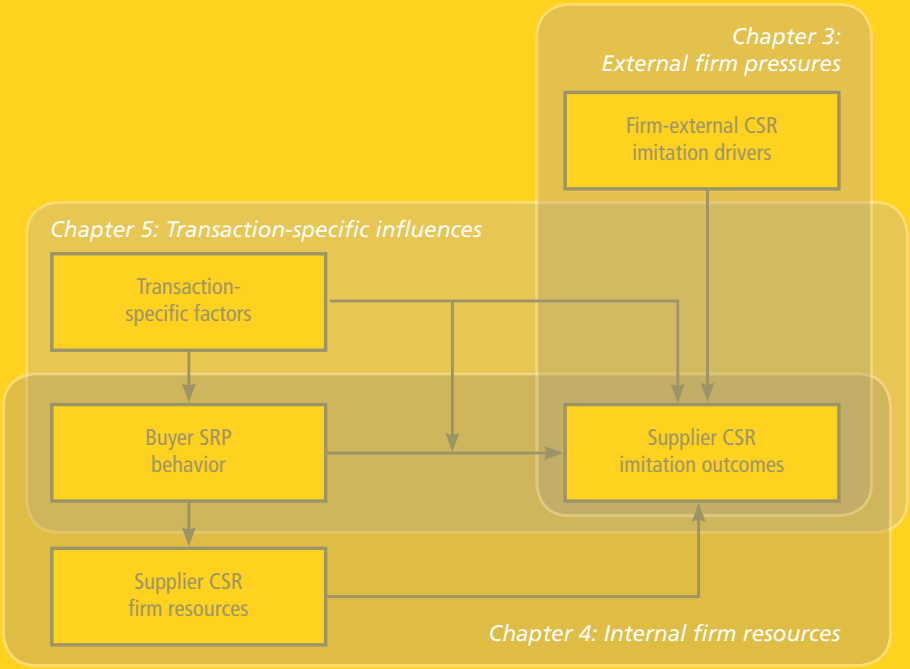
Simon Bartczek

The impact of corporate buyers on corporate social responsibility in textile supply chains



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Kassel, February 2018

Contents

Chapter 1

Introduction

1.1 CSR and Firm Behavior

Public awareness of climate change, deforestation, and scarcity of raw materials, of environmental, food and water security, and of various health and ethical concerns such as bad working conditions, grows with every passing year (The Guardian, 2015). The direct effects on the individual as well as society are apparent - triggering debate on environmental and social responsibility and on how to respond effectively on a local as well as global scale (Ecotextile News, 2015). Against this background, companies increasingly find themselves held liable by society (Meixell and Luoma, 2015): individual companies can no longer avoid being engaged in corporate social responsibility (CSR) (Schrempf-Stirling, Palazzo, and Phillips, 2015), which reflects the integration of social and environmental concerns in business operations (Commission of the European Communities, 2001). Firms exposed to legislative, customer, and competitive pressures (Sajjad, Eweje, and Tappin, 2015) increasingly make environmental and social governance issues a strategic objective (Hoejmose, Brammer, and Millington, 2013).

1.2 CSR and Supply Chains

CSR is generally accepted as an image-builder, strengthening a practicing firm's competitive position (Saeidi et al., 2015; Tong and Wong, 2016). However, CSR matters may also, from a supply chain perspective, be considered a source of significant uncertainty and complexity (Aguinis and Glavas, 2012). External stakeholders seldom differentiate between the operating practices of a given company (e.g., the brand owner) and its upstream supply chain partners; instead, irresponsible supplier behavior is increasingly being blamed on the buying firm (Hartmann and Moeller, 2014; Lee, Plambeck, and Yatsko, 2012). Well-known companies have repeatedly been targeted by various action groups for their lack of acceptable environmental behavior or for applying inappropriate social standards in their supply chains with the declared

intent of initiating behavioral change along the entire supply chain (e.g., Ählström and Egels-Zandén, 2008).

In particular, global fashion brands are frequently publicly criticized for environmental and ethical scandals such as a massive release of toxic waste, inhumane working conditions, and high suicide rates among supplier personnel (BBC, 2011; Chamberlain, 2010; Huq, Stevenson, and Zorzini, 2015). However, despite widespread buyer demand for supplier contributions to CSR supply chain practices (Grimm, Hofstetter, and Sarkis, 2016; Kumar, Palaniappan, Kannan, and Shankara, 2014), established supplier monitoring practices—manifested in comprehensive codes of conduct, monitoring, and auditing activities—consistently fail to deliver adequate CSR results in the garment industry (Scheiber, 2015). Recurring ethical scandals in the supply chain operations of global fashion retailers such as Gap, Nike, Marks and Spencer, and Zara (BBC, 2011; Chamberlain, 2010) have exposed dangerous working conditions in upstream production chains. Tragedies caused by safety deficits include the collapse of a garment factory complex in an industrial suburb of Dhaka, Bangladesh, which took the lives of 1,133 people and caused more than 2,000 to be injured (Bhasin, 2013; Zeit Online, 2013), and the fatal fire in 2012 at Ali Enterprises, a Pakistani garment factory resulting in some 300 deaths. Apparently, fashion producers struggle to create conditions that assert effective application and enforcement of minimal social and environmental standards. Effective supply chain control is therefore regarded as a fundamental factor in attaining CSR compliance and minimizing reputational risk in the fashion industry (Fernie and Grant, 2015).

1.3 Problem Statement

By requiring suppliers to adhere to a set of CSR standards (Keating, Quazi, Kriz, and Coltman, 2008), corporate buyers are believed to be effective facilitators for the adoption of upstream CSR initiatives (Farneti and Guthrie, 2009; Ağan, Kuzey, Acar, and Açıkgöz, 2016) and the diffusion of the corresponding management systems (Carbone, Moatti, and Wood, 2012). However, the failure to accomplish such an upstream push of CSR in the textile industry leaves us with many questions that require a better understanding of how firms can trigger CSR compliance with upstream supply chain partners in the textile industry; we need insights into the mechanisms at work. Current research on upstream CSR implementation offers little guidance (Dou, Zhu, and Sarkis, 2017; Grimm, Hofstetter and Sarkis, 2014; Tachizawa and Wong, 2014). To what extent can customers require CSR supply chain commitment to be extended to the supplier (Ayuso, Roca, and Colomé, 2013; Grimm, Hofstetter, and Sarkis, 2014)? Which factors and conditions facilitate supplier CSR compliance (e.g. Govindan, Seuring, Zhu, and Azevedo, 2016; Tachizawa and Wong, 2014; Wilhelm et al., 2016)? The central aim of this study is to address these shortcomings of the literature by investigating the following research question:

How can companies influence their suppliers to increase supply chain CSR?

1.4 Supply Chains and Socially Responsible Purchasing

Since supply chains are comprised of interdependent units that depend on each other's reputations and performance (Kovács, 2008; Roehrich, Grosvold, and Hoejmose, 2014; Walker and Jones, 2012), the companies operating along a supply chain must comply with widely accepted social and environmental standards and be accountable for the outcomes and output of their supply chains: accountability for (non-)compliance with CSR regulations extends to all supply chain members (Teuscher, Grüninger, and Ferdinand, 2006). In response, companies increasingly recognize the need to develop strategies that extend their isolated CSR philosophy and governance processes along the entire supply chain (Bask, Halme, Kallio, and Kuula, 2013; Ganesan, George, Jap, Palmatier, and Weitz, 2009) and demand that their suppliers contribute to CSR supply chain practices as well (Ayuso et al., 2013; Grimm et al., 2016; Kumar, et al., 2014, Lee et al., 2012).

Through its organizational boundary-crossing mode of operation, the purchasing unit appears well-positioned to transmit environmental and social values across firm boundaries (Krause, Vachon, and Klassen, 2009; Pullman, Maloni, and Carter, 2009). Purchasing creates an essential link between manufacturing and the supply base, "both interpreting and communicating product plans and production needs to suppliers" (Das, Narasimhan, and Talluri, 2006, p. 565). The purchasing function's involvement in such CSR activities, "which attempts to take into account the public consequences of organizational buying or bring about positive social change through organizational buying behavior" (Drumwright, 1994, p. 1), constitutes socially responsible purchasing (SRP).

SRP initiatives are regarded as playing a fundamental role in inculcating CSR along a supply chain (Dabhilkar, Bengtsson, and Lakemond, 2016; Ferrari, Luzzini, and Spina, 2010; Gualandris, Golini, and Kalchschmidt, 2014), where purchasing decisions are considered a significant driving force of CSR behavioral alignment of the individual actors in a supply chain (Krause et al., 2009). Through their purchasing activities, companies increasingly define, develop, and implement environmental and social business standards, for example in the form of supplier CSR programs, codes of conduct, guidelines, internal and external certification schemes, knowledge transfer, and education (Lund-Thomsen and Lindgreen, 2014; Sancha, Gimenez, and Sierra, 2016). The consistent application of established codes of practice, such as the Base Code of the Ethical Trading Initiative (ETI), International Labor Organization (ILO) conventions, and SA 8000, assures that acquired products meet predefined social standards (Ciliberti et al., 2011; Preuss 2009). Environmental purchasing initiatives, such as the implementation of the International Standards Organisation's (ISO) 14000 series, are regarded as effective tools with which to control overall negative emission externalities (Chen, 2005) by signaling strong preferences for green products and suppliers (Handfield et al., 2005; Rao and Holt, 2005). Such explicit demand for CSR capabilities in the supply base (Pedersen and Neergaard, 2008; Sroufe and Drake, 2010) seems to push environmental and social criteria up the supply chain (González-Benito and González-Benito, 2010). Yet the absence of explicit buyer CSR demand may hinder the implementation of proactive CSR measures on the supplier's side (Nawrocka, Brorson, and Lindhqvist 2009).

1.5 Theoretical Contributions

This dissertation responds to Krause, et al. (2009), who propose exploring the extent to which buyer SRP is instrumental in CSR behavioral alignment between immediate vertical business partners in a supply chain and identifying factors that influence this effect. In particular, we

respond to requests to explore how firms can stimulate SRP on the part of suppliers (Kovács, 2008; O'Rourke, 2003) and identify the underlying conditions under which such mimicking of upstream SRP behavior is likely to occur (Andersen and Skjoett-Larsen, 2009; Carbone, Moatti, and Wood, 2012; Govindan et al., 2016). SRP is regarded as an appropriate measure for mimicking behavior, as "purchasing professionals tend to ignore opportunities for socially responsible buying and resist the initiatives of others" (Drumwright, 1994, p. 13).

Second, research on SRP has frequently been limited to studying direct suppliers only. Few studies based on data representing more than one stage of supply chains exist (Seuring, 2008). Research examining the implications of SRP on the upstream supply chain at and beyond first-tier suppliers seems problematic (Kovács, 2008, Svensson, 2007), with current research studies largely neglecting the supply chain as a unit of analysis, even at the dyadic level (Carter and Easton, 2011; Dou, Zhu, and Sarkis, 2017; Stock, Boyer, and Harmon, 2010; Quarshi, Salmi, and Leuschner, 2016). We intend to capitalize on some of these opportunities by considering SRP from a dyadic and triadic perspective. With regard to our methodological approach, this project is among the first to use matched inter-organizational data collected in a dyadic and triadic supply chain context (as proposed by Huq, Stevenson, and Zorzini, 2014; Tate, Ellram, and Dooley, 2014; Wu and Choi, 2005).

Third, past research on CSR in supply chains has strongly emphasized the environmental challenges supply chain operations face while largely neglecting the social component (as criticized by Hoejmoese et al., 2013; Miemczyk, Johnsen, and Macquet, 2012; Touboulic and Walker, 2015; Zimmer et al., 2016). We respond to multiple prompts for integrating ethical, social, and environmental responsibility concerns into decisions regarding raw materials acquisition and inbound logistics (Hutchins and Sutherland, 2008; Pagell and Wu, 2009; Seuring and Müller, 2008; Touboulic and Walker, 2015).

