CSR quality and that require firms to engage in additional signalling strategies. Perhaps the most important one is the interpretation of CSR

that the standard propagates, which seems to divert from most contemporary definitions of CSR that are founded on instrumental or strategic conceptions of CSR (Den Bakker, et al., 2005; Dahlsrud, 2008; Lee, 2008; Aguinis & Glavas, 2012). The ISO 26000 definition of CSR does not include explicit dimensions of economic sustainability, but seems to promote a conception of CSR that is dominantly morally-informed focussing on the responsibilities of firms on the social and environmental spectrum of sustainability. One could consequently question the efficacy of the signal firms emit when adopting ISO 26000, especially in the face of powerful primary stakeholders that have an interest in the firm following a truly integrated triple bottom line approach towards CSR. Lys et al. (2013) have recently shed an intriguing light on such signalling from the perspective of the relationship between CSR and corporate financial performance. They found empirical evidence that firms communicate about their engagement in social and environmental initiatives to signal to investors that they expect to be economically successful in the near future. While ISO 26000 could be a signal to tell stakeholders that the firm does not follow an integrated triple bottom line approach, it could be perceived as a signal that tells stakeholders that the firm is economically successful and reassure investors that they can safely invest in the company.

Following from this, and in addition to the previous chapter, the extent to which ISO 26000 represents a problem in signalling may be further investigated in more detail by researchers from the perspective of ST. Based on an exemplary review of the theory by Connelly et al. (2011) the standard has so far been assessed on dimensions of signal fit and signal honesty. Also, the previous chapter speculated on the possible effects of the signals firms emit through their adherence of ISO 26000 on perceptions of different categories of signal receivers. Assessing signal reliability and signal consistency (Gao et al., 2008) may also be worth of investigating in more depth, as engaging in additional signalling strategies, especially those that involve adopting other comprehensive CSR or CSR issue-related standards, may pose firms with the risk of sending out conflicting signals. While the effectiveness of the signalling process may be increased by repetitive signalling, particularly by using different signals to communicate the same message, this may also confuse stakeholders and as stakeholders aggregate signals to ascribe particular meaning to these, different signal receivers may have different signalling experiences (Balboa & Marti, 2007). As a result, emitting multiple signals, even though they are related, may compromise a firm's credibility as its CSR claims may potentially not be perceived to be in congruence with its CSR actions (cf. Valor, 2005; Becker-Olsen, 2005; Boiral, 2007). As an extension of this, investigating the credibility of adhering to ISO 26000 with and without the use of additional signalling strategies may shed light on the value of the standard itself and the various signalling strategies, especially those that involve combining ISO 26000 with other CSR standards. The use of multiple standards in one domain (i.e., CSR) simultaneously has only recently become a topic of academic interest and needs further investigation (Pollock et al., 2010; Brunsson et al., 2012). Scholars may for instance focus their attention on different constellations of CSR

standards that firms build, providing not only insight in the perception of these combinations by stakeholders, but also in used and useful combinations of standards (global vs. local standards, management systems standards vs. aspirational sets of principles, comprehensive CSR standards vs. CSR issue-related standards), their degree of (in)compatibility, motivations for using multiple standards, internal and external conditions for using multiple standards simultaneously and achieving an optimum of credibility of CSR claims through standards for different type of firms.

As a second category of suggestions, scholars may direct research attention to empirically investigating the several signalling strategies identified in this chapter and provide insights in the conditions under which the respective signalling strategies are deployed in practice. It may be that the use of particular signalling strategies depends on specific firm characteristics (e.g., size, sector, business-to-business vs. business-to-government markets, experience with verification and assurance services) and conditions of the corporate environment (e.g., signalling strategies by competitors, media coverage of corporate greenwashing). Interesting in this light is that Hahn (2012a), after an in-depth analysis of ISO 26000, tended to conclude that the standard is best suited for use by companies in the early stages of development. While the stage of CSR development (e.g., Dunphy et al., 2007; Maon et al., 2010, Dittley Simonsen & Gottschalk, 2011) may be a determining factor in the use of the respective signalling strategies identified in this chapter (or the abstention thereof), the observation made by Hahn on ISO 26000 may also indicate that ISO 26000 may not be the signal of choice by companies that are more advanced with implementing CSR and want to reveal their underlying CSR quality. It would hence be worthwhile to empirically investigate why and under what conditions certain firms do (not) choose for one signalling strategy over others. Literature on stakeholder influence and the embeddedness of firms in stakeholder networks (e.g., Rowley, 1997; King, 2008; Zietsma & Winn, 2008; Van Huijstee & Glasbergen, 2010) may prove helpful in research this since *“explanations of how organizations respond to their stakeholders require an analysis of the complex array of multiple and interdependent relationships existing in stakeholder environments”* (Rowley, 1997: 890). Consistent with Binder (2007) having said that organizations are able to *“find heterodox ways of responding to the accountability demands of [their] environment”* (p. 567), signalling strategies may be tuned to characteristics of and could be seen as responses to important stakeholder groups and their interests (e.g., Mitchell et al. 1997) and firms' intricate webs of stakeholder relationships.

Third, it should be noted that this chapter assumed that additional action by firms that have adopted ISO 26000 was necessary to reduce information asymmetries between them and their stakeholders. Rejecting this assumption, research could however also investigate why firms would choose *not* to deploy additional strategies when adopting ISO 26000. Scholars may also investigate how the various signalling strategies are part of broader corporate communications strategies on CSR and part of stakeholder engagement initiatives. Emitting signals about the CSR quality of firms through standards are dominantly asymmetric sensegiving rather than

symmetric sensemaking activities and more oriented on stakeholder information and response strategies rather than stakeholder involvement strategies (Morsing & Schultz, 2006). Engaging in stakeholder dialogue (which is part and parcel of either suggestions or requirements that can be found in CSR standards) probably is a superior form of signalling CSR quality and reducing information asymmetries. However, as stakeholder dialogue is far more requiring in terms of specific firm capabilities needed and its resource-intensity, it would be interesting to see how sensegiving and sensemaking communication strategies are combined by firms and what role ISO 26000 and additional signalling strategies have in these combinations. It may for instance appear that firms engaging in stakeholder dialogue as a way of sensemaking of CSR (perceive they) do not need additional signalling strategies as they find that they are well able to reduce information asymmetries through stakeholder dialogue (cf. Golob & Podnar, 2011; Johansen & Nielsen, 2011).

The fourth suggestion for research relates to the legitimacy aspects of multi-stakeholder initiatives such as ISO 26000. While private sector regulation through multi-stakeholder initiatives has been criticized as being a form of window-dressing based on the interests and involvement of corporations and failing monitoring mechanisms, current literature seems to be increasingly enthusiastic about this form of governance and views it as important to identify ways in which such voluntary standards can be embedded in democratic and government structures (Rasche, 2010; Vogel, 2010; Mena & Palazzo, 2012). As this chapter has illustrated, the two characteristics of ISO 26000 that make it problematic from a signalling perspective, are directly the result of negotiations of powerful stakeholders in the standard's development process (Hahn & Weidtmann, 2012). In other words, the output legitimacy of ISO 26000 may be compromised by the input legitimacy of the standard. The same may apply to the consequences for the standard's empirical legitimacy (i.e., the adoption of the standard by firms). Also, a low level of empirical legitimacy may result in a decreasing level of normative legitimacy. These trade-offs between various forms of legitimacy provide an additional perspective on the various input and output legitimacy problems of multi-stakeholder initiatives that Mena & Palazzo (2012) have recently addressed and may provide a fertile perspective for investigating the underresearched topic of legitimacy of these forms of self-governance. Signalling strategies may play an intermediating role in the extent to which a standard is perceived as legitimate in the marketplace as the availability of options for making ISO 26000 an efficacious signal may spur its adoption and hence increase its empirical legitimacy.

6.6 Conclusion

Reducing information asymmetries on CSR commitments and performance between a firm and its stakeholders through efficacious signalling may benefit both firm and stakeholders as well as wider society. CSR standards may be helpful in overcoming such information

asymmetries. However, certain characteristics of the ISO 26000 standard, it was argued, may lead the standard to become problematic from a signalling perspective. The signalling strategies identified in this chapter may not only prove relevant for ISO 26000-adhering firms that want to emit efficacious CSR signals, but also for stakeholders wanting to assess corporate CSR claims and policy-makers trying to encourage responsible business conduct through the use of mechanisms of self-governance. These signalling strategies may provide insights in ways through which firms can effectively reveal underlying and often unobservable or hard-to-observe CSR quality, dynamics of CSR standard's adoption, the development of stakeholder response and engagement strategies and the legitimacy of multi-stakeholder initiatives. At the same time, the insights this chapter provides raise various new questions and several avenues for researchers to investigate the subjects addressed here from an empirical and theoretical point of view were formulated to advance the field.

As ISO 26000 can be seen as an important contemporary project of private governance in the field of CSR and the responsibilities of business in society, the insights offered in this chapter may spur the adoption and add to the credibility and legitimacy of the standard and other multi-stakeholder initiatives alike that may hold an equally important promise – that of advancing society's goal to develop towards sustainability and the role of the private governance of externalities as a crucial pillar in supporting the realization of this goal.

Notes

- 1 This chapter has been accepted for publication in the International Journal of Operations and Production Management in a slightly adjusted form.
- 2 Although ISO 26000 uses the term 'social responsibility' (SR) instead of 'corporate social responsibility' (CSR), this chapter consistently uses the more accepted term CSR. Similarly, while ISO 26000 applies to organizations of all sorts, sizes and sectors, this chapter consistently refers to firms, without implying that insights are limited to this kind of organizations.
- 3 ISO 26000 defines CSR as follows: *"responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that (1) contributes to sustainable development, including health and the welfare of society; (2) takes into account the expectations of stakeholders; (3) is in compliance with applicable law and consistent with international norms of behaviour; and (4) is integrated throughout the organization and practised in its relationships"* (ISO, 2010: 3-4).
- 4 Although beyond the scope of this paper, this indicates an important drawback of MSIs, projects of collaborative governance and processes of deliberative democracy. While they may be perceived as the hallmarks of contemporary governance beyond the level of the nation-state, they may be subject to the political interests of powerful participants and fall victim to an absolute consequence of the principle of consensus-building.

Chapter 7

CSR managers' views
and use of CSR standards
in the context of
enhancing the credibility of
corporate CSR claims¹

7.1 Introduction

Many companies are nowadays engaging in CSR, actively signalling their societal commitment and communicating resulting sustainability performance (or 'CSR quality') to stakeholders in order to reap the business benefits from being – or pretending to be – a good corporate citizen. Research by Globescan (2012) however shows that while stakeholders generally have a lot of interest in learning about firms' CSR commitments and performance, many of them do not think that companies communicate honestly about CSR. Scholars have pointed out that scepticism, cynicism, suspicion and mistrust towards companies' CSR initiatives are rooted in the structural misalignment of corporate CSR claims on the one hand and actions on the other (Laufer, 2003; Ramus & Montiel, 2005; cf. Becker-Olsen et al., 2006) indicating symbolic and selective rather than substantive CSR implementation (Christmann & Taylor, 2006; Perez-Batres et al., 2012; Marquis & Qian, 2013). In addition to factual misalignments of corporate CSR claims and actions that stakeholders witness, stakeholder perception of this alignment may also be thwarted due to the relative unobservability of CSR (Terlaak, 2007b) and the idiosyncrasy of the CSR concept (Moon et al., 2005; Matten & Moon, 2008).

Since standards can be viewed as efficacious signals or evidence of the nature and level of a firm's CSR quality, adhering to CSR standards may support firms in enhancing their CSR claims. Nowadays, firms have many CSR standards of varying nature and scope to choose from (cf. Waddock, 2008) to indicate that a firm has CSR aspirations and has committed itself to improving its CSR performance, that it follows a structured approach towards implementing CSR, that it has attained a certain CSR integration or maturity level and, in the case of certifiable standards, that it has had an objectified affirmative judgment of its CSR quality (Cramer, 2005; Christmann & Taylor, 2006; Rasche, 2009, 2010). Many firms appear to use CSR standards for one or more of these reasons (Gilbert et al., 2011; European Commission, 2013). However, firms have been reported to use CSR standards as legitimacy fronts, fig leaves and procedural smokescreens as well (Delmas, 2000; Mueller et al., 2009; Hahn, 2012b).

While CSR standards have become a popular topic of academic investigation (e.g., Terlaak, 2007a,b; Castka & Balzarova, 2008b,d; Delmas & Montes-Sancho, 2010; Rasche, 2010; Gilbert et al., 2011), hardly any research has examined their role from the particular perspective of enhancing the credibility of corporate CSR claims in-depth. Also, empirical research on this subject has been lacking. Adopting a signalling perspective, this chapter aims to identify several fundamental problems in credibly signalling CSR quality, examines the potential and limits of multiple kinds of CSR standards to address these problems and sheds light on the use of CSR standards by firms in practice. It does so from a theoretical perspective based on a review of relevant literature and by reporting on the results of a survey among Dutch CSR managers.

The structure of the chapter is as follows. It first problematizes the misalignment between corporate CSR claims and actions. Next to pointing at problems of greenwashing, it argues that

stakeholder interpretation of CSR quality is easily compromised by the relative unobservability of CSR quality and the idiosyncrasy of the CSR concept. The chapter subsequently focuses on CSR standards as a way to enhance the credibility of corporate CSR claims. It presents an overview of literature on CSR standards, discerning between institutional and actor-based views, addresses the ambiguous role of certification, identifies other strategies to enhance the credibility of CSR claims and examines the use of standards as legitimacy facades. The subsequent sections present the research methodology and the findings of the empirical research respectively. The chapter closes by drawing conclusions from the collected data and critically discussing the findings, linking them to theory and specifying several avenues for further research.