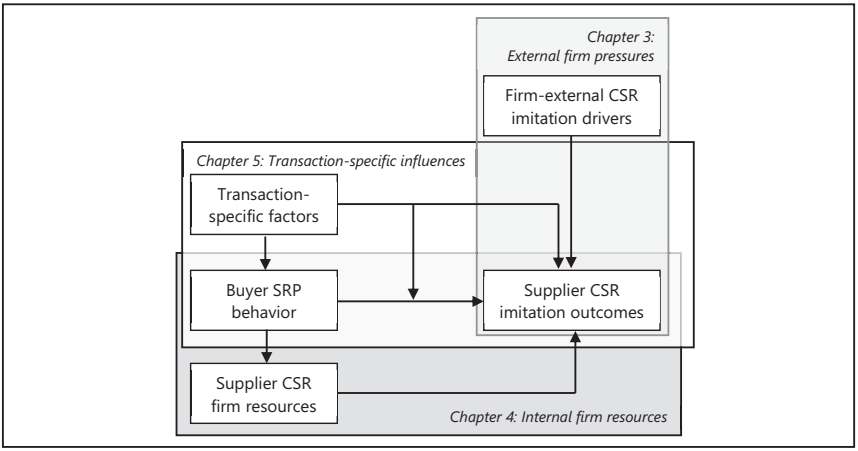
Fourth, scholars frequently limit research on CSR in supply chains to literature reviews and qualitative studies (e.g., Kourula, Kovács, and Salmi, 2007; Varga et al., 2009). The use of conceptual theory in the field of purchasing and CSR in supply chain management (SCM) has been limited—despite the many anticipated benefits of its introduction to the CSR SCM context (Brammer, Hoejmose, and Millington, 2011; Carbone, Moatti, and Wood, 2012; Carter and Easton, 2011; Sarkis, Zhu, and Lai, 2011; Spina, Caniato, Luzzini, and Ronchi, 2015; Tressin and Richter, 2014; Zimmer et al., 2016). Survey research on CSR and SCM has been recommended (Gimenez and Tachizawa, 2012). Given the lack of such quantitative research and theoretical underpinnings, this dissertation applies theoretically grounded and empirical research to the CSR supply chain. At the same time, selecting a single theory may lead to biased conclusions by providing "just . . . one way of looking at the issues and hence one interpretation for managerial implications" (Zorzini et al., 2015, p. 86). Therefore, we experiment with multiple theories (as suggested by Barratt et al., 2011, Carter and Easton, 2011, and Zorzini et al., 2015) and deliberately base our analysis on three theoretical lenses.

Van Weele and van Raaij (2014) demand greater rigor and relevance in the academic field of purchasing and supply management research, arguing that progress in contemporary academic contributions should more adequately reflect strategic business issues and concepts. In our research, we aim to extend and complement existing exploratory studies: building on an existing, well-validated theoretical foundation, we conceptualize structural models of buyer and supplier SRP and investigate relevant antecedents of the latter construct in an inter-organizational context. Additionally, we employ the underlying concepts in the emerging CSR supply chain literature.

1.6 Dissertation Outline

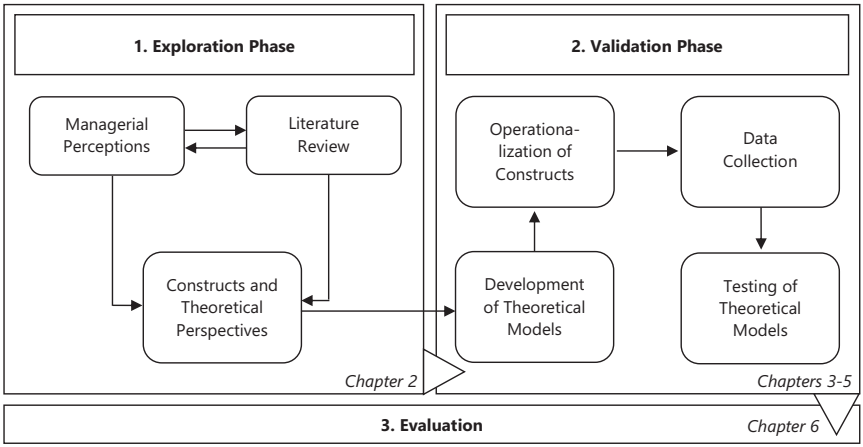
This dissertation consists of three distinct research projects that focus on the determinants and consequences of an organization's engagement in inter-organizational CSR. We examine the role of buyer CSR for the adoption of CSR behavior within supplying firms using three perspectives. Each project utilizes a distinct theoretical lens to address the central research question: how can companies influence their suppliers to increase supply chain CSR? We first analyze a CSR mimicking effect among three adjacent supply chain partners (offering a triadic perspective) in response to perceived external firm pressures (chapter 3). Chapter 4 (on internal firm resources) and chapter 5 (on transaction-specific influences) adopt a dyadic perspective to explore the mechanisms leading to the adoption of CSR behavior. Figure 1.1 illustrates the interconnections between the projects.

Figure 1.1: Integrative overview of dissertation



Chapter 2 reports on the screening of the extant literature and our choice of theoretical lenses. We simultaneously carried out interviews on CSR supply chain mimicking to gain a better understanding of the phenomenon of CSR behavioral adaptation among adjacent firms along the supply chain and the particular role of buyer SRP in this regard. Corroboration of interview results and literature screening outcomes contributes to our understanding of the mechanisms at work as well as to their practical and theoretical implications, culminating in our choice of constructs and theoretical lenses to be utilized in the subsequent research projects (see Figure 1.2).

Figure 1.2: Research approach



Chapter 3 addresses the influence of an organization's social environment on inter-firm CSR efforts which has suffered from both practical and academic neglect. Peer encouragement has been related positively to the stimulation of corporate innovation in terms of CSR (Martin, 2002). In some cases, it has been identified as "the most effective means of facilitating increased corporate social responsibility" (Campbell, 2007, p. 955). While companies increasingly strive for environmental and social governance, the influence of a firm's external environment on those corporate efforts has been largely neglected. The perceived pressures arise from supply chain interdependence, buyer-supplier similarity, and the level of CSR adoption. Regarding the example of CSR firm orientation and top management support for SRP, we observe the relative effectiveness of coercive, mimetic, and normative pressures in propagating CSR at the second-tier level (the triadic perspective).

Chapter 4 investigates the influence of buyer CSR behavior on upstream CSR firm orientation and top management CSR commitment. As purchasing managers "are advantageously positioned to affect a firm's involvement in socially responsible activities" (Carter and Jennings, 2004, p. 145), we utilize SRP to empirically test our conceptual model. We show direct and indirect effects of buyer SRP. We propose that buyer SRP has a significant, positive influence on the extent to which suppliers adopt a CSR orientation and purchasing behavior.

Chapter 5 explores supplier SRP in reaction to buyer SRP in light of the governance efficiency of the underlying transactional relationship. Using a dyadic perspective, we develop a conceptual model to investigate the role of supplier behavioral uncertainty, buyer-specific investments, and transaction frequency for buyer and supplier SRP. We emphasize the importance of a managerial focus to be directed at SRP initiatives to reduce supplier CSR behavioral uncertainty.

We integrate the findings across the individual chapters in our conclusion in chapter 6. Table 1.1 summarizes how the dissertation addresses the central research question: how can companies influence their suppliers to increase supply chain CSR?

Table 1.1: Overview of studies

	Chapter 2	**Chapter 3**	**Chapter 4**	**Chapter 5**
Topic	Practitioner Interviews, Literature Analysis, and Research Design	CSR Imitation: The influence of the firm's external environment	SRP Mimicking: The influence of supplier firm resources	Promoting SRP: The role of Transaction Cost Economics dimensions
Objective	Identifies and introduces constructs and theoretical lenses to be employed in subsequent studies; describes the research design	Verifies a supply chain mimicking effect upstream; observes the relative effectiveness of coercive, mimetic, and normative drivers in propagating CSR behavior beyond the direct dyadic relationship	Examines the relationship between buyer and supplier SRP and the influence of supplier firm resources; illustrates the relevance of RBV dimensions as antecedents to supplier SRP	Examines the influence of buyer and supplier SRP from a TCE perspective; illustrates the relevance of TCE dimensions as antecedents and moderators for buyer and supplier SRP
Theoretical Lens	n.a.	Institutional Theory	Resource-Based View (RBV)	Transaction Cost Economics (TCE)
Unit of Analysis	n.a.	Triad: Buyer–1st-tier–2nd-tier supplier	Dyad: Buyer–1st-tier supplier	Dyad: Buyer–1st-tier supplier
Research Design	Qualitative	Quantitative, correlational; use of matched inter-organizational data collected in a triadic supply chain context (surveys of buyers as well as 1st- and 2nd-tier suppliers)	Quantitative, correlational; use of matched inter-organizational data collected in a dyadic supply chain context (surveys of buyers and 1st-tier suppliers)	Quantitative, correlational; use of matched inter-organizational data collected in a dyadic supply chain context (surveys of buyers and 1st-tier suppliers)
Analysis Strategy	Corroboration of practitioner interviews and literature analysis	Partial least squares regression (PLS)	Partial least squares regression (PLS)	Partial least squares regression (PLS)

Chapter 2

Towards an Integrated Research Design

2.1 Intention and Approach

To gain a better understanding of the mechanisms at work and the theoretical implications of the evolving phenomenon of supply chain CSR, we screen the extant literature in an exploratory phase while simultaneously conducting a limited number of interviews on CSR behavioral adaption within firms and the particular role of buyer SRP. We follow the guidelines of Dubois and Gadde (2002), who suggest an iterative process of systematic combining: in line with our aim to base our models on a solid conceptual foundation, we complement our literature analysis with managerial perceptions collected in interviews leading to the identification of a set of constructs and corresponding scientific lenses deemed suitable for the development of our subsequent frameworks on CSR and buyer–supplier SRP.

2.2 A Practitioner Perspective on Inter-Firm CSR Stimuli

We conducted semi-structured interviews with the intent of identifying constructs that are perceived to be of particular relevance to inter-firm SRP. We use our interviews to focus on the stimuli that initiate inter-firm CSR and SRP processes, determine how CSR and SRP are being organized in companies, and identify mechanisms that drive firm decisions to implement CSR and SRP. Such analysis may reveal underlying motives, structures, and sub-processes that differ from what is to be expected. These elements merit closer scrutiny in research studies (Touboulic and Walker, 2015; Yin, 1994; Woodside and Wilson, 2003).

In line with grounded theory methodology, a non-probability sample was chosen (Cutcliffe, 2000), in particular a judgment sample (Kumar, Stern, and Anderson, 1993). A judgment sample represents a type of nonrandom sampling based on expert opinion. While findings attained from judgment samples tend to suffer from some degree of bias due to the inherent degree

of disparity between sampling frame and population (Deming, 1990), "relying on key informant accounts is appropriate when the content of inquiry is such that complete or in-depth information cannot be expected from representative survey respondents" (Kumar, Stern, and Anderson, 1993, p. 1634). By approaching predefined groups, we sample with a purpose (i.e., we select respondents of best-in-class organizations and gather their opinions on topics that are of particular interest to us). To learn about innovative approaches that do not solely reflect established practices in the textile industry, we deliberately exclude this industrial sector from our sample. The selected organizations make continuous and substantial efforts to improve their CSR activities. All of the interviewees are well-established experts in the field and leaders of the five organizations' CSR programs. They actively lobby with both internal and external stakeholders for the dissemination and active implementation of supply chain CSR. In most cases the interviewees were also members of professional bodies propagating CSR standards in supply chains.

Contacts were established at CSR seminars via the cradle-to-cradle community of the regional Chamber of Commerce, and via recommendations (to leverage the snowball effect). The level of analysis is the functional or unit level, in particular a company's purchasing unit. In line with Klein, Tosi, and Cannella (1999), we see the benefits that can be achieved by integrating the focus on individuals and groups as well as on organizations and the environment. We sought the opinions of professionals with experience in purchasing and CSR from a variety of industries and managerial positions. At this initial stage, we aim to generalize from one firm to another, based on theory, without generalizing to the population as a whole (Miles and Huberman, 1994).

Five interviews were conducted, one in each of the firms selected from a range of industries. The data collection occurred by means of semi-structured in-depth interviews. As we were primarily interested in the company perspective, we asked respondents to answer questions according to their companies' corporate or purchasing departments' positions rather than their personal views (Rudelius and Buchholz, 1979). To obtain a more holistic view of the SRP activities and not just the functional aspects, we talked to senior buyers and purchasing managers as well as one consultant in this field of expertise. Table 2.3 provides more detailed information on the interviewees. The interviews lasted between one and two hours. Whenever possible, interviews were recorded and transcribed to facilitate analysis. In some instances, notes on the answers and presented documents were taken during the interviews and immediately written up afterwards.

Table 2.1: Key characteristics of organizations

Company/ Organization	Industry	Size (# employees)	Function of the interviewee	Duration of the interview
α	Life Sciences	23.591 (worldwide)	Purchasing and Sustainability	1.5h
β	Chamber of Commerce	2000 (nationwide)	Head of Crade2Cradle Community	1.5h
γ	Exhibitions	No information available	Director	1h
δ	Cellulose & Paper	16.000 (worldwide)	Head of Sustainability Program	2h
ε	Insulation	7.000 (worldwide)	Purchasing	1h

The findings were, whenever possible, complemented by secondary materials on the companies and their global purchasing efforts, such as headquarter audits and communications and board meeting transcripts with relevance to the process under study. Due to the confidential nature of some of these documents, they could sometimes be reviewed and scrutinized only in part. Company websites also proved useful (e.g., company history, mission statement, activities, and key success stories). In the following we summarize the core findings. The results from the interviews show potential antecedents for inter-firm CSR stimuli clustered by topic in the selected organizations.

Table 2.2: Practitioner's perspective on antecedents for inter-firm CSR stimuli clustered by topic

Firm	Rules, norms and values	Unique firm resources	Transaction-specific factors
α	"Our best experiences (to achieve supplier CSR) are a mixture of top management endorsement, a set of codified formal rules and explicit contractual relationships"	"We regard CSR as a unique firm resource. (…) CSR distinguishes our product offerings from our competitor's, provides additional customer value, and, ultimately, competitive advantage". Resources mentioned: internal firm CSR knowledge and management support key suppliers who are willing to share CSR commitment and experience, technological CSR capabilities.	"Supplier CSR does not come cheap. Search and information, policing, and enforcement cost: the time and effort related to supplier CSR measurement and enforcement are significant (…) the higher the trade volume on a recurrent basis, the more confidence the suppler builds which lowers our costs for control and evaluation"
β	"Rules, norms, and routines – they all may work, depending on the individual firm culture and industrial sector the firms operate in. (…) Successful inter-firm transition of CSR practices is, from our experience, largely a matter of education rather than imposition."	"Successful CSR needs to be a firm philosophy". Resources mentioned (in order of importance): CSR awareness, know-how, and management support, CSR supplier corporation.	"If feasible, we recommend CSR sourcing strategies that capture the supplier in such ways that defection would come at such a high expense that it would not even be considered", high degree of uncertainty present among all stakeholders.
γ	"We rely heavily on formal contracts and informal guidelines."	"Crucial (for CSR) are management commitment and 'lead by example'". Relevant resources: inter-firm management support, and CSR supplier corporation.	No transaction-related antecedents shared.
δ	"We rely on formal rules and seek for suppliers with a common set of beliefs."	"In light of ever scarce resources, we make a conscious investment into the future to sustain future access to raw material acquisition". Resources mentioned: CSR firm proficiency, CSR management and employee endorsement.	"To ensure a minimal set of CSR standards and suppress opportunistic behavior on that matter we condemn exploitative behavior and strive for win-win (rather than win-lose) solutions in our daily operations (…) a high degree of environmental uncertainty conceals the best course of action"
ε	"CSR matters are, to a large extent, a response to customer requests and competitor pressure. At the same time, the insulation business is extremely price-competitive. For us, additional (CSR) standards would need to be imposed from the external environment – political restrictions, industry standards or additional explicit customer requirements."	"Our industry is very raw material- and energy-intensive. For us, energy and resource converservation has a direct impact on the bottom line". Resources: management support and –willingness to invest in CSR practices, close supplier exchange on technological basis, general (un-)willingness to invest in SRP processes Core challenges: identification, bundling, and effective management.	"We define minimum set of CSR criteria suppliers are expected to adhere to as part of every contract. A systematic evaluation or control does not take place. (…) we are skeptical as to what extent we can effectively control CSR behavior of upstream supply chain partners."

2.2.1 Rules, Norms, and Values

The cultural context appears to be an indispensable determinant of CSR firm behavior. Respondents perceived norms and values, at the individual and at the firm level, to be an essential precondition for CSR firm orientations with a strong subsequent effect on SRP behavior. Active dissemination of CSR norms and values within and across firm boundaries appears to be a challenging undertaking requiring persistent commitment. The success of such an endeavor remains uncertain. Such practitioner perceptions indicate that institutional theory may be a suitable tool with which to explain the underlying dynamics of CSR mimicking processes in supply chains in general (Campbell 2007; Husted and Allen, 2006; Matten and Moon 2008; Brammer et al. 2012) and in response to SRP in particular (Grob and Benn, 2014). Illuminating the underlying mechanisms that spread SRP across organizational boundaries (institutional theory seeks to explain why some organizations mimic others in the search for legitimacy), in our view institutional theory offers a useful theoretical concept for elucidating the proliferation of SRP across organizations, as suggested by Grob and Benn (2014).

2.2.2 Unique Firm Resources

All respondents emphasized the importance of deploying a distinct set of resources to induce internal and external firm CSR behavior. Resources most frequently addressed include (in order of perceived managerial importance): the presence of CSR knowledge, managerial CSR and general employee commitment, key suppliers who can share CSR commitment and experience, technological CSR capabilities, and (un-)willingness to invest in SRP processes as they are generally perceived to require an initial investment with an uncertain economic return. Challenges to SRP implementation are to be found in identifying, bundling, and effectively managing the best set of resources. CSR operational capabilities generate several advantageous attributes, including value, rarity, inimitability, and non-substitutability (Carter and Carter, 1998; Förstl et al., 2010), which are distinctive characteristics associated with the theoretical perspective known as the resource-based view (RBV). SRP also generates these characteristics (Barney, 2012). We expect that sharing such resources in a supply chain setting supports inter-organizational CSR-oriented learning (González et al., 2008 and Zhu et al., 2008).

2.2.3 Transaction-Specific Factors

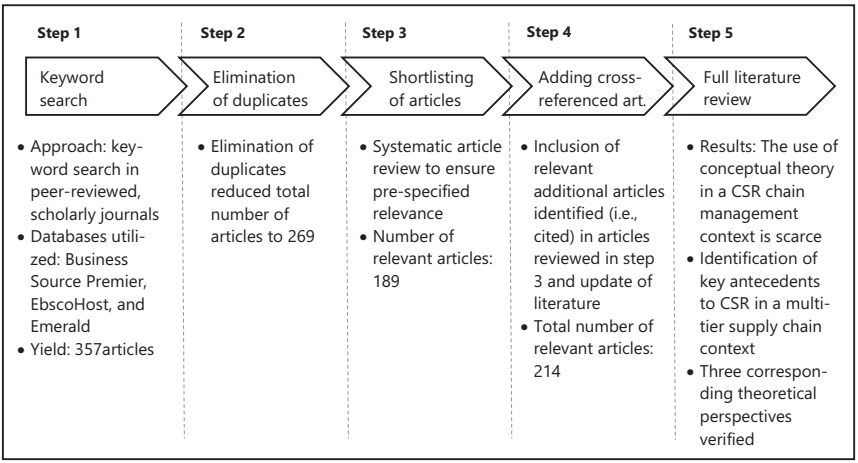
Three respondents stressed the importance of environmental uncertainty when discussing CSR. Perceived degrees of environmental uncertainties are high: numerous external CSR interests and calls for action—partly conflicting—hinder the identification, analysis, and determination of a best course of corporate action in response to changing trends and focal points in public debate (e.g., in light of the European financial crisis), impeding CSR strategy formulation and investment decisions. In light of renewed public interest in product sources and manufacturing conditions, supplier CSR and SRP commitment and behavior increasingly commands corporate attention: given close interdependencies between supply chain actors, successful true CSR implementation has been perceived as realistic only in cooperation with suppliers. In response, many firms appear to be searching for mechanisms with which to bind and contain suppliers through supplier CSR and SRP behavior that reduces uncertainty. Such inter-firm mechanisms can be found in underling transactions, such that the underlying transaction costs of a relationship can have a significant effect on the diffusion of voluntary CSR standards along supply chains (Rosen et al., 2002). The theory of transaction cost economics (TCE) may therefore constitute a promising avenue for researching the underlying phenomenon from a transactional perspective (Sarkis, Zhu, and Lai, 2011). While external stakeholder demands are perceived as important motivators that encourage dominant supply chain partners to initiate

a CSR process, stakeholder influence is perceived as of comparatively little relevance when explaining the inter-firm mechanisms that stimulate upstream SRP supply chain behavior.

2.3 Screening of Extant Literature

To identify and verify suitable constructs and underlying management theories for the development of our successive theoretical frameworks for CSR and buyer–supplier SRP in accordance with the practitioner views we employed a literature review of articles identified in relevant journals in the fields of purchasing, SCM, and CSR. A research literature review constitutes a systematic, explicit, and reproducible method that makes it possible to identify and evaluate an existing body of academic work (Denyer and Tranfield, 2009; Fink, 2005). Providing an in-depth description of previous research, we conducted our literature review using a content analysis approach, a method that has been adopted in review papers in the field of business research (Marasco, 2008). To identify relevant scientific articles, we followed a semi-structured approach, as suggested by Denyer and Tranfield (2009), summarized in figure 2.1.

Figure 2.1: Phases of the literature review



First, we conducted a keyword search of journal articles in the databases Business Source Premier, EbscoHost, and Emerald using a combination of terms related to CSR, purchasing, and SCM. The search terms we looked for were "socially responsible purchasing," "purchasing social responsibility," and combinations of "purchasing," "CSR," "sustainability," "green," "ethics," "environment," "supply chain management," and "supplier management." Cross-references in scientific articles and a selective search for authors active in the field complemented our search. We conducted the literature screen for articles published since January 2000. The original screening process included 214 articles found in 26 academic journals. Eight journals in the field of purchasing and supply chain management (*Academy of Management Review*, *International Journal of Physical Distribution and Logistics Management*, *International Journal of Production Economics*, *Journal of Business Logistics*, *Journal of Operations Management*, *Journal of Purchasing and Supply Management*, *Journal of Supply Chain Management*, and *Supply Chain Management: An International Journal*) and four journals in the field of CSR and

business ethics (*Business Strategy and the Environment*, *Corporate Social Responsibility and Environmental Management*, *Journal of Business Ethics*, and *Journal of Cleaner Production*) cover the bulk of the recent literature on CSR in a purchasing and/or supply chain context and are perceived as providing the major platform for scientific debate on the underlying subject. The selected journals generally contain only a limited number of articles dedicated to CSR in combination with purchasing and/or supply chain activities. While we find that a number of management theories have been employed to study CSR (e.g., Sarkis et al., 2011), we limit the discussion to the theories deemed most suitable given our practitioner interviews and introduce their contribution to explain CSR behavior (see table 2.3).