7.2 Signalling and interpreting (mis)alignment

Consumers tend to be more positive about firms that engage in CSR activities than those that are not (Nan & Heo, 2007). Hence, firms have something to gain from communicating that they are addressing social and environmental responsibilities and experience high incentives to signal their CSR quality to stakeholders. However, only 17 per cent of people between the age of 25 and 64 trust business 'a great deal' (Edelman, 2013) and many people doubt the honesty of corporate CSR communications (Globescan, 2012). From the perspective of signalling theory, firms engage in signalling their CSR quality to reduce information asymmetries between them and their constituents, assuming that stakeholders are willing to pay a premium of some sort to firms and supply them with certain benefits when they avail of this information (Connelly et al., 2011). Informing stakeholders about corporate CSR commitments and performance have indeed been found to positively influence public perceptions and images of firms. It may positively influence purchase intention, increase market share, improve stakeholder relations, enhance stakeholders' advocacy behaviors, insure a companies against lost reputation in case of adverse events and be a basis for competitive differentiation (Sen & Bhattacharya, 2001; Deegan, 2002; Ramus & Montiel, 2005; Du et al., 2010; Carroll & Shabana, 2011; Minor & Morgan, 2011). Scholars have also suggested that organizations may communicate their CSR quality in direct response to stakeholder demands and expectations which may lead them to achieve greater legitimacy in the marketplace (Clarke & Gibson-Sweet, 1999; Morsing & Schultz, 2006; Gugerty, 2009; Mueller et al, 2009; Scherer & Palazzo, 2011).

7.2.1 Actual and perceptual misalignment

However, taking a closer look at companies signalling their CSR quality reveals two problems, both of which relate to the alignment of corporate CSR claims and actions. First, while firms may experience few thresholds for engaging in signalling CSR quality – irrespective of whether or not they actually possess such quality – and as they have many ways of communicating this

quality at their disposal, 'talking CSR' may dominate 'walking CSR'. Many firms have demonstrated to accept or even cultivate a loose coupling between their words and their behavior. Studies by Christmann & Taylor (2006) and Perez-Batres et al. (2012) have for instance shown that firms strategically select levels of compliance with CSR standards and consciously choose between adopting symbolic or substantive self-regulatory codes depending on pressures by stakeholders (cf. Marquis & Qian, 2013). Firms appear to develop capabilities to pass audits and symbolically comply with standards' requirements. The extent to which implementation of CSR is substantive is partly dependent on their assessment of stakeholders' ability of detecting and sanctioning symbolic implementation as well as the availability of firm resources to respond to stakeholder pressures. In a case study, Ahlstrom (2010) concluded that a firm's response to NGO demands is aimed at keeping the current business practice intact, decoupling practice from its discourse of responsible enterprise. Several other studies, both conceptual and empirical, have argued that through de-coupling or loose coupling of CSR claims and actions firms are able to present a mask of virtue to cover actual deceit, shallow CSR practices or minimal policy implementation (e.g., Laufer, 2003; Boiral, 2007; Khan et al., 2007; Ramus & Montiel, 2005; Mueller et al., 2009). This problem has also been illustrated in detail by various reports revealing behavior by firms in many sectors and of different sizes that is not congruent with their CSR claims or that even sharply contrasts the agendas and interests companies claim to advance (e.g., Christian Aid, 2004; TerraChoice, 2009; Ceres, 2012; Oekom, 2013). What these studies provide are abundant indications of structural misalignment of corporate CSR claims and corresponding action in a way that favours companies' public image or, as the phenomenon has been popularly called, greenwashing. The existence of this phenomenon has been painfully demonstrated over the years by corporate fraud scandals in which self-declared socially responsible companies were involved and environmental disasters caused by companies that prided themselves in the solidity of their sustainability commitments.

Next to the problem of greenwashing, a second problem relating to firms signalling their CSR quality concerns not the *actual* alignment of claim and action, but stakeholders' *perception* of this alignment. Becker-Olsen et al. (2006) have shown that responses to a firm's CSR initiative by stakeholders are not a result of the CSR initiative itself, but rather of their evaluation of it in relation to the company. Signal receivers may experience severe difficulties in interpreting and gauging CSR signals emitted by firms. It may be far from clear for a firm's stakeholders whether or not it has truly aligned CSR claims and actions, whether it is delivering on promise, whether its interpretations of CSR fit the nature of its organization and its impacts, whether it has chosen a proper CSR implementation approach, or whether it represents and advances stakeholder interests. In other words, the ability of stakeholders to interpret firms' CSR signals is easily compromised: even in cases of firms that have properly aligned CSR claim and action it is hard for stakeholders to pass a verdict on whether or not these firms are engaging in greenwashing practices or not. In addition, a company's reputation functions as a frame of reference used

by stakeholders when stakeholders are interpreting its CSR communication (Brown & Dacin 1997; Bae & Cameron, 2006; Elving, 2012). This makes it a chore for firms that want to redeem themselves from prior missteps – if they stand any chance at all.

7.2.2 The unobservability and idiosyncrasy of CSR

Reasons for this compromised stakeholder interpretation are rooted in the relative unobservability of CSR quality and the idiosyncratic nature of the CSR concept. Stakeholders may not be able to tell if a company is actually engaging in responsible business conduct due to the fact that the CSR quality of a firm is often hard to observe or even unobservable (Johnston, 2005; Terlaak, 2007b; Doh et al., 2010). Determining the extent of misalignment between CSR claim and action or decoupling between CSR policy and practice is almost impossible for stakeholders. As Terlaak (2007b) notes: *“environmental or labor management practices, for example, primarily relate to internal firm processes, which makes them difficult for external exchange partners to observe”* (p. 974; cf. Doh et al., 2010).

Signal interpretation problems also relate to the nature of the CSR concept. CSR has been labelled an ‘essentially contested concept’ (Moon et al., 2005: 433–434), a contested institutional practice (Matten & Moon, 2008) and an umbrella construct (Crane & Matten, 2008; Geppert et al., 2006; Matten & Moon, 2008). The concept covers an extensive range of topics including working conditions in the supply chain, climate change, stakeholder engagement and corporate community involvement. There is no universally agreed upon definition (Palazzo & Scherer, 2008) and it has even been questioned if it is possible and necessary to arrive at such a definition at all (Okoye, 2009). Consequently, myriad interpretations of CSR and idiosyncratic firm approaches towards CSR are scattered around the marketplace (Frankental, 2001; Murillo & Lozano, 2006; Barth & Wolff, 2009; Perera & Chaminda, 2012). Interpretations of and approaches towards CSR may differ based on the level of fit they have with firm characteristics. Firms may also be cherry-picking the CSR agenda, while yet others choose either explicitly a business case approach to CSR or a focus on corporate philanthropy. In such a context, the ability of stakeholders to make sense of corporate CSR claims and actions is easily hampered and information asymmetries may remain or are even augmented due to signalling efforts.

Based on the abovementioned alignment problems of firms signalling their CSR quality, it can be argued that it is important for firms to properly substantiate their CSR claims. This especially applies to companies that have aligned CSR claims and action. Such companies may want to differentiate themselves from those companies they compete with which are purposively signalling – or are believed to do so – beyond their true CSR quality and are exploiting rather than reducing existing information asymmetries between them and their stakeholders. While companies are not always able or willing to point stakeholders at misalignments between CSR claims and actions of competitors, most of them can be assumed to be interested in substantiating their own claims with respect to their CSR quality preventing possible misinterpretations of

their own CSR signals and strengthening them. Reducing information asymmetries may increase the value of their signals relative to their competitors' and increase the absolute value of their own signal, correcting their own potential signalling errors.

Adhering to CSR standards may serve firms to cope with the problems related to signalling CSR quality by reducing information asymmetries through increasing the observability of CSR quality and providing common ground underlying firm-specific interpretations of and approaches towards CSR.

7.3 Functions of CSR standards: institutional vs. actor-based views

Standards can be defined as *"predefined rules and procedures for organizational behavior with regard to (...) issues that are usually not required by law"* (Rasche, 2011). From an institutional perspective, CSR standards function as normlike institutions harmonizing companies' approaches to CSR through the provision of common frameworks that guide organizational behavior. The diffusion of CSR standards enables benchmarking by firms and their stakeholders, mutual learning and may spur the adoption of socially desired firm practices. In general, standards are important for increasing economic efficiency as they provide a basis for reducing transaction costs that are the result of information asymmetry in markets (Nadvi & Waltring, 2004) and several CSR standards have become part of regulatory frameworks by governments or are referred to in legislation and public policy documents (e.g., European Commission, 2011). As Terlaak (2007b) notes, standards may create 'order without law' in settings characterized by incomplete consensus and information and capture in a written and codified form 'how things should be done'. CSR standards hold the potential to function as governance mechanisms for self-regulation of companies and collaborative governance of firms and stakeholders in a global context beyond the level of the nation-state (Cashore, 2002; Boiral, 2003; Potoski & Prakash, 2004; Christmann & Taylor, 2006; Rasche, 2009; Mueckenberger & Jastram, 2010; Mena & Palazzo, 2012; Hahn & Weidtmann, 2012). As such, they constitute a category of coordination mechanisms and instruments of regulation comparable to instruments such as public regulations, markets and hierarchies or formal organizations (Antonelli, 1998; Brunsson & Jacobsson, 2000).

Several of the most authoritative CSR standards such as the UNGC and ISO 26000 have been developed in MSIs and function as transnational norm-building networks (Mueckenberger & Jastram, 2010). They derive their legitimacy from the authority of the organizations that initiated their development (i.e., the UN and ISO), democratic, transparent and stakeholder-inclusive processes of standards-setting, their extent of rule coverage and the degree to which they are enforced (Mena & Palazzo, 2012).

7.3.1 Actor-based perspectives

With the overall goal of standardization efforts being to enable reaching consensus on solutions

that meet the requirements of business as well of the broader needs of society (ISO, 2013), using standards may be an apt response for countering at least the problem of idiosyncrasy related to signalling CSR. Through standards, firms and stakeholders alike can make legitimate sense of contested concepts and multifaceted management and technical issues. Reminiscent of the 'rising tide of frequently contradictory demands' that companies are nowadays faced with as noted by Brunsson (2003), standards may function as a sensemaking platform for companies and their constituents in the context of CSR.

From an actor-based view, firms generally find CSR standards attractive as they offer a shared point of orientation or reference in the management of often unspecific and frequently contradictory demands and expectations that they are confronted with. The agreed-upon language these standards provide carry a legitimizing function, enabling the interpretation, implementation and communication of CSR in a fragmented domain, improving stakeholder relations and supporting the substantiation of firms' CSR claims and enhancing their credibility (Ingenbleek et al., 2007; Castka & Balzarova, 2008a; Mueller et al., 2009; Mijatovic & Stokic, 2010; Pflugrath et al., 2011). Standards may induce companies to adopt a more systematic and progressive approach towards CSR enabling a firm's CSR-related organizational change processes (Fombrun, 2005; Castka and Balzarova, 2008a; Maon et al., 2009). This may enable companies to economize by realizing efficiency improvements and cost reductions (cf. Anderson et al., 1997) and to meet sustainability requirements that buyers have formulated as a precondition for engaging in market transactions (Walker & Brammer, 2009; Varnas et al. 2009; Lee & Kim, 2009). It has been shown that managers see the adoption of standards as essential for the organizational and financial health of their firms (Grow et al., 2005). In addition, CSR standards may function as a signalling device to stakeholders enabling companies to increase the observability of their CSR quality and differentiating themselves from competition and consequently provide the firm with competitive advantage (Rasche, 2011). Combining these functions, CSR standards may also signal that a company has ensured that responsibility is appropriately assigned for maintaining high social and environmental standards throughout the organization (cf. Morrow & Rondinelli, 2002).

Following the functions and apparent benefits of standards, both from an institutional and an actor-based perspective, it is not surprising that the CSR domain has witnessed a proliferation of various types of standards, including principle-based standards, reporting-based standards, certification standards, process standards and integrating guidance-based standards (Rasche, 2010; cf. Gilbert et al., 2011). These standards have originated from myriad initiatives and organizations, that have been developed through processes with varying levels of stakeholder inclusion, that differ in nature and in orientation, that show overlap regarding their characteristics and subjects they address, and that compete with each other in becoming the dominant point of reference for responsible business conduct (cf. Waddock, 2008; Mueckenberger & Jastram, 2010; Mena & Palazzo, 2012). Widely used standards in the field of CSR include the UNGC, the GRI guidelines for sustainability reporting, the ISO 14001 management systems standard

for environmental management, the SA 8000 standard for working conditions in the supply chain of companies and the AA 1000 series of standards which focus on sustainability reporting assurance and stakeholder engagement. Most recently, the ISO 26000 guidance standard for CSR was published, which is uncertifiable and does not contain requirements for a management system. A recent report of the European Commission (2013) based on research among 200 European companies shows that 40 per cent refer to at least one internationally recognized CSR standard, while 33 per cent of the companies in the research refer to at least the UNGC, the OECD Guidelines for MNEs, or ISO 26000. While the proliferation of CSR standards may be viewed as a positive development from a societal perspective, it arguably adds to hampering stakeholders' ability to interpret and gauge corporate CSR claims. ISO 26000 may serve as a case-in-point as the standard was developed through an elaborate multi-stakeholder initiative as an overarching standard that is not certifiable and merely offers guidance rather than specifying requirements for a management systems standard. As a result, different NSIs have developed certifiable CSR management systems based or inspired on ISO 26000 standards or have initiated other strategies to strengthen the signal that firms emit by adhering to ISO 26000, such as the development of a guideline for organizations to publish an ISO 26000 self-declaration (see Chapters 4 and 6).

7.3.2 *Other strategies for enhancing the credibility of corporate CSR claims*

Firms have been adopting CSR standards to signal their CSR quality and evidence and enhance the credibility of their CSR claims. Adhering to such standards may signal an alignment between CSR claim and action and so enable stakeholder interpretation ability by increasing the observability of a firm's CSR quality and counter problems of idiosyncrasy that are inherent to the CSR concept. Although an important strategy, CSR standards are only one among several strategies for enhancing the credibility of corporate CSR claims.

Moratis (forthcoming) recently developed a taxonomy of strategies for enhancing the credibility of corporate CSR claims, including enhancing credibility by engaging stakeholders and entering in stakeholder dialogue (e.g., Adams & Evans, 2004; Morsing & Schultz, 2006), by participating in voluntary (sectoral) CSR initiatives (e.g., Ayuso, 2006; Bondy et al., 2004; Lozano, 2012), by partnering with nongovernmental organizations (e.g., Arenas et al., 2009; Schouten & Glasbergen, 2011), by providing transparency about CSR performance (e.g., Clarke & Gibson-Sweet, 1999; Dando & Swift, 2003), by ensuring fit between the CSR initiative and firm characteristics (e.g., Becker-Olsen et al., 2006; Lee et al., 2012), and by seeking second- or third-party judgment (e.g., Fonseca, 2010; Pflugrath et al., 2011). While part of these strategies may overlap with adhering to CSR standards, they are complementary and can be deployed in combination with each other. An obvious combination may be for firms to be as transparent as possible on their CSR performance by publishing a sustainability report, thereby adding figures and flavour to its adherence to the CSR standard.²

Another perspective on enhancing the credibility of CSR claims was offered in Chapter 6 which examined signalling strategies to enhance the signal firms emit by adhering to the ISO 26000 standard. ISO 26000 represents a peculiar and interesting example of a CSR standard as it is not certifiable, does neither contain requirements for a management system nor any other requirements whatsoever (e.g., communicating on progress), and is grounded in the idiosyncrasy of the CSR concept (Hahn, 2012a,b; Hemphill, 2013). These characteristics of ISO 26000 lead to signalling problems of firms adhering to the standard as it maintains information asymmetries regarding the alignment of CSR claims and actions and decouples firms' efforts from CSR performance (Schwartz & Tilling, 2009; cf. Bromley & Powell, 2012). Firms consequently have to find ways to strengthen the CSR signal they send to stakeholders through ISO 26000. Additional signalling strategies include the use of multiple standards, adopting certifiable CSR or CSR issue-based management systems standards, and opting for ISO 26000 self-declaration, either externally verified or not. The strategy of using multiple standards appeared to be pursued by several firms that have chosen to adopt the ISO 26000 standard. In general terms, using multiple CSR standards may be a worthwhile option for firms due to the complementarity of the functions different standards may have, differences in the scope of subjects they cover; differences in signalling value they possess, their geographical orientation (local versus global standards), and differences in requirements of market-based stakeholders (e.g., procurement criteria). Similarly, Rasche (2010) emphasized from an institutional view the need for CSR standards and the multi-stakeholder initiatives they originate from to collaborate more directly in order to enhance their impact and work towards convergence.

7.3.3 The role of certification

The issue of certification plays an important although not uncontested role in the standards domain. Many management standards entail a certification element that makes visible through an objectified verification whether a firm indeed conducts its practices in the appropriate ways. ISO 26000 refers to the role of certification by stating that “*credibility with regard to certain issues can sometimes be enhanced through participation in specific certification schemes*” (ISO, 2010: 78). The use of certifiable CSR standards represents an obvious example of strengthening the signals that organizations send to both internal and external stakeholders and it enables making a firm's behavior more transparent. In a study on ISO 9000 Terlaak & King (2006) argue that adopting a certification standards may act like a market signal of superior though unobservable quality. It may provide firms with competitive benefit and firms may be rewarded by both end-consumers and industrial clients (Reinhardt, 1998). In a study on certifiable social management systems Terlaak (2007a) argues that this signalling action by firms may in fact change underlying attributes of companies as practices related to these systems are likely to influence firms' social practices and social performance. Certification, therefore, may discipline firms in aligning CSR claims and actions and encourage them to further develop their CSR quality.

Also, certification can be viewed as an objectified indication of the implementation of practices outlined in a standard. By demonstrating this a firm may substantiate its CSR claims enhancing its credibility. As far as these practices result in superior performance, certification may also be a proxy indicator for firm performance in the standard's target area. Hahn (2012b) additionally notes that third-party certification reduces the need to conduct second- or first-party audits and assists an organization in demonstrating its ability to meet certain requirements. Therefore, *"it can help to limit transaction costs and to lower information asymmetries especially when looking at experience or credence goods such as product or process quality, environmental behavior or CSR"* (Hahn, 2012b: 723). Terlaak (2007b) theorizes that certification enables standards to shape firm activities when consensus about expected behaviors is incomplete and when behaviors are difficult to observe. Research on certifiable environmental management standards also suggests that companies are more likely to opt for certification in the case of high information asymmetries between them and their stakeholders (Jiang & Bansal, 2003). As certification should differentiate between companies of high and low quality, it is generally assumed that certification costs are inversely related to supplier quality (Riley, 2001; Terlaak & King, 2006). High-performing firms incur lower certification costs, because their practices are already up to par and because better firm capabilities contribute to the reduction of costs related to necessary adjustments. In the context of ISO 9001, Connelly et al. (2011) have similarly stated that ISO 9001 certification incurs lower costs for a high-quality firm when compared with a low-quality firm *"because a low-quality manufacturer would be required to implement considerably more change to be awarded the certification"* (p. 45). Certification may hence signal true CSR quality.

Interestingly, neither of the world's most authoritative CSR standards (i.e., UNGC, GRI, OECD Guidelines for MNEs and ISO 26000) are certifiable, leaving firms that want to demonstrate their CSR quality through communicating that they have obtained certification unable to do so. Hahn (2012a) has argued that this does not pose a problem as he perceives ISO 26000 as an evolutionary step in standard innovation offering signalling opportunities *beyond* certification on a direct level of interaction with its stakeholders (cf. Webb, 2012). He poses that possible decoupling tendencies inherent to third-party certificates may reduce confidence in conventional standards, whereas alternative modes of signalling such as ISO 26000 potentially enable a more credible implementation of CSR (v. Schwartz & Tilling, 2009). Options for what one could call pseudo-certification do exist, however. Many firms have had their GRI-based sustainability reports verified by an external SP. Also, the publication of ISO 26000 has triggered certification and certification-like responses from national standardization bodies throughout the world, including certifiable CSR management systems standards such as the Danish DS 49001 (Hahn, 2012b; also see Chapter 4). Internationally active COs have also joint forces in developing the CSR Performance Ladder, which is a certifiable management systems standard inspired by ISO 26000 and which was launched in the Netherlands. The NSIs of Sweden, France and the Netherlands are pioneering self-declaration options for ISO 26000. In the Netherlands,

ISO 26000-adhering firms can choose to follow a protocol laid down in a practical guideline called NPR 9026 for publishing such an ISO 26000 self-declaration and several firms have chosen to have their self-declaration externally audited.

7.3.4 Standards and certifications as legitimacy facades

Adhering to standards may to a certain degree function as an 'entry barrier', discouraging companies that purposively engage in false signalling by merely seeking to obscure rather than reveal certain behavior. Also, high certification costs are partly the result of a time-consuming process and these costs may make it more difficult for firms that do not possess sufficient CSR quality to engage in false signalling and take advantage of compromised stakeholder interpretation abilities (Terlaak, 2007b).

It should be noted that both uncertifiable and certifiable standards, however, are not immune to falling victim to the problems of misalignment of CSR claims and actions and perceptions thereof. Despite the thresholds firms have to take to obtain certification, it may hold sufficient value (e.g., as a knock-out criteria in tenders) to invoke moral hazard. Companies may fake or polish behaviours, only partly, selectively or symbolically implement changes for cosmetic purposes or see certification of a management standard as an end-point of CSR development rather than a license or impetus for continuous improvement. Terlaak (2007b) has argued that certification may limit the scope of normlike institutions by encouraging patterns of compliance, leading certification requirements to become performance limits rather than a platform or stepping stone for future organizational performance. Terlaak problematizes the varying interpretations of firm compliance with certified management standards (CMS), noting that some observers infer from companies complying with CMSs that have superior performance that certification signals high performance, while others infer from companies complying with CMSs that have inferior performance that certification signals an improvement tool for lagging performers. She empirically demonstrated that a social CMS might run the risk of simply being a 'satisficing signal', a phenomenon that indicates the choice of poor performing firms to certify their best performing plants in order to respond to stakeholder pressures, that firms employ to mitigate stakeholder pressures without trying to substantially improve social performance (Terlaak, 2007a).

Empirical evidence has shown that organizations that have a certified environmental management system in place often appear to not have better environmental performance (Andrews et al., 2003). Other empirical research similarly suggests that poor instead of stellar performers tend to opt for certification (King et al., 2005), further compromising certification itself as a signalling strategy. Delmas (2000) concluded that the adoption of ISO 14001 by companies may equip them with a signal of limited value, for instance when stakeholders view a firm's adherence to the standard as a procedural smokescreen instead of a way of improving environmental performance. In similar vein, Mueller et al. (2009: 509) say that *"a wide variety of standards with different requirement levels exist and companies might tend to introduce the ones*

with low exigencies, using them as a legitimacy front." Hahn (2012b) in this respect speaks of certification as a fig leaf to cover actual corporate conduct.

In sum, and despite their functions and the thresholds that they raise, both uncertifiable and certifiable standards may hence also be exemplifying CSR claims over action rather than the other way around. They may also signal a firm merely or temporarily complying with requirements or following specified guidance rather than demonstrating CSR performance.

7.4 Methodology

With the aim of generating insights in the use and views of CSR standards in the context of enhancing corporate CSR claims, the collection of data was based on an online survey that was sent out to a convenience sample of Dutch CSR managers in May 2013. Convenience sampling involves drawing a sample of a population that cannot be researched in its totality (e.g., because it is not possible to develop a picture of the population on any given point in time) and which is easily accessible (e.g., due to the researcher's network) and is willing to participate in a study (e.g., due to the relevance of the topic under investigation to them; Teddlie & Yu, 2007). For this study, a database of 114 CSR managers was constructed based on various sources, including the partner network of MVO Nederland (the Dutch CSR knowledge center), a list of people who were nominated for a national CSR managers award that was initiated in the Netherlands in 2012, and personal contacts of the author. Through this approach a database of people qualified and sufficiently knowledgeable to participate in the research project was developed and it ensured that the companies CSR managers worked in were in an advanced stage of CSR development. It was assumed that within companies with such a CSR commitment and level of development consideration had been given to applying CSR standards at a certain point in time. Of the CSR managers that received an invitation to participate in the research 56 responded, leading to a response rate of 49.1 per cent.

Depending on the routing of the respondents, the questionnaire used contained a maximum of 30 items to complete. These items included multiple choice questions and propositions that could be ranked using a five-point Likert scale through which respondents could indicate the extent to which they agreed with the respective propositions. The questionnaire contained questions and statements on subjects such as the perceived functions of CSR standards, the use of CSR standards by the organization represented by the respondent, the perceived credibility of various standards, the factors or characteristics that make up a credible CSR standard and other strategies than adopting a CSR standard to enhance the credibility of the organization's CSR claim. The CSR standards that were included in the questionnaire spanned Rasche's categorization of CSR standards (Rasche, 2009) and comprised the most authoritative CSR standards (e.g., UNGC, ISO 26000, GRI, AA 1000, OECD Guidelines for MNEs, ISO 14001, SA 8000).

Using a Likert scale fits the challenge of measuring constructs that are difficult to observe of measure and is easy to understand and reliable (Kothari, 2004). The multiple choice answers contained predefined categories which were derived from literature. Several control variables were included in the survey, including the professional background of the CSR manager, total years of experience with CSR and respondents' age. An analysis showed that the concepts used in the survey (the independent variables) were internally consistent. The Cronbach values for the respective concepts of credibility of CSR standards in general (.701), credibility of CSR management systems standards (.732), principle-based CSR standards (.788), CSR guidance standards (.720), credibility of assurance statements (.660), certifiable CSR standards (.713), and self-declaration (.838), and multi-stakeholder approach (.745) showed that the measurements were reliable.

The questionnaire started with a concise introductory text that provided respondents with the necessary context. To encourage participation in the survey, confidentiality of data use was assured and respondents were invited to attend a seminar to disseminate and discuss the research findings. The questionnaire itself started with factual questions and subsequently moved to more complex questions as suggested by Easterby-Smith et al. (2008). The large majority (80.4 per cent) of the respondents worked in companies of over 250 employees and had a maximum of five years' responsibility for CSR within the company (71.4 per cent). Little over half of the respondents (51.8 per cent) had a minimum of five years' dedicated experience in the field of CSR.

7.5 Research findings

7.5.1 Use of CSR standards in the credibility of CSR claims

The results show that 98.2 per cent of the respondents indicated that their companies use one or more CSR standards. The remainder of the respondents indicated that they were planning to work with CSR standards.