Table 2.3: Key theories identified and their CSR-SCM contribution in literature

Theory (Reference)	Description	CSR-SCM contribution
Institutional Theory (DiMaggio and Powell, 1983)	Institutional theory seeks to explain why some organizations mimic others in the search for legitimacy. It describes the processes by which structures constitute authoritative guidelines for social behavior.	Illuminating the underlying mechanisms that spread SRP across organizational boundaries, institutional theory can be a suitable tool to evaluate CSR mimicking processes in supply chains (Campbell 2007; Husted and Allen, 2006; Matten and Moon 2008; Brammer et al. 2012). Thus, we regard institutional theory as useful theoretical concept for elucidating the proliferation of SRP across organizations, as suggested by Grob and Benn (2014).
Resource-Based View (Barney, 1991)	Companies compete on the basis of a bundle of valuable resources at their disposal. A sustained competitive advantage is the outcome of valuable, rare, imperfectly imitable, and non-substitutable resources owned or controlled by a single organization.	CSR operational capabilities generate unique firm resource attributes, including value, rarity, inimitability, and non-substitutability (Carter and Carter, 1998; Förstl et al., 2010), which can be interpreted as antecedents to inter-organizational CSR firm behavior. As SRP also generates these characteristics (Barney, 2012), we expect a sharing of such resources in a supply chain setting to support inter-organizational CSR-oriented learning (González et al., 2008 and Zhu et al., 2008) and regard RBV as a beneficial tool to explain the nature of the buyer–supplier SRP relationship.
Transaction Cost Economics (Coase,1937; Williamson, 1991)	Argues that efficient governance of transaction relationships creates competitive advantage, where the efficiency of the governance form depends on the transactional attributes of asset specificity, uncertainty, and transaction frequency.	The transaction costs of a relationship can have a significant effect on diffusion levels of CSR standards in supply chains (Rosen et al., 2002), especially in regard to sourcing activities (Carter and Easton, 2011; Carter and Rogers, 2008; Pagell, Wu and Wasserman, 2010): detailed frameworks specifying supplier CSR conduct tend to simplify and routinize interfirm transactions based on specific environmental and social supply chain programs. Thus, the theory of transaction cost economics (TCE) may constitute a promising avenue for researching the underlying phenomenon from a transactional perspective (Sarkis, Zhu, and Lai, 2011).

2.4 Relevant Theories and their Applicability to the CSR Buyer–Supplier Context

Our interviews indicate that institutional theory, RBV, and TCE provide promising theoretical perspectives for studying CSR behavior in supply chains. The following section introduces these theoretical lenses and discusses their applicability in a CSR buyer-supplier context.

2.4.1 Institutional Theory

Institutional theory builds on the premise that organizations are embedded in larger institutional environments with social customs, practices, and beliefs significantly influencing

organizational practices (Powell and DiMaggio, 1991). Institutional theory describes the processes by which structures—among them schemas, rules, norms, and routines—constitute authoritative guidelines for social behavior. Institutional pressures imposed on organizations can thus significantly affect organizational practices and structures (Hargrave and Van de Ven, 2006). Institutions have been found to play an important role through supply channels as they have the potential to influence organizational structure and behavior (Grewal and Dharwadkar, 2002; Lai et al., 2006). Institutional theory distinguishes three forms of isomorphic drivers: coercive, normative, and mimetic (DiMaggio and Powell, 1983). While coercive isomorphic drivers arise from influences of force exerted by actors exploiting power imbalances, normative isomorphic drivers produce firm conformity to encourage others to perceive actors as undertaking legitimate organizational activities. Mimetic isomorphic drivers cause firms to voluntary imitate the actions of competitors that are perceived to be successful in order to replicate their success.

Institutional theory is strongly linked to CSR (Zhu, Sarkis, and Lai, 2013) and has been utilized repeatedly to explain CSR strategies (e.g. Campbell, 2007; Matten and Moon, 2008; Peters, Hofstetter, and Hoffmann, 2011; Wilhelm et al., 2016). Institutional pressure for supply chain CSR is regarded as the major motive force behind strategy development in a variety of industries (Tate, Ellram, and Kirchoff, 2010). Next to direct or indirect governmental coercive pressure, which has the capacity to coercively influence firm actions through, for example, fines and trade barriers (e.g. Clemens and Douglas, 2006; Zhu and Sarkis, 2007), social normative pressures can exert a strong influence on CSR firm management: increased consumer awareness constitutes a core normative pressure encouraging manufacturers to implement CSR in relatively developed countries (Ball and Craig, 2010) and, indirectly, via exports and sales to foreign customers in developing countries (Christmann and Taylor, 2001). Voluntary imitation of a competitor's CSR activities (mimetic isomorphism) has been demonstrated for companies in developed (Aerts et al., 2006) and developing countries where an increasing number of firms study and replicate the implementation of CSR management practices of competitors abroad (Lund-Thomsen, Lindgreen, and Vanhamme, 2016). Alliance formation appears to facilitate this diffusion process (Zhu and Liu, 2010).

Attempting to avoid the potential disciplinary effects of institutional pressures on organizations, institutional entrepreneurship makes it possible to proactively identify organizational CSR concerns and thereby actively influence the definition of public policies, norms, and standards for CSR supply chain practices (Buysse and Verbeke, 2003; Moon and deLeon, 2007; Oliver and Holzinger, 2008). The corporate ability to strategically influence this process of institutional change can initiate conformity to institutional norms in terms of CSR supply chain practices, resulting in structural similarities (or isomorphism) at the inter-organizational level.

2.4.2 Resource-Based View

The traditional RBV holds that companies compete based on bundles of specialized internal resources (Wernerfelt, 1984). A sustained competitive advantage is the outcome of valuable, rare, imperfectly imitable, and non-substitutable resources that are owned or controlled by a single organization (Barney, 1991; Peteraf, 1993; Wernerfelt, 1984). A firm's resources reflect its possession and control over assets and firm attributes, organizational processes and capabilities, information and knowledge, all of which enable a firm to enhance its efficiency and effectiveness (Barney, 1991).

The relevance of RBV has been emphasized in multiple recent contributions in purchasing and supply management research (e.g. Barney, 2012; Hunt and Davis, 2012; Spina, Caniato, Luzzini, and Ronchi, 2015; Priem and Swink, 2012; van Weele and van Raaij, 2014) and studies of CSR issues (Gold, Seuring, and Beske, 2010), according to which CSR operational capabilities facilitate the value, rarity, inimitability, and non-substitutability of a firm's resources (Carter and Carter, 1998; Förstl et al., 2010). CSR supply management capabilities have also been linked to a proactive corporate environmental approach and strategic purchasing (Bowen et al., 2001). Moreover, CSR supply chain commitment tends to result in improved reputation and image as well as overall firm value (Förstl et al., 2010; Sarkis, 2009).

Multiple firm resources have been identified as antecedents to inter-organizational CSR firm behavior (Gold et al., 2010). In particular, intangible resources (i.e., human resources, knowledge and capabilities, and reputation) and personnel-based resources (i.e., corporate culture, employee values, training and expertise) tend to induce corporate CSR behavior (e.g., Carter and Jennings, 2004; Lai et al., 2010). Sharing those resources in supply chain settings supports inter-organizational CSR-oriented learning (Carter and Rogers, 2008, González et al., 2008 and Zhu et al., 2008), which can greatly enhance firm resources along the entire supply chain. On the other hand, firms that lack capabilities and resources are less likely to implement CSR-oriented practices (González-Torre et al., 2010), supporting the notion that those resources are difficult to acquire and may thus be of strategic importance.

The RBV has been criticized as overly simplistic insofar as resource possession is not necessarily related to corporate competitive advantage or additional value creation (Barney and Arikan, 2001; Priem and Butler, 2001). Some argue instead that value creation stems from resource accumulation, combination, and exploitation (Grant, 1991; Sirmon and Hitt, 2003). Castanias and Helfat (2001), for example, find that the added value of top management skills manifests only in combination with additional corporate assets and capabilities.

2.4.3 Transaction Cost Economics

TCE theory implies that efficient governance of transaction relationships creates opportunities to establish competitive advantage (Dyer, 1996; Williamson, 1991), with transaction costs being the costs incurred in conducting economic exchanges. Transaction partners naturally strive to minimize a range of costs such as search and information costs, bargaining and contacting costs, and policing, coordinating, and enforcement costs (Lai et al., 2005). The efficiency of a governance form depends heavily on the transactional attributes of asset specificity and uncertainty (Crook, Combs, Ketchen, and Aguinis, 2013).

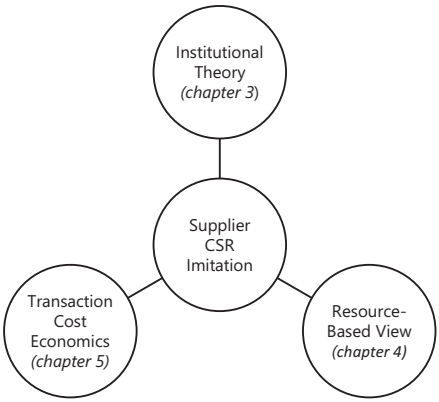
TCE is capable of providing new insights in a supply chain context (Maloni and Carter, 2006; Wallenburg, 2009; Williamson, 2008). This phenomenon holds equally for CSR and sourcing activities (Carter and Easton, 2011; Carter and Rogers, 2008; Pagell, Wu, and Wasserman, 2010; Spina, Caniato, Luzzini, and Ronchi, 2015), where a relationship's underlying transaction costs can significantly affect the diffusion of voluntary CSR standards along supply chains (Rosen et al., 2002). In particular, asset specificity (and the resulting degrees of inter-organizational dependencies) have been related to supplier environmental commitment (Simpson et al., 2007) and the adoption of CSR in supply chains (Delmas and Montiel, 2009; Vachon and Klassen, 2006). We conclude that TCE provides a theoretically promising avenue for investigating the underlying phenomenon and responding to calls for the application of TCE in a CSR supply chain management context (Sarkis, Zhu, and Lai, 2011).

Critics argue that TCE ignores the role of a disparity of organizational capabilities (Richardson, 1972), neglects power relations (Perrow, 1986), trust, and additional forms of social embeddedness (Granovetter, 1985), and ignores evolutionary considerations (Langlois, 1984).

2.4.4 Three Theoretical Perspectives

Based on the perceptions of the interviewed professionals and our literature review, three theoretical perspectives look promising for studying CSR and SRP behavior in supply chains: institutional theory, the RBV, and TCE. Although these theories are related to one another in some respects (see for instance, Crook, Combs, Ketchen, and Aguinis, 2013), we take advantage of their distinct outlooks on supply chain activities. They help us explore why and how internal and external factors affecting a firm influence the CSR behavior of linked organizations. Multiple theoretical lenses make it possible "to better develop hypotheses, add rich insights to the interpretation of findings, and help better understand the boundaries of where these theories apply" (Carter and Easton, 2011, p. 55). Figure 2.2 presents the three theoretical perspectives that form the basis of this dissertation.

Figure 2.2: Three promising theoretical perspectives for examining supplier CSR imitation

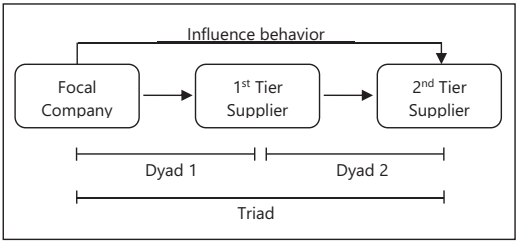


2.5 Data Set and Analysis

2.5.1 Data Collection

The study emphasizes the importance of a company's ability to initiate and support behavioral activities to stimulate and synchronize desired upstream supplier behavior. As behavior in focal dyads in a given supply chain depends largely on how a connected relationship is organized (Wathne and Heide, 2004), we research dyadic and triadic buyer-supplier relationships - as recommended by Stock et al. (2010), Choi and Wu (2009), Seuring (2008), Olsen and Ellram (1997), and Smith and Laage-Hellman (1992) - allowing for the consideration of buyer-supplier-supplier relational dynamics (Wu and Choi, 2005).