On average, the companies that the CSR managers were affiliated with appeared to use 3.3 standards. Of the CSR managers, 83.9 per cent indicated that their organization works with at least two CSR standards. The CSR standards used most often ISO 9001 (66.1 per cent), ISO 14001 (58.9), GRI (58.9 per cent) and ISO 26000 (46.4 per cent), while the least used standards were AA 1000 (3.6 per cent) and SA 8000 (3.6 per cent). The UNGC and the OECD Guidelines for MNEs were used by 23.6 and 12.7 per cent of the respondents respectively. The most common combinations of CSR standards used in respondents' companies were ISO 9001/ISO 14001 (54 per cent), ISO 9001/ISO 14001/GRI (38 per cent), and ISO 9001/ISO 14001/ISO 26000 (34 per cent).

The survey data show that a large majority of the respondents (75.0 per cent) finds using CSR standards useful for the purpose of enhancing an organization's credibility of CSR claims; only

8.9 per cent thinks that this is not a useful strategy. There appeared to be a strong and statistically significant correlation between the independent variables 'CSR management systems standards' and 'CSR guidance standards' on the one hand and the dependent variable 'credibility of CSR claims' on the other ($r=.503, p<.001$ and $r=.419, p<.001$ respectively).

To corroborate the importance of using CSR standards to enhance the credibility of CSR claims, the results of a regression analysis show that there is a statistically significant positive relationship between respondents' opinion on using the individual standards and their general perception of using CSR standards to enhance the credibility of CSR claims ($B=.687, p<.001, R^2=.264$).

7.5.2 Functions of CSR standards

The function of using CSR standards that was mentioned most frequently, indicated by 18.2 per cent of the CSR managers, appeared to relate to using them for structuring the CSR implementation process within firms. Other important functions ascribed to CSR standards were being a point of reference or inspiration for CSR policy (16.4 per cent) and meeting various CSR stakeholder demands and expectations in a uniform and efficient way (15.6 per cent). However, when being asked which of the functions they find most important, meeting various CSR stakeholder demands and expectations in a uniform and efficient way was viewed as most important by CSR managers (30.4 per cent). Structuring the CSR implementation process within firms and being a point of reference or inspiration for CSR policy were seen as most important by 25.0 and 21.4 per cent of the respondents respectively. What makes this result particularly interesting, is that there seems to be a discrepancy between the reasons for using CSR standards for their own companies on the one hand and what CSR managers themselves view as the most important functions of CSR standards. A similar and relatively even stronger discrepancy can be observed on the function of CSR standards to gain more support for CSR among external stakeholders (10.7 per cent versus 1.8 per cent; see Exhibit 7.1).

The CSR managers in the survey indicated that the external credibility function of CSR standards is an important function of CSR standards: 12.4 per cent of the respondents mentioned this function of CSR standards and 10.7 per cent viewed this as the most important function of CSR standards. Enhancing the credibility of CSR claims to internal stakeholders (e.g., employees) was however not deemed as an important function with only 4.9 per cent of CSR managers indicating that they used CSR standards for this purpose and no single CSR manager indicating that this was the most important function of CSR standard.

Of the CSR managers that responded, 78.2 per cent indicated that their organization works with CSR standards to signal the importance of the firm's CSR commitment to suppliers. Nearly two-thirds of the respondents (62.5 per cent) indicated that suppliers are required by their company to work with CSR standards. This coercive dynamic appears to apply to their own firm as well, since 87.5 per cent of the CSR managers thinks that customers will

	Most important according function of CSR standards to CSR managers	Reason of CSR managers' organizations for using CSR standards
Addressing the variety of CSR-related demands and expectations towards our company in a uniform or efficient way	30.4	15.6
General point of reference or inspirational document for corporate CSR policy	25.0	16.4
Structuring the implementation of corporate CSR policy	21.4	18.2
Enhancing the credibility of our company's CSR claim externally	10.7	12.4
Differentiating from competitors	3.6	7.6
Gaining support for corporate CSR policy among external stakeholders	1.8	10.7
Ensuring continuing implementation of corporate CSR policy	0.0	4.9
Gaining support for CSR among internal stakeholders	0.0	5.3
Enhancing the credibility of our company's CSR claim internally	0.0	4.9
For (an)other reason(s)	7.1	4.0

Exhibit 7.1 Importance of functions of CSR standards

increasingly require their companies to adhere to CSR standards in the near future.

7.5.3 Other credibility-enhancing strategies

Three of the propositions that were included in the survey related to CSR managers' perception of using multiple CSR standards in order to effectively enhance the credibility of CSR claims. In order to enhance the credibility of CSR claims, 44.6 per cent of the respondents indicated that firms could suffice with applying one CSR standard for this purpose. However, 12.5 and 30.4 per cent say that they respectively agree and strongly agree that in order to enhance the credibility of CSR claims an organization should adhere to multiple complementary CSR standards.

While three out of four CSR managers agreed that CSR standards are important to enhance the credibility of CSR claims, other strategies were also deemed important by the CSR managers. From the data it can be observed that engaging stakeholders in the development and evaluation of CSR policy and organizing stakeholder dialogue on CSR issues are seen as very important ways of enhancing the credibility of a firm's CSR claims. Over nine out of ten CSR managers viewed these strategies as either useful or very useful (cumulative percentage of 94.6 per cent). The number one strategy for enhancing the credibility of CSR claims appeared to

be coupling CSR policy to the firm's core business (98.2 per cent). With 92.7 per cent of CSR managers thinking it is generally a useful strategy, the top-4 strategies is completed by offering transparency (e.g., publishing a corporate sustainability report) about CSR performance (see Exhibit 7.2).

	Cumulative percentage 'very important' and 'somewhat important'	Ranked importance (percentage) for own company
Coupling CSR initiative to core business	98.2	1 (50.0)
Engaging in stakeholder dialogue on CSR issues	94.6	4 (7.14)
Creating transparency about CSR performance	92.9	2 (23.2)
Engaging stakeholders in the development and evaluation of CSR policy	91.1	3 (14.3)
Joining CSR sector initiatives	87.5	5 (1.8)
Engaging in partnerships with NGOs	69.6	6 (0.0)
External verification of sustainability report	69.6	5 (1.8)
Aspiring high positions in CSR rankings and benchmarks	60.7	5 (1.8)

Exhibit 7.2 Importance of other credibility-enhancing strategies

When asked which of the credibility-enhancing strategies are thought to be the most important for their own firms, CSR managers responded that the same top-4 as mentioned above applies. However, percentual differences between the various strategies are quite large here. Particularly interesting perhaps is the low percentage of CSR managers saying that organizing stakeholder dialogue on CSR issues is most important for their companies to enhance the credibility of CSR claims (see Exhibit 7.3).

7.5.4 The role of the type of standard and certification

The certifiability of CSR standards was found to be correlating on a statistically significant level with the role of CSR standards in enhancing the credibility of CSR claims ($r=.227$, $p<.05$). Respectively 10.7 and 37.5 per cent of the CSR managers strongly agreed and agreed with the proposition that without a certified CSR standard a firm's CSR claim is less credible than with such a standard.

The analysis of the data however shows that there is no big difference between the value of CSR guidance standards and CSR management systems standards for enhancing the credibility of a firm's CSR claims. Respondents value both types of standards as almost equally useful: 30.4 per cent thinks that CSR guidance standards are most useful for this purpose, while 28.6 per cent thinks so for CSR management systems standards. Principle-based CSR standards were deemed substantially less useful, with only 8.9 per cent of CSR managers indicating this. Single regression

	Very vulnerable	Somewhat vulnerable	Neutral	Hardly vulnerable	Not vulnerable
Certification	10.7	42.9	26.8	17.9	1.8
Protocolled self-declaration	8.9	60.7	19.6	10.7	0.0
Unprotocolled self-declaration	41.1	41.1	14.3	1.8	1.8
Independent audit (not related to certification)	5.4	30.4	26.8	33.9	3.6
Engaging in partnerships with NGOs	8.9	39.3	28.6	21.4	1.8

Exhibit 7.3 Perceived vulnerability of strategies to greenwashing practices

analyses show that both the degree to which respondents think CSR management systems standards ($B=.606$, $p<.01$, $R^2=.253$) and guidance and principle-based CSR standards ($B=.493$, $p<.01$, $R^2=.175$) are useful to enhance the credibility of corporate CSR claims have a statistically significant positive influence on their general perception of the extent to which CSR standards enhance the credibility of corporate CSR claims, with CSR management systems standards having a slightly stronger influence than CSR guidance standards. In order to determine if there is a statistically significant difference between these conditions, a multiple regression analysis was conducted, comparing the influence and significance of CSR management systems standards with CSR guidance standards and principle-based CSR standards. The regression model was statistically significant ($F=10.181$, $p=0.00$, $p<.01$, $R^2=.278$) showing that CSR management systems standards have a statistically significant strong relationship with the degree to which CSR standards are seen to enhance the credibility of CSR claims ($B=.472$, $t=2.737$, $\beta=.391$, $p=.008$). Contrary to the results of the single regression analysis, CSR guidance standards and principle-based CSR standards do not appear to have a statistically significant relationship with the dependent variable ($B=.228$, $t=1.353$, $\beta=.193$, $p=.182$).

Regarding the origin and development process of CSR standards, the analysis showed a statistically significant positive correlation between multi-stakeholder approach and the credibility of CSR standards ($r=.255$, $p<.05$). Of the CSR managers in the survey, 83.9 per cent thought that a CSR standard that had been developed in an MSI is more credible than a CSR standard that was not developed in such a way. Only 7.2 per cent (strongly) disagrees with this. The regression analysis however does not show a statistically significant relationship between the multi-stakeholder nature and the credibility of CSR standards ($B=.192$, $p=0.57$, $p>.05$, $R^2=.065$). The certifiability of the standard also seems to determine the credibility of the standard with 82.1 per cent of the respondents indicating that this was (very) important. Similarly, the actual contents of the standard and the international acceptance of the standard are seen as (very) important by 92.9 and 83.9 per cent of the respondents respectively. The role of the standardizing organization was seen as (very) important in the perception of the credibility of the CSR standard by 78.6 per cent of the CSR managers. Based on the survey

results, it appears that CSR managers find a CSR standard that was developed by a standardizing organization (e.g., ISO or an NSI) more credible than a CSR standard that was developed by a CO.

7.5.5 Certification and greenwashing

A small majority of 53.6 per cent of CSR managers think that certification reduces chances of greenwashing. More than one in four (26.8 per cent) disagrees with this, however. Interestingly, 53.6 per cent of respondents also think that certification is vulnerable to greenwashing practices by firms. In other words, despite the fact that CSR managers think that certification may prevent greenwashing by companies, it is far from immune to greenwashing intentions. Independent second- or third-party audits not related to certification are seen by CSR managers as the option for enhancing the credibility of CSR claims that is least vulnerable for greenwashing practices by firms: 35.7 per cent of them thinks this option is very or to some extent vulnerable to greenwashing. Unprotocolled self-declarations (i.e. self-declarations that do not follow the ISO 26000-related NPR 9026 guideline) are seen as the option that is most vulnerable (82.1 per cent).

7.6 Conclusion and discussion

As many stakeholders are interested in learning about if and how firms are addressing their social responsibilities, companies are looking for ways to effectively signal their CSR quality. At the same time, people appear generally sceptical about the honesty of companies' CSR communication suggesting a perceived misalignment between CSR claims and action. In this realm, CSR standards may provide useful service through bridging information asymmetries and consequently enhancing the credibility of corporate CSR claims. While this function of CSR standards has, together with other functions, been identified in literature (e.g., Rasche, 2010; Gilbert et al., 2011; Delmas & Montes-Sancho, 2010), empirical illustrations have been lacking. This chapter has reported on original research among Dutch CSR managers and has sought to provide insights on the use and views of CSR standards in the context of enhancing the credibility of firms' CSR claims.

The data showed that although it was not seen as the primary reason for using CSR standards, adhering to CSR standards is seen by CSR managers as an important strategy to enhance the credibility of CSR claims. On average, the companies that responded to the survey appeared to adhere to 3.3 CSR standards on average and many combine the use of comprehensive CSR standards and issue-oriented CSR standards. The primary reasons for using CSR standards lie in supporting the development and the implementation of CSR policy within firms. The survey results also show that a distinction should be made between using CSR standards for enhancing the credibility towards internal versus external stakeholders – the

latter use is seen as much more important by CSR managers. Thus, while CSR standards seem to serve as a point of reference, they are not perceived as instruments to create support for CSR among employees.

Remarkably, discrepancies appeared to exist between what CSR managers perceived to be the most important functions of CSR standards and the actual reasons for their organizations to use these standards. This may point at another form of 'satisficing signalling' as identified by Terlaak (2007a) in the context of firms certifiable management standards. Terlaak originally noted that poor performing firms tend to certify their best performing plants to respond to stakeholder pressures without trying to substantially improve their performance. Interpreted differently, this phenomenon may relate to CSR managers not following through on the value they attribute to CSR standards themselves, but give prominence to satisfying other demands, expectations and values attributed to using CSR standards by internal and external stakeholders (cf. Perez-Batres et al., 2012). As different CSR standards may serve different functions (e.g., due to particular characteristics they have or the range of CSR topics they address), this may even lead to a suboptimal or symbol-over-substance use of CSR standards and, ultimately, inferior CSR performance. Another explanation for the observed discrepancy may be found in the extent to which CSR managers actually influence tactical and strategic decision-making processes: the data suggest that this may be limited and that their professional opinion is perhaps not so decisive even in the area of their assigned responsibilities. When this is the case, one might infer that it is not primarily through adhering to CSR standards that companies try to enhance the credibility of their CSR claims, but through appointing a CSR manager, expecting that this constitutes a signal of their CSR quality. However, with CSR managers' influence on important aspects of corporate CSR policy possibly being low, the CSR management function could be seen as a legitimacy front as well.