Figure 2.3: Triadic/Dual dyadic supply chain



Consistent with Pullman et al.'s (2009) expectation that CSR research is unlikely to generalize across industries, we carry out industry-specific CSR research, namely in the textile industry. Our choice of the garment industry is further supported by observations that established supplier monitoring practices—manifested in comprehensive codes of conduct, monitoring, and auditing activities—have failed to deliver adequate CSR results (Fernie and Grant, 2015; Kumar, Palaniappan, Kannan, and Shankara, 2014; Reynolds and Bowie, 2004; Welford and Frost, 2006). To illustrate this point, we refer to recurring ethical scandals exposed in the supply chains of global fashion retailers such as Gap, Nike, Marks and Spencer, and Zara (BBC, 2011; Chamberlain, 2010). In April 2013, the Italian and German textile retail chains Benetton and Kik were publicly criticized for poor working conditions in their production chains after the collapse of a supplying garment factory complex in an industrial suburb of Dhaka, Bangladesh, which took the lives of more than 1,100 people (Bhasin, 2013; Zeit Online, 2013). The textile industry is characterized as a sensitive market that induces some companies to engage in environmental and social activities (Ählström and Egels-Zandén, 2008; Graafland, 2002; Kogg, 2003) in an attempt to respond to consumer concerns, environmental demands, and calls for social engagement (de los Salmones et al., 2005).

To identify drivers of CSR implementation in the textile production chain (Perry and Towers, 2013), we focus on companies that consider themselves to be relatively advanced in their CSR activities and that have taken the initiative to extend their CSR activities across corporate boundaries (e.g., Tate, Ellram and Kirchoff, 2010). We selected organizations that present themselves as leaders in CSR practices (Pagell and Wu, 2009; Sharfman, Shaft, and Anex, 2009; Tate, Ellram, and Kirchoff, 2010) and which have extended their CSR activities across corporate boundaries; the comparatively high mean values of the sampled constructs confirm the assertion of superior CSR performance among the sampled firms. Our models build on the premise that all firms confront similar environmental conditions as they are exposed to a similar (European) cultural context and industry. In turn, we can indicate more clearly how suppliers respond to pressure exerted by buyers. Thus, this paper presents industry-specific data on what we believe to be a commercially, environmentally, and ethically sensitive industrial segment. According to Flyvbjerg (2006), a targeted selection of extreme cases is preferable to random case selection; the companies we selected are "particularly suitable for the illumination and extension of relationships and logic among theoretical constructs" (Sandberg and Abrahamsson, 2009, p. 59). Our targeted sampling approach (Eisenhardt and Graebner, 2007; Sharfman et al., 2009) makes systematic case selection with rich, informative content possible and facilitates root cause analysis.

We were able to target companies with the assistance of a regional alliance of companies covering multiple levels along the textile production chain who strive to jointly enforce socially

accountable and ecologically oriented business practices (see tables 2.4 and 2.5 for sample demographics). This initiative is apparent from the members' efforts to define and implement universal production standards for high-quality, eco-friendly textiles as well as frequent internal and external product and process assessment. Member products and processes undergo inspection and certification by the association against a range of environmental and social criteria on a recurrent basis (every three years). Topics of particular concern to organizational members include fair sourcing and production, animal welfare, reducing water consumption and greenhouse gas emissions in production processes, and reducing the allergenic potential of final products. Access to business contacts and product databases and consultations regarding product certification as well as active PR communication support the accomplishment of the aforementioned goals.

Consistent with the recommendations of Kumar, Stern, and Anderson (1993) on the use of key informants, respondents qualified for inclusion based on having substantial knowledge of the extent of their firms' CSR, their supply chain practices and policies, and their competitive environments. These included executives whose understanding and areas of expertise pertain to an organization as a whole, most notably managing directors (59%) and senior managers (37%) in the field of CSR, purchasing, and SCM. To address the key respondent issue, we asked respondents how knowledgeable they were regarding the survey questions and how confident they were in answering the survey; we included only the responses of professionals who demonstrated proficiency in the field of interest. The investigation of ethics-related topics, which is potentially vulnerable to social desirability bias, demands special attention in the data collection process (Brunk, 2010). To minimize social desirability bias, we employed the technique of "projective questioning" (Armacost et al., 1991) and asked respondents to answer questions concerning their corporate or purchasing departments' positions as opposed to their personal perceptions (Rudelius and Buchholz, 1979).

Prior to data collection, in line with Dillman et al. (2009), we pre-tested our survey instrument through preliminary interviews with buyer and supplier representatives to ensure adequacy of the research design as well as the face and content validity of the scales. The wording and layout of questionnaire were then tested and adapted.

We collected our primary data through online surveying. Online surveys make it possible to collect large-scale data sets in a time- and cost-effective manner. They contribute to overcoming respondents' unwillingness to disclose information perceived to be sensitive in nature (Schillewaert and Meulemeester, 2005). At the same time, online surveys yield results that are comparable in reliability and analytical validity to those obtained through mail surveys (Deutskens, de Ruyter, Wetzels, and Oosterveld, 2004).

2.5.2 Sample

The data were collected in 2011; 214 firms were approached. E-mail invitations and reminders ultimately resulted in a sample of 137 companies (response rate: 64%). In our total sample, 123 of 137 firms could be linked to 41 matched sets of triadic supply chain relationships; chapter 3 examines these triads directly (please refer to table 2.4 for demographic data). Our sample of 137 firms was involved in 89 pairs of dyadic supply chain relationships (please refer to table 2.5 for demographic information). These dyadic supply chain relationships form the basis for our analyses in chapters 4 and 5. Unfortunately, factor analysis did not support clear identification of three distinct SRP factors based on the same scale at three levels of the supply chain (i.e., buyer and first- and second-tier supplier) in our triadic models. Therefore, we decided to investigate the underlying relationships in a dyadic (rather than triadic) manner. We tested for,

but detected no, non-response bias when comparing the first and fourth quartiles of responses for discrepancies in demographics and constructs (Armstrong and Overton, 1977).

Table 2.4: Triadic sample demographics

Industrial Field	N	Percentage	Firm Size <100 FTEs*	Firm Size 100–200 FTEs*	Firm Size >200 FTEs*	Membership (in years: range/average)
Textile retail	26	21.1	7	7	12	1-7 / 3.8
Dying and fabric finishing	38	30.9	9	14	15	1-7 / 3.8
Yarn production	34	27.6	13	17	4	1-5 / 2.6
Plant color pigments	12	9.8	7	3	2	1-5 / 2.3
Fashion accessories	8	6.5	4	4	0	1-4 / 2.3
Agriculture	5	4.1	5	0	0	1-3 / 2.2

*FTE: full-time equivalent

Table 2.5: Dyadic sample demographics

Industrial Field	N	Percentage	Firm Size <100 FTEs*	Firm Size 100–200 FTEs*	Firm Size >200 FTEs*	Membership (in years: range/average)
Textile retail	39	28.5	18	9	12	1-7 / 4.3
Dying and fabric finishing	38	27.7	9	14	15	1-7 / 3.8
Yarn production	34	24.8	13	17	4	1-5 / 2.6
Plant color pigments	12	8.8	7	3	2	1-5 / 2.3
Fashion accessories	9	6.6	5	4	0	1-4 / 2.4
Agriculture	5	3.6	5	0	0	1-3 / 2.2

*FTE: full-time equivalent

2.5.3 Unit of Analysis

This dissertation first sets out to identify the existence of a CSR mimicking effect among three adjacent supply chain partners (the triadic perspective). Subsequently, having verified a supply chain mimicking effect that propagates CSR behavior beyond the direct dyadic relationship upstream, we explore mechanisms facilitating the adoption of CSR behavior by adjacent supply chain partners (the dyadic perspective). Our prime unit of analysis is the social interaction. We research triadic relations (i.e., the set of supply chain partners creating the mimicking effect) in study 1. When investigating subsequent mechanisms that facilitate or inhibit such CSR mimicking in dyadic relationships (studies 2 and 3), we take a dyadic perspective.

2.5.4 Measures

We employed commonly used scales that are widely considered valid for this purpose. All scales stem from high-quality journals, among them the *Journal of Marketing*, the *Journal of Marketing Research*, the *MIS Quarterly*, the *Journal of Business Logistics*, and the *International Journal of Retail and Distribution Management*. These scales have been extensively validated in numerous prior studies. Our study is the first to borrow from those pre-established scales to shed light on CSR behavior mimicking in inter-organizational supply chain settings. Prior to data collection, we pre-tested our survey instrument through preliminary interviews with buyer and supplier representatives to ensure adequacy of the research design as well as the face and content validity of the scales.

Studies 2 and 3 (chapters 4 and 5 of this dissertation) explore the purchasing behavior of several companies that are active in the textile industry and of their suppliers. We adopt the diffusion of SRP (Carter, 2004) as the prime unit of analysis, as purchasing is thought to play a fundamental role in establishing CSR along the supply chain (Ferrari, Luzzini, and Spina, 2010; Gold, Seuring, and Beske, 2010). Pre-study results reveal that the influence of SRP on supplier CSR behavior may vary by industry, firm size, and the position of the company within the supply chain (relative to the focal company). We included a set of dummy variables to identify the position of the supplier relative to the focal company (first- or second-tier supplier) and controlled for the level of the supplier in the supply chain. We used a firm size measure based on the number of employees to account for wide variation in number of employees across the firms in our sample. In addition, we controlled for an organization's country of origin (to capture potential cultural influences in the relationship between buyer SRP and supplier CSR) and the elapsed time since the first CSR certification as an indication of how long sampled firms were exposed to external stimuli of CSR.

For the remaining scales, we relied on existing measurement scales and adapted them to our research setting. We modified these measures on the basis of the conceptual definitions of the constructs and pre-study interviews. The multi-item scales in the survey are formative, and the seven-point semantic differential (Likert) scale with scores ranging from 1 ("strongly disagree") to 7 ("strongly agree"). See the final tables of the individual chapters (tables 3.4, 4.4, and 5.5) for detailed construct information and sources.

Exploratory factor analysis (EFA) aims to identify underlying relationships between measured variables. In scale development, EFA is frequently used to identify a set of latent constructs underlying a series of measured variables. We also controlled for intercorrelations between the items on each scale and eliminated those with high correlations. Principal components factor analysis, which aims to preserve as much of the original measures' total variance as possible, indicated the scales' unidimensionality and discriminant validity. Subsequently, we rotated the factor model for analysis. We employed Varimax rotation to differentiate the original variables by extracted factor. Next, we conducted confirmatory factor analyses on the scale items. Based on structural equation modeling (SEM) and in line with Gerbing and Anderson's (1988) recommendations for scale development, we tested our measurement model by searching for factor loadings to support an analysis of relationships between observed and unobserved variables. The obtained loadings of observed variables on the latent variables (factors), as well as the correlations between the latent variables, support our confidence in the quality of the identified factors.

2.5.5 Statistical Method

We utilize partial least squares (PLS) path modeling with latent variables with the SmartPLS 2.0 software to attain the parameter estimates in the measurement and structural models (Chin, 1998; Ringle, 2006; Ringle, Wende, and Will, 2010). In line with Hulland (1999), we analyze and interpret our model in two steps: We assess the reliability and validity of the measurement model first and then assess the structural model. We use the PLS algorithm to obtain the paths, outer loadings, outer weights and quality criteria and rely on bootstrap functionality to obtain the t-values and determine the significance levels of structural paths and item loadings. To obtain the desired output, we employ a bootstrap with 1000 resamples.

2.6 Summary

Our exploratory phase found institutional theory, the RBV, and TCE to be promising theoretical perspectives from which to study CSR/SRP behavior in supply chains. By taking advantage of their distinct outlooks on supply chain activities, our subsequent quantitative research studies aim to explore why and how internal and external factors affecting companies influence the CSR/SRP behavior of linked organizations.

Chapter 3

CSR Imitation: An Upstream Perspective

Abstract

Companies recognize the need to develop strategies that extend their corporate governance visions and processes to include upstream environmental and social governance. Using institutional theory, our conceptual model identifies factors that can influence supply chain behavior in the first and second tier. Perceived pressures arise from supply chain interdependence and CSR adoption. Surveys of 123 companies in the textile industry, involved in 41 matched sets of triadic supply chain relationships, reveal the relative effectiveness of coercive, mimetic, and normative drivers in propagating CSR orientation and top management support for SRP behavior upstream. Specifically, normative drivers appear effective for gaining upstream commitment in CSR orientation, even beyond the direct dyadic relationship. Coercive pressure was found to be counterproductive to attaining a CSR orientation and top management support for SRP upstream. We did not find a significant effect of mimetic pressure on the aforementioned dependent variables. We conclude that supply chain mimicking apparently works upstream as well, and provides guidance for achieving CSR behavior, beyond direct interfirm relationships.