The analysis also showed that CSR management systems standards are seen as more useful to enhance the credibility of CSR claims than guidance or principle-based standards. This result points at the importance of integrating a firm's CSR efforts into a systematic management approach, coupling its CSR commitments, action and performance. CSR managers thus seem to agree with the observation by Schwartz & Tilling (2009) that CSR guidance standards such as ISO 26000 possess a decoupling tendency and disagree with Hahn (2012b) saying that ISO 26000 provides signalling opportunities beyond certification. This tendency may be conducive to symbolic CSR implementation and consequently result in uncertainty and potential misinterpretation among stakeholders about the actual implementation of CSR initiatives. As an extension, CSR managers see certification of CSR standards as the main option to prevent greenwashing practices. At the same time, they also clearly acknowledge that this strategy for enhancing the credibility of CSR claims is far from immune to greenwashing. A proliferation of companies seeking certification may hence lead firms to decide to adopt other credibility-enhancing strategies as well, including the use of multiple CSR standards.

It was indeed found that many companies use multiple CSR standards, both comprehensive and issue-oriented standards, signifying that these standards are used in a complementary way. Those standards that are certifiable and those that were developed in MSIs are seen as most credible by CSR managers. Next to the *modus operandi* of using multiple CSR standards, companies appear to deploy multiple strategies for enhancing the credibility of CSR claims, including engaging stakeholders in the development and evaluation of CSR policy and aligning a firm's CSR initiative to its core business. The number one strategy for enhancing the credibility of CSR claims appeared to be coupling CSR policy to the firm's core business (98.2 per cent). This latter result is particularly interesting in the light of the research conducted by Forehand & Grier (2003) and Becker-Olsen et al. (2006) which showed indications of self-serving (i.e., profit-related or business value-related) motives behind companies' CSR initiatives constituting a factor that creates scepticism towards firms. The widely resonating and self-fulfilling mantra of the business case approach to CSR perhaps makes CSR managers somewhat blind to issues of credibility and rather serve as legitimizations of the CSR management function.

While this chapter aimed to provide several novel insights into the use of CSR standards to enhance the credibility of corporate CSR claims, it also paves the way for further research based on limitations and extensions of the research into adjacent areas of investigation. A first and obvious category of suggestions concerns incorporating firm characteristics in future research on strategies for enhancing the credibility of CSR claims. The survey this chapter reports on did not focus on assessing firms' true CSR quality, for instance. Even though researchers would be hard-pressed to assess the factual alignment between corporate CSR claims and actions, this would be an interesting extension that future investigation may focus on. It may enable researchers to identify which strategies to enhance the credibility of corporate CSR claims are used by greenwashers (cf. Laufer, 2003) and which by greywashers (i.e., companies that undersignal their true CSR quality or engage in more CSR action than they claim or communicate). Such efforts may lead to the development of markers for detecting greenwashing, enabling governments to better select their suppliers and focus their policies or subsidies on, enabling investors to reduce risks involved in responsible investing, and enabling NGOs to effectively select their targets based on the misalignment of claims and actions rather than target firms that are beginning to deliver on CSR promise to cultivate a responsible image (King & McDonnell, 2012). Also, different types of corporate stakeholder networks, a firm's organizational structure (e.g., multinational or transnational), its CSR track-record, its approach to CSR and its overall reputation may influence its choice of adhering to particular CSR standards. As the most important functions of CSR standards as observed in this chapter relate to the development and implementation of CSR policy, different CSR standards may be used by firms in different stages of CSR development (cf. Dunphy et al., 2007; Maon et al., 2010).

A second category of suggestions relates to studying the perceptions of stakeholders of firms' CSR claims and their efforts to enhance the credibility of these claims as well as NGOs

perceptions on the credibility of the various CSR standards. While this research seems to point in that direction, one may assume that choosing to adhere to certain CSR standards is not just the result of an objective analysis leading to the selection of one or multiple CSR standards, but an outcome of a process in which subjective elements (i.e., stakeholder views) are instrumentally integrated. With the objective to enhance stakeholder interpretation of a firm's CSR quality, it may well be that a firm decides to adhere to standards that possess high normative legitimacy but in fact are more prone to decouple claim and action than standards that fit firm characteristics better. Additionally, it may be interesting to see if gaps can be observed relating to perceived credibility of the various complementary credibility-enhancing strategies between CSR managers on the one hand and NGOs on the other and, if so, how firms respond to this. Such responses may vary from resisting to complying with stakeholder pressures (cf. Oliver, 1990), but also include engaging in stakeholder dialogue about the use of CSR standards. In this sense CSR standards may not function as platforms for stakeholder dialogue (Pedersen, 2006), while stakeholder dialogue may be instrumental to agreeing on which CSR standards to adhere to.

A third avenue for future study relates to the observation of Mueller et al. (2009) that companies may tend to opt for using CSR standards in order to build a legitimacy front. There may be tensions between following a strategy to enhance the signal of a firm's CSR quality by adopting multiple standards on the one hand and being perceived to build such a legitimacy front on the other. Research may focus on studying if some kind of tipping point or trade-off in the use of CSR standards exists after which using such standards may become a liability compromising or nullifying rather than enhancing the credibility of a firm's CSR claims. This is especially interesting in the light of the results of this research that indicate that adhering to multiple CSR standards is common practice among companies. Also, the use of multiple standards may be necessary to strengthen the signal of particular CSR standards, such as ISO 26000.

A fourth category of suggestions for future research relates specifically to ISO 26000, the most recently published comprehensive global CSR standard. While Hahn (2012b) argued that ISO 26000 due to the fact that it was not developed as a management systems standard and that it is not certifiable presents an innovation in standards that provides signalling opportunities beyond certification, these same characteristics of the standard may well make signalling CSR quality quite problematic (see Chapter 5). This begs the question what strategies firms use to strengthen the signal of their CSR quality and enhance the credibility of their CSR claims (see also Chapter 6). For instance, options would include using complementary certifiable CSR management standards (both comprehensive and issue-oriented), high legitimacy possessing principle-based standards (e.g., UNGC) and using self-declaration protocols (either second- and third-party audited or not). From the survey data it appeared that ISO 9001 and ISO 14001 are being used by firms in combination with ISO 26000. However, firms have been adhering

to these standards in this chronological order indicating that this is the result of enhancing the credibility of firms' CSR claims, not the result of a strategy to strengthen the signal emitted by adhering to ISO 26000. Also, as ISO 26000 is a CSR standard with low exigencies and as it decouples corporate CSR action from performance it would be worth investigating if firms which have properly aligned CSR claim and CSR action are choosing to adhere to only ISO 26000 in the first place and if the standard is prone to greenwashing, discouraging firms that want to enhance the credibility of CSR claims to adopt this standard. Although the adoption of ISO 26000 and additional signalling strategies are still in an early phase, it may be expected that from this standard a whole new stream of investigative efforts may emerge.

A final suggestion for future research into the credibility of corporate CSR claims can be derived from discussions on the constitutive function of corporate communication and the performative function of aspirational talk grounded in CCO (communication as constitutive of organization; Taylor & Van Every, 2000) theory that have been surfacing recently in the domain of CSR. While this chapter has been written from the perspective of aligning CSR claims and actions and the role of standards in evidencing and helping signalling this, scholars have argued that nursing instead of closing the gap between claims and actions may encourage organizations in their CSR development and partly resolve information asymmetries (Christensen et al., 2013; Schoeneborn & Trittin, 2013). This thought-provoking view on the relationship between communication and organizational development can be actually seen to emphasize the importance of using CSR guidance standards rather than certification and management systems standards. Despite their partly hampered signalling potential, these standards may perhaps prove to play a constitutive or challenging role as opposed to the more limiting or disciplining role of CSR management systems standards and certifications. CCO theory may hence bring about new views on the function of certain CSR standards as well, recognizing their potential for stretching organizational development in the field of CSR rather than being a point of reference for the development of CSR policy. In the context of enhancing the credibility of corporate CSR claims CSR guidance and principle-based standards may signal to stakeholders that both a firm's claims, its corresponding actions and resulting performance are 'work on CSR quality in progress' that a company is not engaging in gratuitously, despite the fact that these may not be well-aligned yet. Such a view would imply that adhering to ISO 26000 (and the inherent unprotocolled self-declaration that was perceived by CSR managers to be most vulnerable to greenwashing) does not only offer signalling potential beyond certifications as Hahn (2012b) has argued, but even has constitutive potential, shedding a different light on the possible value of these standards vis-à-vis other types of standards. From the view of corporate practice, this could enable companies to bridge or diminish the CSR credibility gap; from a theoretical view this could challenge the purveying view in literature that emphasizes the contradiction between symbolic and substantive implementation of CSR.

Notes

- 1 This chapter is being prepared for submission to the Journal Of Cleaner Production. The research for this article has been a joint academic project with one of the students the author has supervised (Nikita van der Pijl). The author has specified the research subject, the main body of literature and has developed the questionnaire which guided the data collection. Both the author and the student have been involved in the methodological design and collection of the empirical data.
- 2 It should be noted that some standards, such as the UNGC, require adopters to issue a 'communication on progress' to increase transparency on the action taken by firms to live up to the standard and demonstrate the resulting performance.

Conclusion
and reflection

Chapter 8

8.1 Introduction

The central object of inquiry in this dissertation has been ISO 26000, the non-certifiable global CSR guidance standard that was published in late 2010 by ISO. The standard itself represents an important and multifaceted phenomenon in the empirical reality of responsible organization and has proven to be a worthwhile subject for in-depth study from several theoretical and empirical perspectives. This dissertation has investigated ISO 26000 through various theoretical frameworks and by adopting several methodological strategies with the objective of generating insights for both theory and practice. While this dissertation started with an exploration of adoption determinants of comprehensive CSR standards that led to the identification of five categories of determinants, signalling theory (ST) appeared to offer an expedient theoretical frame that was used throughout the other chapters. ISO 26000 was analyzed with ST concepts including signal honesty, signal fit, signal frequency and signal consistency and several strategies for strengthening the signal of adhering to ISO 26000 were formulated. Several of the signalling issues that are characteristic of ISO 26000 appeared to arise from the consequences of its stakeholder-inclusive nature and the standard was shown to have some intricate legitimacy issues. The stakeholder-inclusive nature of the standard made it an topic appropriate for investigation from the perspective of institutional pluralism and several other sources of institutional pluralism in the context of ISO 26000 were identified as well. The standard also gave rise to investigating the realm of CSR standards from the perspective of problems that firms face regarding the perceived credibility of their CSR communications and their use of standards to enhance the credibility of corporate CSR claims. Finally, ISO 26000 seemed to inspire critical reflection on business case approaches to CSR that has become dominant in modern literature. It reinvigorates perspectives on corporate CSR engagement that have a stronger moral orientation and may open new avenues for reconceptualizing business case approaches to CSR.

This chapter starts with presenting a brief overview of highlights and implications arising from the various research projects undertaken for this dissertation. Second, it proceeds with a compact representation of the range of suggestions for future research that have been formulated based on the findings of the respective chapters. Although the chapters in this dissertation are obviously related as the ISO 26000 is the thread that links them to each other, it is brought to mind that this dissertation builds on separate research projects that have adopted various theoretical perspectives and differing streams of literature. It is hence not the aim here to repeat all the observations, analyses, implications, discussions, and conclusions of the individual chapters in detail. For a full account of the theoretical discussions and research avenues that arise from this dissertation, the reader is referred to the respective chapters. Third, the insights presented in this chapter are woven into a final reflection on the main topic that has guided this dissertation.

8.2 Highlights and implications of this dissertation

Already before its publication in 2010, the ISO 26000 standard had attracted the attention from scholars and practitioners alike (e.g., Perera, 2008; Castka & Balzarova, 2007, 2008 a,b; Schwarz & Tilling, 2009), although academic investigation from both theoretical and empirical perspectives has been all but abundant. The stakeholder-inclusive character of the standard and its ambition to provide an umbrella standard that enables firms to better navigate the fragmented CSR domain have been widely heralded. The most recent data from ISO post-publication monitors indicate that the worldwide adoption of ISO 26000 is gaining traction (ISO, 2011; 2012a) and the European Commission (2013) has reported that ISO 26000 is among the primary standards that European firms refer to in their CSR policies. Also, ISO 26000 has been welcomed as a timely and useful point of reference by many national and international business support organizations and public policy makers. This provides the standard with the necessary institutional backing to develop into an authoritative standard. ISO 26000 may hence become a prominent part of the emerging global CSR infrastructure providing contemporary 'rules for the game' (Waddock, 2008; Rasche & Waddock, 2012). Representing a transnational norm-building network ISO 26000 has been viewed as a new mode of democratic, collaborative governance that transcends the public-private divide in patterns of institutional interaction aimed at sustainable development (Rasche, 2010; Muckenberger & Jastram, 2010; Webb, 2012; Hahn & Weidtmann, 2012). The standard has been claimed to possess a high level of legitimacy (Hahn & Weidtmann, 2012; cf. Mena & Palazzo, 2012). Also, it has been argued that, not despite but because of it being a non-certifiable guidance standard, the standard provides signalling potential beyond certification (Hahn, 2012b). To put it simply, there are many reasons to think that ISO 26000 holds a substantial promise to enable business to effectively address their responsibilities towards society and its stakeholders.

At the same time, the standard has received various critiques, among which were its lacking materiality for SMEs (Perrera, 2008), its tendency to decouple action and performance (Schwartz & Tilling, 2009), and its extensive and impractical coverage of CSR issues (Hemphill, 2013). As a supplement to these dissenting accounts, several chapters in this dissertation have subjected ISO 26000 to critical analyses from the perspectives of standards adoption, signalling potential and institutional pluralism, leading to the argument that ISO 26000 may in more than one way represent a rather problematic standard.

Despite the observation by Hahn (2012b) that ISO 26000 is an evolutionary step in standard development and his perception of ISO 26000 as an innovation in standardization providing signalling opportunities beyond certification, the main characteristic of ISO 26000 (i.e., that is not a certifiable management system standard but a CSR guidance standard) leads the standard to potentially suffer from signalling problems. ISO 26000 possesses low signal fit and may compromise signal honesty: the standard alone does not seem to be able to reflect a

firm's underlying CSR quality well and may not be effective in reducing information asymmetries between firms and their stakeholders. This compromises its function as an effective signalling device through which firms can communicate their CSR commitments, actions and performance to stakeholders and are able to differentiate themselves from competitors (cf. Rasche, 2011). Lacking enforcement mechanisms that other authoritative CSR standards avail of, the standard falls short on the dimensions of signal frequency and signal consistency as well.

Among the findings in this dissertation is the observation that CSR managers perceive CSR management systems standards as more useful to enhance the credibility of CSR claims than guidance or principle-based CSR standards. They also see certification of CSR standards as the main option to prevent greenwashing practices, even though they acknowledge that certification is far from immune to greenwashing. In order for firms to substantiate their CSR claims and communicate their CSR quality in credible ways, this dissertation has therefore contended that firms will need additional signalling strategies to make their adherence to ISO 26000 an efficacious signal. Several signalling strategies that firms can adopt have consequently been identified: opting for a certifiable variant of ISO 26000, opting for other certifiable comprehensive CSR standards, opting for an ISO 26000 self-declaration, opting for adherence to several issue-oriented CSR standards, and seeking external verification of ISO 26000 adherence. While these strategies can strengthen the CSR signal firms emit with their adherence to ISO 26000, they are likely to come at a price. Part of this price is the result of firms incurring substantial additional costs beyond the (relatively low) costs involved in their adherence to ISO 26000 through deploying such strategies. Additionally, firms are also challenged to properly align the various signalling strategies and send out congruent messages about their CSR quality towards signal receivers. Still, pursuing these signalling strategies may not only prove relevant for ISO 26000-adhering firms that want to emit efficacious CSR signals, but also for stakeholders wanting to assess corporate CSR claims and policy-makers trying to encourage responsible business conduct through the use of mechanisms of self-governance and soft-law.

The analysis of the consequences of the institutional pluralism it represents showed that ISO 26000 also appears problematic from an institutional perspective. The standard itself is the embodiment of multiple institutional logics and the institutional complexity that results from ISO 26000 has led to various strategic responses by standards-related organizations (SROs). This dissertation has revealed several responses, including the development of certifiable variants of ISO 26000, the development of a guideline for self-declaration for ISO 26000, the development of substitute certifiable CSR standards for ISO 26000, and the provision of verification and assurance services for ISO 26000. This leads ISO 26000 to provide a basis for furthering rather than repressing the proliferation of CSR standards. From the perspective of SROs, their purposive strategic hybridization leads to the conclusion that while the institutional complexity that results from pluralistic collaborative governance initiatives can problematize legitimacy, organizations may also benefit from and even thrive in the face of institutional pluralism (Kraatz

& Block, 2008). In fact, it may even strengthen their legitimacy as strategic hybridization enables them to be 'multiple things to multiple audiences' and to increase their potential control over resources. Witnessing SROs to enterprise new and hybrid solutions, institutional complexity paradoxically increases, something which ISO 26000 set out to counter in the domain of CSR. By invoking all kinds of organizational responses, pluralistic institutional logics may thus reinforce or replicate complexity on different but interlinked levels of analysis. ISO 26000 may hence be viewed as a case of amplifying multi-level pluralism as it concerns the standardization effort of a pluralistic knowledge domain, a standardization approach in which actors from various institutional environments participated, and the resulting responses that the standard provoked among SROs. Such consequences represent adverse effects of collaborative governance that have not been well-addressed in academic literature and may point at a possible trade-off between input and output legitimacy of MSIs (Bernstein, 2004; Mena & Palazzo, 2012).

While ISO 26000's deviating morally-oriented interpretation of CSR may also contribute to signalling problems (i.e., firms communicating that they do not follow a business case approach to CSR may emit a bothersome signal to their shareholders and investors), its interpretation may reinvigorate the idea of ethical attachment of firms' approaches to CSR rather than relying on and propagating mere business case thinking within modern CSR discourse. With its particular interpretation of CSR the standard in effect pleads for a more enlightened approach towards doing business and emphasizes the need to cultivate business-society relations from motivations other than those grounded in profit maximization. This 'countervailing' function may lead the standard's contribution to the CSR domain to be that it gives rise to developing truly integrative theories of and corporate approaches to CSR (cf. Garriga & Mele, 2004). As such, it may encourage or at least let companies consider escaping the instrumental straitjacket of instrumental shared value thinking and develop an enriched view of organizational purpose. This could also open up possibilities to explore and integrate stewardship approaches to CSR and subjects such as humanism and business spirituality in both the management of firms and scholarship in business schools.

8.3 An overview of suggestions for future research

As the chapters in this dissertation have built on various theoretical perspectives and differing streams of literature, this section offers a compact overview of the suggestions for future research derived from the various chapters except for Chapter 3.¹ For a full account of the research avenues identified from the separate research projects and the theoretical discussions that underpin these avenues, the reader is referred to the respective chapters.

Determinants of CSR standards adoption (Chapter 2)

- As this chapter deployed a qualitative methodology to identify adoption determinants, establishing the relative importance of these determinants through a quantitative methodology may complement its findings. This may corroborate or reject the chapter's findings, but will in any case provide a specification of the findings.
- Determinants of adoption may for instance vary with cultural characteristics, the type of business relationship, and differences across industries and sectors. When companies in high-trust societies (e.g., Fukuyama, 1995; Lane & Bachmann, 1996; Bachmann & Inkpen, 2011) do business with companies or governments in low-trust societies, the demands from the buyer may be dominant leading to a situation in favor of a certifiable CSR standard, as the outcomes of this study suggest. Also, industries that are watched closely by NGOs, such as the oil, apparel or food and beverages industry, and those associated with high risks may adopt a CSR standard earlier than others (Young & Marais, 2012).
- A recent phenomenon is that some companies have decided to work with both comprehensive CSR standards investigated in this study simultaneously (i.e., ISO 26000 and the CSR Performance Ladder). To provide further insight into the adoption process, it would be useful to study the characteristics of these companies and their motivations for this dual approach. Are these companies expecting to create some 'value surplus' with this approach or do they just anticipate the future dominance of one of these standards? And is this a characteristic of an early stage of adoption or a long-term strategy? Since ISO 26000 and the CSR Performance Ladder are not mutually exclusive, further study should examine how the two standards may reinforce each other's adoption rather than hindering it.

Strategic responses to institutional pluralism (Chapter 4)

- Future research may focus at quantifying the identified responses to ISO 26000 (the development of certifiable variants of ISO 26000, the development of a guideline for self-declaration for ISO 26000, the development of substitute certifiable CSR standards for ISO 26000, the provision of verification and assurance services for ISO 26000) by SROs through systematic empirical research.
- In addition, as SRO motivations may vary with the organizational nature (for-profit vs. not-for-profit) and even with differences between organizations within the same category, research may also aim to understand organizations' motivations for their respective responses.
- As field-level structures may especially be dynamic in situations of fragmented institutionalization, future research on organizational responses towards institutional pluralism could include a temporal dimension, tracking which organizations are most successful over time in adapting to institutional complexity and what strategies they deploy

(cf. Tilcsik, 2010; Greenwood et al., 2011) as well as investigating to what extent and how different logics may converge.

- It may be interesting to see if the NPR 9026 self-declaration protocol for ISO 26000 that has been developed in the Netherlands will become part of the response repertoire of NSIs worldwide and whether more NSIs will develop certifiable variants of ISO 26000. While the self-declaration has been suggested to the broader international ISO network, it remains to be seen whether it may become the dominant solution for firms to credibly demonstrate their adherence to the standard and how important constituents of ISO will react to this (e.g., withdrawing their support for the standard).
- From the perspective of collaborative governance initiatives, future research may be directed at investigating how to prevent unintended consequences such as increased institutional complexity that are contrary to their objectives, thus examining how trade-offs between input and output legitimacy occur (cf. Mena & Palazzo, 2012).
- Research may also focus on the conditions under which complex processes of collaborative governance thrive and result in institutions to effectively address social and environmental challenges.

Signalling theory and ISO 26000 (Chapter 5)

- Since the existence of within-firm and between-firm information asymmetries make it hard for stakeholders to interpret and assess signals relating to unobservable qualities such as CSR, even when companies signal their adherence to standards, research may focus on identifying strategies for different types of stakeholders to evaluate corporate CSR claims that are based on non-certifiable standards. Specifically in the context of ISO 26000, which has been argued to be a weak signal, it would be interesting to see which strategies firms pursue to strengthen the signal they emit by adhering to this standard.
- Research could also be guided by the question whether signal fit is higher with non-certifiable CSR standards than with certifiable management systems. Non-certifiable standards may have lower exigencies, but may fence off firms with low CSR signal fit as they prefer to send a signal that is more costly. Since scholarly work has shown mixed results on this issue, research could be guided by the question 'are companies that adhere to non-certifiable CSR standards more likely to possess the unobservable qualities than those that adhere to certifiable CSR standards?'
- As signal strength appears to be dependent on various aspects (not only certification) research could be directed towards empirical assessments of the signal strength of various CSR standards, both certifiable and non-certifiable and with different enforcement mechanisms (e.g., ISO 26000, UNGC, SA 8000, AA 1000 series), using the ST concepts used and refinements suggested to the specification of ST concepts by Connelly et al. (2011) that this chapter builds on.

- Scholars of CSR may focus on the emerging competitive landscape of CSR standards, investigating what standards will surface for what reasons and the degree to which signal strength possesses explanatory value for this phenomenon.

Signalling strategies for ISO 26000 (Chapter 6)

- Emitting multiple (related) CSR signals may compromise a firm's credibility as its CSR claims may potentially not be perceived to be in congruence with its CSR actions (cf. Valor, 2005; Becker-Olsen, 2005; Boiral, 2007). Investigating the credibility of adhering to ISO 26000 with and without the use of additional signalling strategies may shed light on the value of the standard itself and the various signalling strategies alike, especially those that involve combining ISO 26000 with other CSR standards.
- The use of multiple standards in one domain (i.e., CSR) simultaneously has only recently become a topic of academic interest and needs further investigation (Pollock et al., 2010; Brunsson et al., 2012). Scholars may for instance focus their attention on different constellations of CSR standards that firms build, providing not only insight in the perception of these combinations by stakeholders, but also in used and useful combinations of standards (global vs. local standards, management systems standards vs. aspirational sets of principles, comprehensive CSR standards vs. CSR issue-oriented standards), their degree of (in)compatibility, motivations for using multiple standards, internal and external conditions for using multiple standards simultaneously and achieving an optimum of credibility of CSR claims through standards for different type of firms.
- Research may be directed to the empirical investigation of the several signalling strategies identified in this chapter and provide insights in the conditions under which the respective signalling strategies are deployed in practice. It may be that the use of particular signalling strategies depends on specific firm characteristics (e.g., size, sector, business-to-business vs. business-to-government markets, experience with verification and assurance services) and conditions of the corporate environment (e.g., signalling strategies by competitors, media coverage of corporate greenwashing). Also, the stage of CSR development (e.g., Dunphy et al., 2007; Maon et al., 2010, Dittley Simonsen & Gottschalk, 2011) may be a determining factor in the use of the respective signalling strategies identified (or the abstention thereof).
- Rejecting the assumption that additional action by firms that have adopted ISO 26000 is necessary to reduce information asymmetries between them and their stakeholders, researchers could investigate why firms would choose *not* to deploy additional strategies when adopting ISO 26000. In addition, research may focus on how the various signalling strategies are part of broader corporate communications strategies on CSR and part of stakeholder engagement initiatives. Emitting signals about the CSR quality of firms through standards are dominantly asymmetric sensegiving rather than symmetric sensemaking

activities and more oriented on stakeholder information and response strategies rather than stakeholder involvement strategies (Morsing & Schultz, 2006).

- Observed possible trade-offs between various forms of legitimacy (input, output, empirical, normative legitimacy) provide an additional perspective on the various legitimacy problems of MSIs that Mena and Palazzo (2012) have addressed and may provide a fertile perspective for investigating the underresearched topic of legitimacy of these forms of self-governance. Signalling strategies may play an intermediating role in the extent to which a standard is perceived as legitimate in the marketplace as the availability of options for making ISO 26000 an efficacious signal may spur its adoption and hence increase its empirical legitimacy.