3.1 Introduction

Increased interdependencies between supply chain partners reinforce the need for controlled upstream supply chain partner CSR behavior (Sharfman, Shaft, and Anex, 2009). In response, companies increasingly recognize the need to develop strategies that extend their isolated CSR philosophies and governance processes along the entire supply chain (Bask, Halme, Kallio, and Kuula, 2013; Ganesan, George, Jap, Palmatier, and Weitz, 2009). In particular, the textile industry is frequently characterized as a sensitive market, such that some companies engage in environmental and social activities in attempts to respond to consumer concerns for environmental demands and social engagement (Ählström and Egels-Zandén, 2008; Scheiber, 2015). However, fashion producers consistently fail to respond to such pervasive buyer preferences for supplier contributions to CSR supply chain practices by ensuring supplier adherence to basic social and environmental standards.

Perhaps the failure to deliver the expected results can be attributed to "the ubiquitous influence of the institutional environment and how interorganizational relationships such as marketing channels are embedded in [the] larger social context" (Grewal and Dharwadkar, 2002, p. 82). Larger institutional environments in which firms find themselves embedded, with characteristic social customs, practices, and beliefs, can have a significant effect on the spread of corporate CSR behavior (e.g. Boström et al., 2015; Peters, Hofstetter, and Hoffmann, 2011; Tate, Ellram, and Kirchoff, 2010). Therefore, companies need to understand the specific institutional drivers of and barriers to supplier CSR behavior if they are to effectively implement upstream CSR policies. Current research on upstream CSR implementation offers little guidance. Across a variety of industries, support for institutional antecedents of supplier CSR behavior remains equivocal (Brammer, Jackson, and Matten, 2012).

Furthermore, there is a paucity of knowledge about upstream behavioral reactions in response to external forces of supply chain peer demands (Bush et al., 2015; Grimm, Hofstetter, and Sarkis, 2016; Lockie et al. 2015; Wilhelm et al., 2016). To address this need, we aim to identify and confirm the existence of an upstream supply chain mimicking effect and to examine its theoretical basis through the lens of institutional theory. Operationally, we investigate the extent to which CSR firm behavior is driven by external forces of supply chain peer demands and the determining factors underlying the relationship between peer pressure and CSR firm behavior. Specifically, we want to know if and how CSR orientation and SRP top management support spread upstream along a given supply chain. By investigating firm behavior along the supply chain due to institutional environmental effects, as suggested by Peters, Hofstetter, and Hoffmann (2011) and Tate, Ellram, and Kirchoff (2010), we answer McFarland et al.'s (2008) call to investigate the propagation of interfirm behaviors in upstream supply chain settings.

Finally, research on CSR has frequently been limited in scope to direct suppliers only (Carter and Jennings, 2004; Handfield, Sroufe, and Walton, 2005; Preuss, 2005). Few studies based on data from more than one stage of supply chains exist (Grimm et al., 2016; Wilhelm et al. 2016), with current studies largely neglecting the supply chain as a unit of analysis, even at the dyadic level (Carter and Easton, 2011; Stock, Boyer, and Harmon, 2010). We complement research on CSR by examining the implications of buyer CSR activities on the upstream supply chain, beyond the direct supplier, as suggested by Kaufmann and Astou Saw (2014) and Kovács (2008).

We use institutional theory (DiMaggio and Powell, 1983; Haunschild and Miner, 1997; Meyer and Rowan, 1977), which has been utilized successfully to explain the spread of corporate CSR (e.g., Campbell 2007; Spina et al., 2015) to relate CSR behavior adoption to coercive, mimetic, and normative supply chain drivers. In the following sections, we review the literature and formulate our conceptual framework and hypotheses. We then present the empirical study, including a discussion of the triadic sample and data collection, a test of measurement invariance across groups, and the results of hypothesis testing. Finally, we discuss the theoretical and managerial implications of the study and offer directions for further research.

3.2 Theoretical Foundation and Research Hypotheses

3.2.1 Institutional Theory

To identify antecedents of CSR supply chain mimicking, we use an institutional theoretical framework. Institutional theory builds on the premise that organizations are embedded in larger institutional environments with social customs, practices, and beliefs, which in turn have significant impacts on organizational practices (Powell and DiMaggio, 1991). The institutional approach also describes the processes by which structures, including schemas, rules, norms, and routines, constitute guidelines for social behavior. Attempting to gain legitimacy by adopting institutionalized societal rules, embedded companies tend to assimilate processes and structures over time (Connelly et al., 2011; March and Olsen, 1984; Meyer and Rowan, 1977), which emphasizes the relevance of the institutional environment (Grewal and Dharwadkar, 2002). Corporate behavior is thus perceived to be affected in part by a set of institutional forces acting beyond corporate boundaries, whether political or economic in nature (Campbell, 2007). Convergence in inter-firm behaviors may be initiated through (1) coercive drivers from external actors and regulators on which the company depends; (2) mimetic drivers to imitate the corporate behavior of earlier adopters and reduce cognitive uncertainty; and (3) normative drivers, which arise from social factors involving non-governmental organizations or communities (DiMaggio and Powell, 1983). For example, McFarland et al. (2008) demonstrate that manufacturers' conduct with dealers was later copied by those dealers with their end-customers. We refer to such "propagation of inter-firm behaviors from one dyadic relationship to an adjacent dyadic relationship within the supply chain" (McFarland et al., 2008, p. 63) as mimicking of supply chain behavior, covering a range of imitation behaviors.

Following Park-Poaps and Rees (2010), Peters, Hofstetter, and Hoffmann (2011) and Ramus and Montiel (2005), we consider institutional theory a suitable theoretical tool with which to describe the governing dynamics that cause industries to follow comparable behavioral patterns in regard to CSR adoption. While most firms face similar institutional pressures for CSR policy commitment and implementation (Sharfman, Shaft, and Tihanyi, 2004), common institutional pressures encountered in the same industrial branch create a joint set of (dis)incentives to firm commitment and implementation of CSR policies (Ramus and Montiel, 2005). Regarding CSR practices, a leading company ("institutional entrepreneur"; Lawrence, 1999) may therefore be able to institute or affect rules and norms of corporate behavior (Fligstein, 1991) to define what is considered legitimate (Scott, 2001) and to establish benchmarks, which may subsequently be adopted by external organizational actors seeking a comparative advantage in the field (Porter and Van der Linde, 1996). Companies adapting to regulative mechanisms as they relate to CSR are thus considered to be in a superior strategic position in relation to their competitors (Connelly et al., 2011). Previous research has related

institutional coercive, mimetic, and normative forces to the diffusion of CSR practices at the organizational level (Jennings and Zandbergen, 1995) and beyond (Park-Poaps and Rees, 2010). We discuss those forces and their effects on firm CSR behavior in the remainder of this section.

Coercive isomorphism results from formal and informal external pressures stemming from organizations on which a focal organization depends (DiMaggio and Powell, 1983). Firms tend to comply with CSR pressure exerted through rules or regulations, either through formal monitoring or through more informal means such as mutual self-regulation without sanctions, as a matter of propriety (Walton et al., 1998; Campbell, 2007). Employing supplier selection and evaluation procedures based on the identification, evaluation, and appreciation of meaningful supplier CSR performance indicators (Noci, 1997; Green et al., 1998; New et al., 2002; Preuss, 2005), supplier assessment programs are considered effective coercive mechanisms responsible for the diffusion of CSR (Rao, 2003; Rao and Holt, 2005). The acquisition of third-party certification accreditation based on various codes and standards, such as ISO 14000 and the EU Eco-management and audit scheme (EMAS), are increasingly becoming an integral part of the supplier assessment process (Arimura, Darnall, Ganguli, and Katayama, 2016; Darnell et al., 2008). This institutionalization of supplier CSR requirements is expected to have meaningful effects up the supply chain (Grimm, Hofstetter, and Sarkis, 2016).

Mimetic isomorphism occurs when firms imitate structures or behavior under conditions of uncertainty when the best course of action is unclear. In particular, firms that are perceived as similar (i.e., firms operating in the same industrial sector and under similar market conditions) frequently adopt comparable codes and systems. Buyer CSR programs and alliances, often supported by third parties, raise CSR awareness and disseminate mimetic tendencies. For example, firm alliances such as the UN Global Compact and the Dow Jones Sustainability Index tend to institutionalize practices amongst their members to encourage CSR firm practices (Matten and Moon 2008).

A driving force of *normative imitation* is social obligation (Scott 1995). Formal and informal institutions influence societal perceptions of what is considered morally and ethically acceptable in terms of CSR behavior and encourage firms to base decisions on more than economic effects alone (Platje 2008). Peer behavior, educational institutions, and professional networks promote the establishment and dissemination of standards in corporate CSR practices (Campbell, 2007; Preuss, 2005).

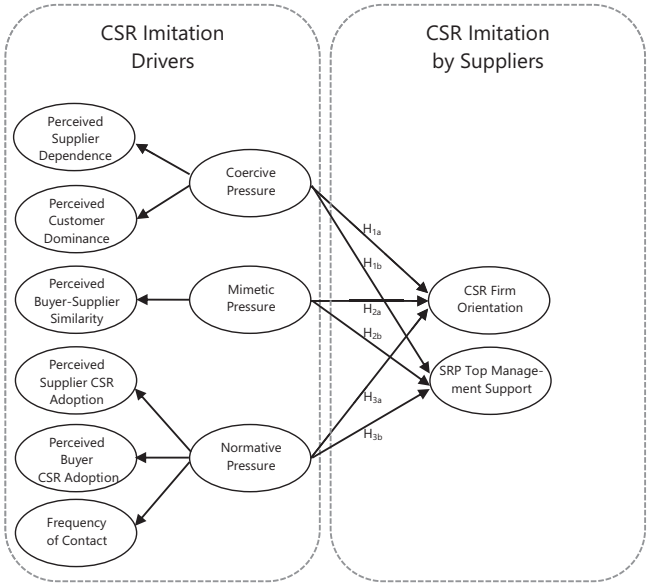
In summary, because organizations are affected by the larger social context, institutional theory advocates firm behavior that is expected to generate meaningful CSR effects along the upstream supply chain, at and beyond the direct dyadic buyer–supplier relationship.

3.2.2 Conceptual Model

We investigate the institutional conditions under which CSR behavior spreads among and beyond adjacent supply chain actors. We are interested in learning how CSR imitation drivers exhibited by the buying company can trigger CSR behavior on the part of its suppliers. Our choice of CSR firm orientation (the supplier's continuous effort to integrate social and environmental concerns into daily business practices (Bansal, 2005)) and SRP top management support (the executive's endorsement of SRP practices) as proxies for supplier CSR firm mimicking stems from their substantial role in establishing internal CSR firm practices (Dou, Zhu, and Sarkis, 2017; Grimm, Hofstetter, and Sarkis, 2014). CSR performance at the corporate level depends on the involvement of individuals (Bansal, 2005; Beske and Seuring, 2014; Daily,

Bishop, and Govindarajulu, 2009). Figure 3.1 depicts the relationships hypothesized as drivers of CSR imitation by suppliers.

Figure 3.1: Hypothesized relationships



Coercive Pressure

Coercive pressure involves formally or informally attempting to influence dependent organizations (DiMaggio and Powell, 1983) through force, persuasion, or offers to cooperate with external stakeholders (Williams et al., 2009). Motivations to comply with such pressure include fear and efforts to avoid punishment or sanctions in response to violations of rules or laws (Grewal and Dharwadkar, 2002; Scott, 1995). Organizations confronted with a dependency relationship tend to reproduce the structural features (e.g., organizational models, formal policies, programs) exemplified by the organizations on which they depend, to increase their perceived validity (DiMaggio and Powell, 1983; Pfeffer and Salancik, 1978). In response to consumer or supplier demand for CSR strategies and practices, firms have successfully mandated environmental policies and procedures in upstream supply chains (Grimm, Hofstetter, and Sarkis, 2016). Because organizational reproductions of structural features stem from dependence on resource-dominant organizations (Pfeffer and Salancik, 1978), we expect perceptions of supplier and customer dominance to influence CSR imitation behaviors.

Hypothesis 1: Greater coercive pressures will lead to greater supplier firm imitation in the form of
(a) supplier CSR firm orientation imitation
(b) supplier SRP top management support

Mimetic Pressures

Firms frequently imitate other companies' behavior under environmental uncertainty (DiMaggio and Powell, 1983) when standard procedures are perceived as unsuitable and the best course of action is unclear. Adopting practices that the external environment signals are acceptable helps to shield the imitating organization from criticism (King and Lennox, 2000) and enhances its own legitimacy. In terms of CSR, the implementation of environmentally friendly practices, products, and marketing programs in reaction to competitive pressures are examples of mimetic pressures (Tate, Ellram, and Dooley, 2014). Buyer programs and firm alliances raise CSR awareness and tend to institutionalize practices amongst their members to encourage CSR firm practices (Matten and Moon 2008).

Mimetic pressure results from an organizational desire to imitate (mimic) other organizations' structures, practices, or outputs to comply with taken-for-granted standards (Scott, 2001) or to imitate actions of competitors perceived to be successful in an attempt to replicate their success. Suppliers perceive competitors that incorporate CSR measures to be more successful (Mollenkopf and Tate, 2011) in winning bids or gaining orders. Through such competitive benchmarking, organizations tend to model themselves after other organizations that they regard as role models (i.e., organizations that appear similar, legitimate, and successful) which are being exploited as a convenient of source of practices the borrowing organization can use (DiMaggio and Powell, 1983): mimetic organizational change constitutes a mimicking process, disseminating accepted practices among connected organizations (McFarland, Bloodgood, and Payan, 2008). In particular, a perceived degree of firm similarity tends to be associated with the adoption of comparable programs and systems. As such, firms tend to adopt CSR practices of organizations that display similar characteristics (Guler et al., 2002). Individual and organizational actors might mimic behavior in the presence of perceived similarity between boundary-spanning personnel, leading to the diffusion of organizational practices among individual employees (Galaskiewicz and Wasserman, 1989; Strang and Meyer, 1993). Because employees affect organizational behavior profoundly (Lant and Baum, 1995; Pfeffer and Salancik, 1978), firm orientation and practices should diffuse at the firm level as well. We thus predict:

Hypothesis 2: Greater mimetic pressure will lead to greater supplier firm imitation in the form of
(a) supplier CSR firm orientation imitation
(b) supplier SRP top management support

Normative Pressure

Norms play a significant role in structuring corporate relationships; in particular, supportive norms contribute to the development of vertical control (Heide and John, 1992). Normative pressure stems from cultural expectations that shape norms, values, and behavioral standards for the organizational operating environment (Scott, 2001; Suchman, 1995). Serving as points of reference, norms, values, and standards profoundly affect organizational decision-making (Khalifa and Davison, 2006). Behavioral imitation or conformity stems from the acceptance of moral and ethical obligations and expectations in the external environment (Bresser and Millonig, 2003; Scott, 1995).

In a supply chain setting, these normative pressures are manifest in dyadic inter-organizational firm–supplier and firm–customer channels (Burt, 1982). Higher adoption rates among adjacent supply chain members and frequent interaction between those members are

believed to enhance the spread of norms and conventions—as demonstrated by Teo et al. (2003). Thus, (downstream) customer concerns, which can activate organizational change (Quinn, 1985; Von Hipple, 1982), appear positively related to upstream CSR behaviors (Carter and Jennings, 2004). Similarly, CSR-related customer requirements (e.g., for product origin, environmental impact, and safety; Brown and Dacin, 1997; Handelman and Arnold, 1999) should induce organizational responses in the form of reevaluated product and packaging decisions (e.g., healthiness and environmental friendliness of ingredients and subcomponents, design for disassembly and recycling, reuse; Carter and Carter, 1998), as well as revised production processes (Dickson, 2005; Emmelhainz and Adams, 1999). The perceived degree of normative pressure thus should relate positively to the diffusion of CSR activities among suppliers and customers.

Formal and informal institutions influence stakeholder perceptions of what is considered morally and ethically acceptable in terms of CSR behavior and encourage firms to reach beyond mere economic consequences (Platje 2008). Peers, educational institutions, and professional networks promote the establishment and dissemination of standards in corporate CSR practices (Campbell, 2007; Preuss, 2005). When their members interact, they reinforce and spread CSR norms of behavior among themselves (Tate, Ellram, and Dooley, 2014). For example, cross-functional project teams tend to facilitate cooperative design of cleaner technologies (Carter, Ellram, and Ready, 1998), joint recycling strategies (Den Hond, 1996), and SRP implementation (Drumwright, 1994). Thus, we expect enhanced degrees of interaction and socialization among members of the same organizational environment to promote normative imitation.

Hypothesis 3: Greater normative pressure will lead to greater supplier firm imitation in the form of
(a) supplier CSR firm orientation imitation
(b) supplier SRP top management support

3.3 Research Method

3.3.1 Construct Measures

Institutional theory is useful for identifying institutional determinants of CSR behavior, namely drivers and CSR-mimicking effects.

Drivers

Coercive pressure comprises supplier dependence and customer dominance. Supplier dependence measures the degree to which a given supplier can be replaced by a particular customer. We employ Kumar, Scheer, and Steenkamp's (1995) three-item scale to measure perceived supplier dependence. Perceived customer dominance comprises the supplier's perception of the degree of customer dominance, using Teo et al.'s (2003) four-item scale. Our motivation for operationalizing the construct in such a way stems from the belief that the two subconstructs do not necessarily correlate with each other and firms may experience conflicting levels of dependence on the two dominant actors (Teo et al., 2003).

Mimetic pressure results from an organizational desire to imitate (mimic) other organizations' structures, practices, or outputs to comply with taken-for-granted standards or to imitate competitors' actions perceived to be successful in an attempt to replicate their success. Through such competitive benchmarking, organizations tend to model themselves

after other organizations that they regard as role models and which they exploit as a convenient source of practices the borrowing organization can use. As such, firms tend to adopt CSR practices of organizations that display similar characteristics (Guler et al., 2002). Individual and organizational actors might mimic behavior under conditions of perceived similarity among boundary-spanning personnel, leading to the diffusion of organizational practices among individual employees (Galaskiewicz and Wasserman, 1989; Strang and Meyer, 1993). Perceived buyer–supplier similarity measures the supplier's perception of the similarity between the buyer and supplier (Doney and Cannon, 1997). We use the supplier's perceived degree of similarity with the buyer as a proxy for mimetic pressure and used McFarland et al.'s (2008) three-item scale to measure it.

Serving as points of reference, cultural expectations tend to create normative pressure. Normative pressure comprises perceived buyer and supplier CSR adoption, based on Teo et al.'s (2003) scales, and frequency of contact between buyers and suppliers.

CSR-mimicking effects

We relate the antecedents to two dimensions of CSR mimicking effects (CSR firm orientation and SRP top management support), as shown in Figure 3.3. CSR firm orientation was based on Deshpandé and Farley (1998) and Kibbeling (2010); Park and Stoel (2005) was used for SRP top management support. For a complete overview of the constructs and items used, please see Table 3.4. We examined 41 matched sets of triadic supply chain relationships (buyer, first-tier supplier, and second-tier supplier). For the CSR mimicking effect, we measure CSR firm orientation and SRP top management support at the focal company as well as the first- and second-tier suppliers and calculate the absolute deviation between the respective CSR behavior of the focal company and the first-tier supplier as well as between the first-tier supplier and the second-tier supplier, according to the following formulas:

$$CSRMimicking_{ij} = 7 - |(CSRFocalCompany_{ij} - CSRFirstTierSupplier_{ij})|, \text{ and}$$

$$CSRMimicking_{ij} = 7 - |(CSRFirstTierSupplier_{ij} - CSRSecondTierSupplier_{ij})|,$$

where i=mimicking effect identifier, equal to a value of 1 or 2; and j=item identifier.

These formulas calculate the mimicking effect in both the first and second dyads: they take the difference in reported CSR behavior between two adjacent supply chain actors where a small difference means a greater effect.

3.4 Data Analysis

3.4.1 Structural Modeling

We used PLS path modeling with latent variables (SmartPLS 2.0) to attain the parameter estimates in the measurement and structural models (Chin, 1998; Ringle, 2006; Ringle et al., 2010). In line with Hulland (1999), we analyze and interpret our model in two steps. First, we assess the reliability and validity of the measurement model, and check the structural model. Second, we employ SmartPLS to estimate the measurement and structural models (Ringle et al., 2005), using a bootstrap with 1000 resamples.

Table 3.1: Summary of reliability measurements

Scale	Mean score	Cronbach's alpha	Composite reliability	Average variance extracted	Factor loading (range)
Coercive Pressure					
Perceived customer dependence	4.62	0.90	0.94	0.84	0.90-0.92
Perceived customer dominance	4.76	0.93	0.95	0.83	0.89-0.92
Mimetic Pressure					
Perceived buyer–supplier similarity	4.80	0.92	0.95	0.86	0.94-0.95
Normative Pressure					
Perceived supplier CSR adoption	4.98	0.81	0.89	0.73	0.90-0.91
Perceived customer CSR adoption	5.87	0.78	0.87	0.70	0.82-0.85
Frequency of contact	5.74	n.a.	n.a.	n.a.	n.a.
Mimicking effects					
CSR firm orientation	5.96	0.74	0.88	0.79	0.88-0.89
SRP top management support	6.11	0.88	0.93	0.81	0.88-0.92

The psychometric properties of the measurement instruments, as assessed by SmartPLS, included reliability, convergent validity, and discriminant validity (Tenenhaus et al., 2005). The standardized loadings appear in table 3.1; all composite reliabilities (CR) exceed the 0.7 threshold (Gefen et al., 2000). As we show in Table 3.1, all average variance extracted (AVE) values exceeded the recommended cut-off value of 0.5 (Fornell and Larcker, 1981).

To assess the partial model structures, evaluate the adequacy of the measurement and structural models (Chin, 1998), and test the model's fit (Schepers et al., 2005), we relied on the two-stage process suggested by Henseler et al. (2009). We checked for internal consistency reliability, CR, and AVE. The measures of the constructs exceeded the recommended thresholds of 0.7 for CR and 0.5 for AVE. Composite reliability scores indicate that we can assume the reliability of the scales. All measured constructs showed Cronbach's alpha values greater than 0.7, indicating a high degree of internal consistency (Hair et al., 1998).

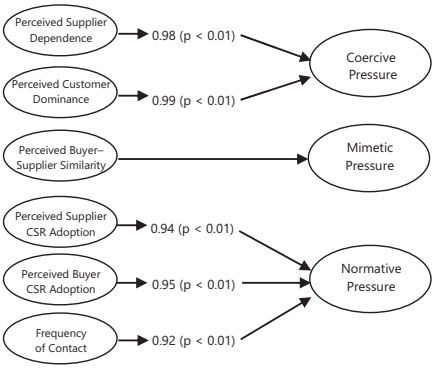
Table 3.2: Correlation table

	1	2	3	4	5	6	7	8
Perceived Customer Dependence (1)	**0.91**							
Perceived Customer Dominance (2)	0.90	**0.91**						
Perceived Buyer–Supplier Similarity (3)	0.50	0.49	**0.95**					
Perceived Supplier CSR Adoption (4)	0.51	0.62	0.84	**0.85**				
Perceived Customer CSR Adoption (5)	0.52	0.59	0.82	0.80	**0.83**			
Frequency of Contact (6)	0.49	0.50	0.89	0.80	0.81	**1.00**		
CSR Firm Orientation Mimicking (7)	0.78	0.87	0.59	0.41	0.51	0.54	**0.89**	
SRP Top Management Support Mimicking (8)	0.84	0.86	0.51	0.78	0.74	0.86	0.51	**0.90**

Note: The square roots of the AVE on the diagonal are shown in boldface.