CSR standards and the credibility of CSR claims (Chapter 7)

- Future research may focus on incorporating firm characteristics into the investigation of strategies for enhancing the credibility of CSR claims, including firms' true CSR quality. While researchers would be hard-pressed to assess the factual alignment between corporate CSR claims and actions, this would be an interesting extension that future investigation may focus on. It may enable researchers to identify which strategies to enhance the credibility of corporate CSR claims are used by greenwashers (cf. Laufer, 2003) and which by greywashers (i.e., companies that undersignal their true CSR quality or engage in more CSR action than they claim or communicate). Also, different types of corporate stakeholder networks, a firm's organizational structure (e.g., multinational or transnational), its CSR track-record, its approach to CSR and its overall reputation may influence its choice of adhering to particular CSR standards.
- Studying the perceptions of stakeholders of firms' CSR claims and their efforts to enhance the credibility of these claims as well as NGOs' perceptions on the credibility of the various CSR standards would be equally interesting. One may assume that choosing to adhere to certain CSR standards is not just the result of an objective analysis leading to the selection of one or multiple CSR standards, but an outcome of a process in which subjective elements (i.e., stakeholder views) are instrumentally integrated. With the objective to enhance stakeholder interpretation of a firm's CSR quality, it may well be that a firm decides to adhere to standards that possess high normative legitimacy but in fact are more prone to decouple claim and action than standards that fit firm characteristics better.
- A final avenue for future investigation relates to the observation of Mueller et al. (2009) that companies may tend to opt for using CSR standards in order to build a legitimacy front. There may be tensions between following a strategy to enhance the signal of a firm's CSR quality by adopting multiple standards on the one hand and being perceived to build such a legitimacy front on the other. Research may focus on studying if some kind of tipping point or trade-off in the use of CSR standards exists after which using such

standards may become a liability compromising or nullifying rather than enhancing the credibility of a firm's CSR claims.

8.4 A phenomenon of paradox

In sum, it may be concluded that ISO 26000 is a phenomenon of paradox and the analyses of and based on the standard reveal at least three paradoxes.

A first paradox is that of legitimacy: aspects of the standard that are assumed to provide it with a high level of legitimacy also compromise its legitimacy. While its transnational, stakeholder-inclusive nature seems to provide the standard with high input legitimacy, its amplification of institutional complexity through provoking myriad organizational responses (including a proliferation of new CSR standards) may turn out to be counterproductive in helping firms navigate the fragmented CSR domain.

A second paradox is that of signalling: when ISO 26000 is only capable of becoming an efficacious signal by pursuing additional CSR signalling strategies, firms may decide to either stick with a signalling device of limited or even adverse value (i.e., greenwashing), invest in supplementary strategies or choose to pursue adherence to other CSR standards instead of ISO 26000. In other words, adoption of ISO 26000 would only make sense if the adopting firm would also adopt other comprehensive or issue-oriented CSR standards.

A third paradox concerns the paradox of idiosyncrasy. ISO 26000 leaves individual firms a lot of interpretation and room for applying the CSR concept. The idiosyncratic messages that are communicated by firms about their supposed CSR quality may indicate a high level of signal fit, thus reflecting their actual CSR quality well. However, precisely because of the fact that ISO 26000 revolves around company-specific CSR interpretations and implementation, signal fit is very hard to determine for stakeholders and may lead to confusion when they make assessments of even similar firms. This thwarts the reduction of between-firm information asymmetries.

These characteristics of ISO 26000 could thus easily hamper the adoption of the standard vis-à-vis other standards and hence its empirical legitimacy. Rather than harmonizing and structuring the CSR domain, defining characteristics of ISO 26000 may thus lead to an erosion of its own authority, confining it to being merely an inspirational document. Also, it seems to have evoked a further proliferation of CSR standards, enlarging rather than diminishing the likelihood information asymmetries on firms' CSR quality in firm-stakeholder relationships. The standard may thus discourage exactly those investments that are necessary to develop and send credible signals of current and future CSR quality that reduce information asymmetries and allow firms to capitalize on their CSR efforts.

This is of course not to say that one should neglect or reject ISO 26000 – on the contrary. It is the most encompassing CSR standard available today, covering an impressive spectrum

of CSR principles and issues. Moreover, it is a *tour de force* of contemporary transnational, democratic, multi-stakeholder norm-building that provides the non-legislative foundation for the evolving CSR infrastructure. Also, the fact that ISO 26000 propagates idiosyncratic approaches to CSR as a starting point for engaging in CSR offering firm-level guidance for interpreting, implementing and communicating CSR (including the objective to enhance the credibility of corporate CSR claims) and the fact that it reinvigorates a stronger morally-informed viewpoint on the social responsibilities of business towards its stakeholders and society as a whole, make it a valuable and necessary contribution to the CSR domain from the perspective of both theory and practice.

The insights in this dissertation may help to critically reflect on and add to the credibility and legitimacy of ISO 26000 and other MSIs that have similar aspirations to strengthen the roles and responsibilities of business towards society. Firms and their stakeholders, including governments, NGOs and organizations involved in the standardization of business conduct, should be aware of the aspects and implications of (adopting and communicating about) ISO 26000 in order to not let the standard become part of the problems it set out to solve. Although the analyses in the various chapters give rise to the conclusion that the standard is probably less effective in standardizing CSR in the way that it aimed to do from the outset, it may well cause CSR to become more norm-like than when it would not have come into being.

Notes

- I Since Chapter 3 deals with an analysis of the standard's interpretation of CSR and reflections on business case approaches towards CSR, it does not present suggestions for future research beyond identifying a line of inquiry based on formulating business case approaches towards CSR grounded in the principle of delayed reciprocity. For this reason, this chapter is left out of the overview in this section.

Annex I – Interviewed experts

Part of the empirical data used for Chapter 2 in this dissertation was obtained through interviews with experts in the fields of CSR, ISO 26000 and the CSR Performance Ladder. The experts are listed in alphabetical order, including their professional affiliation. Experts marked with an asterisk (*) were members of the ISO 26000 Dutch mirror committee, coordinated by the Dutch standardization institute NEN, at the time the interviews were held.

- Ingeborg Boon, NEN, Dutch standardization institute*
- Raymond Cenin, BBA, Consultancy
- Kim Christiansen, DS, Danish standardization institute
- Timo Cochius, BECO, Consultancy
- Dave Hagenars, BSI, Certification organization
- Pierre Hupperts, The Terrace, Consultancy*
- Nelleke Jacobs, MVO Nederland, CSR knowledge centre
- Remco Kruit, TÜV, Certification organization
- Hans Kröder, Learn2Improve, Consultancy*
- Rense Kuil, KIWA, Certification organization
- Mathieu Levens, Magneet Communicatie, Consultancy
- Hans Nooter, Alliander, Energy company*
- Gerard Oonk, MVO Platform/Landelijke India Werkgroep, NGO*
- Jos Reinhoudt, BECO, Consultancy
- Diana Seijs, Ahrend, Office furniture company*
- Corina de Vries, DNV, Certification organization
- Henk de Vries, Erasmus University Rotterdam, Academic institution
- Ruud Welten, Tilburg University, Academic institution
- Lucia van Westerlaak, FNV, Labour union*
- Jan van Wijngaarden, Ministry of Economic Affairs, Government*
- Ruud Wilms, KVGM, Consultancy
- Gerard, Zwetsloot, FSR, Certification organization

Summary

Standardizing a better world? Essays and critical reflections on the ISO 26000 standard for corporate social responsibility

In the emerging institutional infrastructure of corporate social responsibility (CSR), standards and multi-stakeholder initiatives (MSIs) contribute to the creation of 'new rules for the game' without legislating. CSR standards can be seen as both a basis of institutionalization and the result of institutionalization processes as they are usually developed within transnational norm-building networks, comprising a nexus of voice and entitlement beyond the level of the nation-state.

This dissertation focuses on (critically) investigating and reflecting on one of the most ambitious and promising initiatives that have recently been taken within this CSR infrastructure, namely the ISO 26000 standard for (corporate) social responsibility. This standard is viewed here as an important, multifaceted and potentially problematic object in the empirical reality of responsible business and sustainable development.

ISO 26000 is a guidance standard for CSR that was developed as an MSI under the auspice of the International Organization for Standardization (ISO). The standard, published in November 2010, emerged as a response to the variegation of comprehensive and issue-based CSR standards, which had resulted in a labyrinth of norms, requirements, guidelines, codes of conduct and the like in the realm of CSR. ISO 26000 aims to provide *"guidance on the underlying principles of social responsibility, recognizing social responsibility and engaging stakeholders, the core subjects and issues pertaining to social responsibility and on ways to integrate socially responsible behaviour into the organization"* (ISO, 2010: vi). It stands out in comparison to other well-known ISO standards in related fields by not being a management system and its uncertifiable nature – two characteristics that this dissertation argues to be root causes of important problems that the standard engenders.

This dissertation essentially takes complementary and partly overlapping analytical perspectives that are new to the academic analysis of ISO 26000 or complement emerging scholarly work in this field. In addition to presenting empirical data on the adoption of ISO 26000 (and other CSR-related standards) and the determining factors in this process, this dissertation analyzes ISO 26000 as a form of collaborative governance and reflects on the standard's legitimacy issues, analyzes ISO 26000 from the perspective of signalling theory and reflects on its use in the context of the

credibility of corporate CSR claims, and investigates the contents of ISO 26000 in the context of contemporary CSR discourse, dominated by instrumental approaches to CSR. Underlying these different aspects of ISO 26000 this dissertation is primarily guided by the commitment to shed light on the following research questions:

- What are the institutional consequences of the multi-stakeholder nature of ISO 26000?
- To what extent do these consequences lead to problems in the standard's signalling value?
- And what firm-level signalling strategies can be identified to respond to this?

The heart of this dissertation consists of six chapters that investigate ISO 26000 from the various perspectives on standards in organization studies as defined by Brunsson et al. (2012) and from several theoretical lenses. It subsequently examines:

- The factors that determine the adoption of ISO 26000 and related CSR standards (Chapter 2);
- The contents of ISO 26000 in the light of modern CSR discourse (Chapter 3);
- The (potential) adverse consequences of collaborative governance using the development of ISO 26000 as a point of reference (Chapter 4);
- The signalling value and potential signalling problems of ISO 26000 (Chapter 5);
- The need for and types of signalling strategies that firms may deploy when they want to work with the ISO 26000 standard (Chapter 6);
- The use of CSR standards in enhancing the credibility of CSR claims (Chapter 7).

As the chapters address related though different topics, they use several methodologies and research techniques, ranging from discussing literature on CSR standards, institutional pluralism and aspects of signalling theory to conducting interviews and surveys among CSR professionals. Hence, this dissertation intends to:

- Contribute to an increased understanding of the value and limits of standardization in general and ISO 26000 in particular (cf. Rasche, 2010, 2011; Hahn, 2012a,b);
- Answer calls for empirical illustrations in the fields of CSR standards and MSIs from the perspective of institutional pluralism (cf. Greenwood et al., 2011; Hahn & Weidtmann, 2012);
- Assess the signalling value of ISO 26000 and its function in reducing information asymmetries regarding the CSR quality of firms (cf. Connelly et al., 2011; Hahn, 2012b; Webb, 2012);

- Make a contribution to the further specification of signalling theory and legitimacy aspects of MSIs (cf. Connelly, et al., 2011; Mena & Palazzo, 2012);
- Critically examine the contents of ISO 26000 and discuss the value of morally-informed approaches to CSR as a complement or a substitute to business case approaches to CSR (cf. Nijhof & Jeurissen, 2010);
- Provide insights for both business practice on signalling their CSR quality and the practice of standards development;
- Open up multiple research agendas to explore the above topics further from both a theoretical and empirical point of view.

The various analyses of and based on the standard reveal at least three paradoxes. A first paradox is that of legitimacy: aspects of the standard that are assumed to provide it with a high level of legitimacy also compromise its legitimacy. While its transnational, stakeholder-inclusive nature seems to provide the standard with high input legitimacy, its amplification of institutional complexity through provoking myriad organizational responses (including a proliferation of new CSR standards) may turn out to be counterproductive in helping firms navigate the fragmented CSR domain.

A second paradox is that of signalling: when ISO 26000 is only capable of becoming an efficacious signal by pursuing additional CSR signalling strategies, firms may decide to either stick with a signalling device of limited or even adverse value (i.e., greenwashing), invest in supplementary strategies or choose to pursue adherence to other CSR standards instead of ISO 26000. In other words, adoption of ISO 26000 would only make sense if the adopting firm would also adopt other comprehensive or issue-oriented CSR standards.

A third paradox concerns the paradox of idiosyncrasy. ISO 26000 leaves individual firms a lot of interpretation and room for applying the CSR concept. The idiosyncratic messages that are communicated by firms about their supposed CSR quality may indicate a high level of signal fit, thus reflecting their actual CSR quality well. However, precisely because of the fact that ISO 26000 revolves around company-specific CSR interpretations and implementation, signal fit is very hard to determine for stakeholders and may lead to confusion when they make assessments of even similar firms. This thwarts the reduction of between-firm information asymmetries.

These characteristics of ISO 26000 could hamper the adoption of the standard vis-à-vis other standards and hence its empirical legitimacy. Rather than harmonizing and structuring the CSR domain, defining characteristics of ISO 26000 may thus lead to an erosion of its own authority, confining it to being merely an inspirational document. Also, it seems to have evoked a further proliferation of CSR standards, enlarging rather than diminishing the likelihood information asymmetries on firms' CSR quality in firm-stakeholder relationships. The standard may thus discourage exactly those investments that are necessary to develop and send credible

signals of current and future CSR quality that reduce information asymmetries and allow firms to capitalize on their CSR efforts.

This is of course not to say that one should neglect or reject ISO 26000 – on the contrary. It is the most encompassing CSR standard available today, covering an impressive spectrum of CSR principles and issues. Moreover, it is a *tour de force* of contemporary transnational, democratic, multi-stakeholder norm-building that provides the non-legislative foundation for the evolving CSR infrastructure. Also, the fact that ISO 26000 propagates idiosyncratic approaches to CSR as a starting point for engaging in CSR offering firm-level guidance for interpreting, implementing and communicating CSR (including the objective to enhance the credibility of corporate CSR claims) and the fact that it reinvigorates a stronger morally-informed viewpoint on the social responsibilities of business towards its stakeholders and society as a whole, make it a valuable and necessary contribution to the CSR domain from the perspective of both theory and practice.

The insights in this dissertation may help to critically reflect on and add to the credibility and legitimacy of ISO 26000 and other MSIs that have similar aspirations to strengthen the roles and responsibilities of business towards society. Firms and their stakeholders, including governments, non-governmental organizations and organizations involved in the standardization of business conduct, should be aware of the aspects and implications of (adopting and communicating about) ISO 26000 in order to not let the standard become part of the problems it set out to solve. Although the analyses in the various chapters in this dissertation give rise to the conclusion that the standard is probably less effective in standardizing CSR in the way that it aimed to do from the outset, it may well cause CSR to become more norm-like than when it would not have come into being.

Samenvatting

Het standaardiseren van een betere wereld? Essays en kritische reflecties op de ISO 26000-standaard voor maatschappelijk verantwoord ondernemen

In de zich steeds duidelijker aftekenende institutionele infrastructuur van maatschappelijk verantwoord ondernemen (MVO) dragen standaarden en multistakeholder-initiatieven (MSI's) bij aan de ontwikkeling van 'nieuwe spelregels' zonder te vervallen in wet- en regelgeving. MVO-standaarden kunnen worden gezien als zowel een basis voor institutionalisering als het resultaat van institutionaliseringsprocessen aangezien zij normaliter tot stand komen binnen transnationale normontwikkelingsnetwerken, waar inspraak en rechten samenkomen op een niveau dat verder gaat dan de natiestaat.

Deze dissertatie richt zich op het (kritisch) onderzoeken van en reflecteren op een van de meest ambitieuze en meest veelbelovende initiatieven die recent zijn genomen binnen deze MVO-infrastructuur, namelijk de ISO 26000-standaard voor maatschappelijk verantwoord ondernemen (of, meer precies, maatschappelijke verantwoordelijkheid). Deze standaard wordt hier beschouwd als een belangrijk, veelzijdig en potentieel problematisch object in de empirische realiteit van MVO en duurzame ontwikkeling.

ISO 26000 is een richtlijn voor MVO die is ontwikkeld als een MSI onder auspiciën van de International Organization for Standardization (ISO). De standaard, verschenen in november 2010, kan worden gezien als een reactie op de proliferatie van integrale MVO-standaarden en standaarden die zich op een specifiek MVO-issue richten, hetgeen had geresulteerd in een doolhof van onder meer normen, eisen, richtlijnen en gedragscodes op het gebied van MVO. ISO 26000 heeft als doel om te voorzien in *"guidance on the underlying principles of social responsibility, recognizing social responsibility and engaging stakeholders, the core subjects and issues pertaining to social responsibility and on ways to integrate socially responsible behaviour into the organization"* (ISO, 2010: vi). De standaard valt op doordat deze in vergelijking met eerdere ISO-standaarden in aanverwante domeinen geen managementsysteem is en niet-certificeerbaar is – twee kenmerken waarvan deze dissertatie stelt dat zij de oorzaak zijn van een aantal belangrijke problemen die de standaard oproept.

Deze dissertatie schetst in de kern complementaire en deels overlappende analytische

perspectieven die nieuw zijn in de academische analyse van ISO 26000 of opkomend wetenschappelijk werk op dit domein complementeren. In aanvulling op het presenteren van empirisch materiaal over de adoptie van ISO 26000 (en andere MVO-gerelateerde standaarden) en de bepalende factoren in dit proces, wordt ISO 26000 in deze dissertatie als een vorm van 'collaborative governance', wordt op legitimiteitsaspecten van de standaard gereflecteerd, wordt ISO 26000 vanuit het perspectief van signaaltheorie geanalyseerd, wordt op het gebruik van de standaard in de context van de geloofwaardigheid van MVO-claims van bedrijven gereflecteerd en wordt de inhoud van ISO 26000 in de context van het hedendaagse MVO-discours beschouwd en vergeleken met de dominante instrumentele opvattingen over MVO. Daarbij wordt deze dissertatie primair geleid door een commitment om antwoorden te vinden op de volgende onderzoeksvragen:

- Wat zijn de institutionele consequenties van het multistakeholder-karakter van ISO 26000?
- In hoeverre leiden deze consequenties tot problemen met betrekking tot de signaalwaarde van de standaard?
- En welke signaalstrategieën op bedrijfsniveau om op deze consequenties te reageren kunnen worden geïdentificeerd?

Het hart van deze dissertatie wordt gevormd door zes hoofdstukken die ISO 26000 onderzoeken vanuit de diverse perspectieven op de rol van standaarden voor organisaties zoals deze zijn gedefinieerd door Brunsson et al. (2012) en waarbij door diverse theoretische lenen wordt gekeken. Achtereenvolgens worden onderzocht:

- De factoren die de adoptie van ISO 26000 en gerelateerde MVO-standaarden bepalen (Hoofdstuk 2);
- De inhoud van ISO 26000 in het licht van het hedendaagse MVO-discours (Hoofdstuk 3);
- De (potentieel) negatieve consequenties van 'collaborative governance' waarbij de ontwikkeling van de ISO 26000-standaard als referentiepunt wordt genomen (Hoofdstuk 4);
- De signaalwaarde en potentiële signaalproblemen van ISO 26000 (Hoofdstuk 5);
- De noodzaak voor en typering van signaalstrategieën die bedrijven kunnen inzetten wanneer zij volgens ISO 26000 willen werken (Hoofdstuk 6);
- Het gebruik van MVO-standaarden in het vergroten van de geloofwaardigheid van MVO-claims (Hoofdstuk 7).
- Aangezien de hoofdstukken gerelateerde doch verschillende onderwerpen adresseren, worden diverse methodologieën en onderzoekstechnieken toegepast,

variërend van het bespreken van literatuur over MVO-standaarden, institutioneel pluralisme en aspecten van signaaltheorie tot het houden van interviews en het gebruik van vragenlijsten onder geïnformeerde MVO-professionals. Deze dissertatie heeft daarmee tot doel om:

- Bij te dragen aan een groter begrip van de waarde en beperkingen van standaardisatie in het algemeen en ISO 26000 in het bijzonder (cf. Rasche, 2010, 2011; Hahn, 2012a,b);
- Tegemoet te komen aan de oproep voor empirische illustraties op het gebied van MVO-standaarden en MSI's vanuit het perspectief van institutioneel pluralisme (cf. Greenwood et al., 2011; Hahn & Weidtmann, 2012);
- De signaalwaarde van ISO 26000 en de functie van de standaard in het verkleinen van informatie-asymmetrieën rondom de MVO-kwaliteit van bedrijven te onderzoeken (cf. Connelly et al., 2011; Hahn, 2012b; Webb, 2012);
- Een bijdrage te leveren aan een nadere specificering van signaaltheorie en legitimiteitsaspecten van MSI's (cf. Connelly, et al., 2011; Mena & Palazzo, 2012);
- De inhoud van ISO 26000 kritisch te onderzoeken en de waarde van meer moreel-georiënteerde benaderingen van MVO te beschouwen als complementair aan of als een substituuut voor business case-benaderingen van MVO (cf. Nijhof & Jeurissen, 2010);
- Inzichten te bieden voor zowel de praktijk van bedrijven die een signaal over hun MVO-kwaliteit willen afgeven en de praktijk van de ontwikkeling van standaarden;
- Meerdere onderzoeksagenda's te formuleren om de voornoemde onderwerpen verder te onderzoeken vanuit zowel theoretisch als empirisch oogpunt.

De diverse analyses van en analyses gebaseerd op de standaard laten minimaal drie paradoxen zien. Een eerste paradox is de paradox van legitimiteit: aspecten van de standaard waarvan wordt verondersteld dat zij de standaard een hoge mate van legitimiteit geven compromitteren de legitimiteit van de standaard net zo goed. Waar de transnationale, stakeholder-inclusieve aard van ISO 26000 de standaard een hoge input-legitimiteit lijkt te geven, kan het versterkende effect van de standaard op de institutionele complexiteit als gevolg van het uitlokken van allerlei reacties van organisaties (waaronder de ontwikkeling van nieuwe MVO-standaarden) uiteindelijk contraproductief uitwerken bij het van bedrijven het gefragmenteerde MVO-domein te navigeren.

Een tweede paradox is de paradox van het afgeven van signalen: als ISO 26000 alleen een doeltreffend signaal kan worden door aanvullende MVO-signaalstrategieën te volgen, kunnen bedrijven besluiten om ofwel te volstaan met het inzetten van een 'signalling device' dat een beperkte of zelfs nadelige waarden heeft (i.e., greenwashing), ofwel te investeren in additionele

strategieën, ofwel er voor kiezen om met andere MVO-standaarden in plaats van ISO 26000 te werken. Met andere woorden, adoptie van ISO 26000 zou alleen zinvol zijn indien het adopterende bedrijf ook andere integrale MVO-standaarden of standaarden die zich op een specifiek MVO-issue richten zou adopteren.

Een derde paradox betreft de paradox van idiosyncrasie. ISO 26000 laat bedrijven veel ruimte voor interpretatie en toepassing van het MVO-concept. De idiosyncratische boodschappen die worden gecommuniceerd door bedrijven over hun vermeende MVO-kwaliteit kunnen op een hoog niveau van 'signal fit' duiden en een goede reflectie vormen van hun daadwerkelijke MVO-kwaliteit. Echter, precies vanwege het feit dat ISO 26000 bedrijfsspecifieke interpretaties en implementatie van MVO centraal stelt, is de mate van 'signal fit' zeer lastig te bepalen door stakeholders en kan dit zelfs tot verwarring leiden als zij bedrijven willen beoordelen die tot op grootte hoogte vergelijkbaar zijn. Dit bemoeilijkt het verkleinen van 'between-firm' informatie-asymmetrieën.

Deze kenmerken van ISO 26000 kunnen de adoptie van de standaard ten opzichte van andere standaarden en daarmee de empirische legitimiteit van ISO 26000 zelf belemmeren. In plaats van het harmoniseren en structureren van het MVO-domein, kunnen de bepalende kenmerken van ISO 26000 dus leiden tot een erosie van de eigen autoriteit van de standaard, waarmee het wordt gedegradeerd tot slechts een inspiratiedocument. Tevens lijkt ISO 26000 een verdere proliferatie van MVO-standaarden te hebben veroorzaakt, waarmee de waarschijnlijkheid van informatie-asymmetrieën rond de MVO-kwaliteit van bedrijven in relaties met hun stakeholders wordt vergroot in plaats van verkleind. De standaard zou daarmee dus precies die investeringen ontmoedigen die nodig zijn om geloofwaardige signalen te ontwikkelen en uit te zenden over de huidige en toekomstige (geambieerde) MVO-kwaliteit die informatie-asymmetrieën reduceren en bedrijven in staat stellen om te kapitaliseren op hun MVO-inspanningen.

Hiermee is uiteraard niet gezegd dat ISO 26000 genegeerd of afgewezen zou moeten worden – integendeel. Het is de meest veelomvattende MVO-standaard die vandaag de dag beschikbaar is en die een indrukwekkend spectrum aan MVO-principes en MVO-thema's beslaat. Het is bovendien een *tour de force* van hedendaagse transnationale, democratische, multistakeholder normontwikkeling die het niet-juridische fundament vormt voor de zich ontwikkelende MVO-infrastructuur. Daarnaast maakt het feit dat ISO 26000 idiosyncratische benaderingen van MVO propageert als startpunt voor bedrijven en richtlijnen op bedrijfsniveau biedt voor het interpreteren, implementeren en communiceren van MVO (inclusief de doelstelling om de geloofwaardigheid van MVO-claims van bedrijven te vergroten) en het feit dat de standaard een sterker moreel-georiënteerd perspectief op de verantwoordelijkheden van bedrijven jegens hun stakeholders en de samenleving als geheel nieuw leven blaast, het een waardevolle en noodzakelijke bijdrage aan het MVO-domein vanuit het perspectief van zowel de theorie als de praktijk.

De inzichten uit deze dissertatie kunnen helpen om kritisch te reflecteren op en bij te dragen aan de geloofwaardigheid en legitimiteit van ISO 26000 en andere MSI's die vergelijkbare aspiraties hebben om de maatschappelijke rollen en verantwoordelijkheden van bedrijven te versterken. Bedrijven en hun stakeholders, inclusief overheden, non-gouvernementele organisaties en organisaties die betrokken zijn bij het standaardiseren of normeren van ondernemingsgedrag, zouden zich bewust moeten zijn van de aspecten en implicaties van (het adopteren van en communiceren over) ISO 26000 teneinde de standaard geen onderdeel van het probleem te laten worden dat het zelf probeert op te lossen. Hoewel de analyses in de diverse hoofdstukken in deze dissertatie aanleiding geven tot de conclusie dat de standaard waarschijnlijk minder effectief is in het standaardiseren van MVO op de manier waarop deze dat vanaf het begin poogde te doen, kan ISO 26000 er wel degelijk voor zorgen dat MVO meer de norm wordt dan in het geval de standaard niet ontwikkeld zou zijn geweest.

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