We measured discriminant validity by comparing the magnitude of the square root of the AVE with the value of the correlations, with the requirement that the former be higher than the latter (Chin, 1998; please refer to table 3.2). We find evidence of discriminant validity (Fornell and Larcker, 1981) because the correlations among all corresponding reflective constructs did not exceed the square-roots of the AVE scores. The mimicking variables were measured by items adapted from well-established questionnaires. Because the straightforward content and the tried-and-tested nature of these items assured us of their validity, they were either taken directly from those surveys or were slightly modified to better suit the CSR context. The data reported in figure 3.2 provide confidence in the measurement of coercive, mimetic and normative pressures.

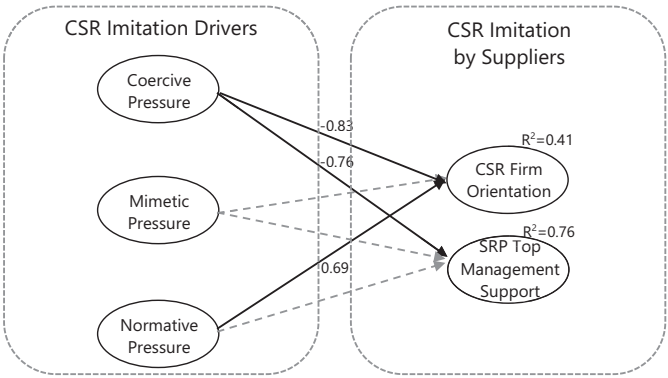
Figure 3.2: Measurement model: coercive, mimetic, and normative pressures



3.5 Hypothesis Testing

We report some notable findings. Normative pressures are an antecedent of firm orientation but not of top management support. Mimetic pressures could be related neither to CSR firm orientation imitation nor to SRP top management support. Contrary to our expectations, coercive pressure is associated with negative imitation effects for CSR firm orientation as well as for CSR top management support.

Figure 3.3: Structural model estimates



Notes: Solid lines indicate statistical significance at the 95% confidence level; dashed lines indicate statistical insignificance.

Table 3.3: Core model, partially mediated

Path/Hypothesis	Path coefficient	t-Value	*p*-Value	Hypothesis Support
Coercive Pressure => CSR Orientation (H_{1a})	-0.83	2.52	0.00*	Not supported
Coercive Pressure => SRP Top Management Support (H_{1b})	-0.76	4.11	0.00*	Not Supported
Mimetic Pressure => CSR Orientation (H_{2a})	0.45	1.38	$0.08^{n.s.}$	Not supported
Mimetic Pressure => SRP Top Management Support (H_{2b})	-0.02	0.16	$0.44^{n.s.}$	Not supported
Normative Imitation => CSR Orientation (H_{3a})	0.69	3.04	0.00*	Supported
Normative Imitation => SRP Top Management Support (H_{3b})	0.14	0.75	$0.\ 23^{n.s.}$	Not supported

* $p<0.01$, and ** $p<0.05$, with one-tailed tests; n.s.= not significant.

3.6 Discussion and Conclusion

We conclude that supply chain mimicking apparently takes place beyond direct interfirm relationships. Investigating the relative effectiveness of coercive, mimetic, and normative drivers in propagating CSR behavior, we provide empirical support for the effect of institutional-based variables on CSR orientation and SRP top management support "up" the supply chain. Two influences—coercive and normative—show an effect. Our study finds normative drivers to be most effective for gaining upstream CSR commitment beyond the direct dyadic relationship while coercive pressure tends to be counterproductive. Mimetic pressure did not show a significant effect. We discuss the effect of each type of pressure in the order of its relative importance.

Normative pressures stemming from the perceived extent of CSR adoption among direct supply chain partners exert a strong influence on managers to adopt a CSR orientation. In distribution channels, customers send CSR signals upstream and thus are in a position to establish behavioral norms that influence how their suppliers behave. Norms espoused by supply chain partners appear to play a major role in influencing the predisposition of organizational decision-makers to adopt CSR orientation. Supply chain partners that support CSR adoption efforts apparently act as role models (Zey-Ferrell and Ferrell, 1982) and are capable of transmitting environmental and social values across firm boundaries (Krause, Vachon, and Klassen, 2009; Pullman, Maloni, and Carter, 2009), explaining why mimetic and coercive pressures appear to have little influence on upstream CSR behavioral adoption. Buyers should recognize their example-setting function; behavior that indicates a clear mandate for SRP and concern for stakeholders will be emulated by suppliers. As organizations are embedded in social networks, the diffusion of CSR firm orientation is expected to be improved by greater firm involvement in key institutions (such as the firms that form our sample).

Professional and collective associations such as industry-wide CSR councils tend to enhance this effect as they provide a platform on which highly visible organizations that support CSR implementation efforts tend to receive strong recognition and wield considerable influence. In consequence, managers may tend to make organizational choices that are consistent with views supported by supply chain partners embracing the CSR concept. Ensuring adequate commitment and resources for effective CSR implementation, top management support is generally considered a major driver of the implementation of CSR firm practices (e.g., Parast and Adams, 2012; Zhu et al., 2008). Surprisingly, we did not find a significant effect of normative

pressures on SRP top management support. Apparently, firm control or collaboration at the lower-tier levels is very difficult to manage. In the absence of direct contractual relationships between a focal firm and its sub-suppliers, the former may not be in the position to exert direct normative pressure on the sub-supplier. Given the numerical and relational complexity that characterizes direct dealings with sub-suppliers, many firms rely on their direct suppliers to manage their sub-suppliers—accepting a certain loss of control (Gonzalez et al., 2008; Lee and Klassen, 2008; Spence and Bourlakis, 2009). Alternatively, the missing effect may also be attributed to the sample employed: inconsistency in top management support is believed to be among the internal barriers that frequently arise within small and medium-sized enterprises (SMEs) and prevent or impede CSR implementation (Parast and Adams, 2012).

Coercive pressure, stemming from perceived supplier dependence and perceived customer dominance, relate negatively to CSR firm orientation and SRP top management support mimicking effects. These findings contrast with other findings reported in established literature indicating that increased dependency between interrelated organizations results in greater cohesion (Emerson, 1962), increased levels of common interests (Kumar et al., 1995), and cooperative interactions (Dwyer et al., 1987; Gundlach and Cadotte, 1994). However, such cohesion does not seem to translate into CSR behavioral mimicking effects. Apparently, a buyer mandate for social and environmental requirements does not per se result in increased supplier CSR performance as argued by Grimm, Hofstetter, and Sarkis (2016). Instead, upstream supply chain partners can shield themselves from dominant outside influences. Firms respond to coercive CSR pressures when regulations are enacted and enforced. Coercive pressure appears counterproductive, undermining CSR compliance. While the exercise of coercive power may be effective in the short run (Amran and Haniffa 2011), it may jeopardize the buyer–supplier relationship in the longer run (Kumar, 2005): the use of punitive actions tends to reduce partner trust and commitment (Geyskens et al., 1998 and Geyskens et al., 1999) and the vulnerable party will seek ways to resist. This phenomenon has been characterized by Kumar (2005, p. 865) as "anything but deleterious effects of punitive actions." Apparently, neither CSR firm orientation nor SRP top management support can be forced on upstream supply chain partners. We agree with Perez-Batres et al. (2011), Simpson and Power (2005), and Wade-Benzoni et al. (2002) that inter-organizational CSR performance improvements based on normative influence are more extensive than those based on coercion.

In terms of the aforementioned variables, mimetic organizational change also constitutes a mimicking process, disseminating accepted practices among connected organizations (McFarland et al., 2008) where firms perceived to be similar, legitimate and successful in terms of CSR (Tate, Ellram, and Dooley, 2014) tend to successfully act as role models (DiMaggio and Powell, 1983). Surprisingly, we did not find a significant effect among mimetic pressures and the respective mimicking effects on CSR firm orientation and SRP top management support. Our results suggest that suppliers benchmark their own CSR-oriented behaviors against those of their customers, even if they are perceived to be similar. Apparently, the perceived extent of CSR adoption among direct supply chain partners does not per se exert a strong influence on firms in regard to their CSR orientation or SRP top management support. Despite the desire on the part of a supply chain partner to act as an identified role model, mimetic pressure also appears not to lead to a guaranteed upstream spillover in terms of CSR orientation and SRP top management support. Other factors, such as individuals' personal beliefs or a strong corporate culture may inhibit this effect. Apparently, reputation spillover effects occur only under a common set of norms among supply chain partners. Moreover, a change towards SRP top management support is unlikely to occur instantaneously; perhaps a longitudinal study could find a delayed effect.

Most notably, and in contrast to our use of SRP top management support as our second marker of the CSR mimicking effect, CSR firm orientation is affected by two forms of institutional pressure, normative and coercive pressure. This result is striking when set against the background condition that firm culture cannot be changed easily: it takes time and effort to change firm culture. Accordingly, it appears that CSR firm orientation is amendable to CSR compliance when exposed to persistent institutions (Matten and Moon, 2008). The tendency of firm performance to correlate positively with a customer's evaluation of the supplier's customer orientation (e.g., Deshpandé et al., 1993) may be a primary driver in this regard.

3.6.1 Theoretical Contribution

This study is the first to measure the effects of institutional-based variables on CSR orientation and SRP top management support "up" the supply chain. We investigated the relative effectiveness of coercive, mimetic, and normative pressures in propagating CSR at the second-tier level. We thus examined the implications of buyer CSR activities on the upstream supply chain—beyond the direct supplier (as suggested by Kovács, 2008; Tate, Ellram, and Dooley, 2014).

We contribute to the extant literature in several ways. First, we demonstrate profound consequences of CSR imitation pressures on upstream supply chain partners. Normative pressures appear effective for gaining upstream CSR commitment, beyond the effects of a direct dyadic relationship. Industry coalitions and alliances tend to increase socialization among institutions. Success depends on how well a firm can match the right tactics (i.e., the type of pressure) to the desired CSR behavioral outcome of the upstream supply chain partner. Although frequently employed, coercive pressure, as manifested in the form of requests, specifications, or order qualification adherence to existing regulations, is actually counterproductive. No significant effect could be found for the use of mimetic pressure. While theory argues that mimetic influences are a strong predictor of CSR awareness and implementation, suppliers appear reluctant to copy the CSR practices of seemingly successful firms. Providing empirical support for the effect of institutional-based variables on CSR orientation and SRP top management support "up" the supply chain, we contribute to the body of research on firm behavior in the supply chain due to institutional environmental effects as suggested by Grewal and Dharwadkar (2002). In so doing, we answer McFarland et al.'s (2008) call to investigate the propagation of inter-firm behaviors in upstream supply chain settings.

Second, CSR has been characterized as a relatively new form of governance regime that has increasingly characterized firm regulation (Blair, Williams, and Lin, 2008; Gimenez and Tachizawa, 2012; Meidinger, 2006). Our results agree with this view and emphasize that CSR firm strategy and politics cannot be understood without understanding the institutional environments in which firms operate (Devinney et al., 2013). Most notably, our results may refine a discussion on the institutional prerequisites for systems of firm responsibility and behavior (compare: Matten and Moon, 2008).

Third, by adopting a triadic perspective, our study is the first to empirically validate a mimicking effect of CSR orientation and SRP top management support upstream along the supply chain. This aligns with multiple calls to design studies based on data from multiple stages of the supply chain (e.g. Seuring, 2008; Solér, Bergström, and Shanahan, 2010).

3.6.2 Managerial and Policy Implications

Our research demonstrates that firms are capable of transmitting environmental and social values across firm boundaries. For CSR firm orientation and SRP top management support, we

observe the relative effectiveness of coercive, mimetic, and normative pressures in propagating CSR at the second-tier level. Our research stresses the particular role of norms in influencing a managerial predisposition to adopt a CSR orientation: suppliers tend to emulate behavior that indicates a clear mandate for SRP and concern for stakeholders. Organizational buyers in support of CSR adoption efforts apparently act as role models and should be aware of their example-setting function. Through social interaction, firm involvement in key institutions tends to facilitate the spread of organizational norms: they provide a platform on which highly visible organizations that support CSR implementation efforts tend to receive strong recognition and exert considerable influence. We recommend that managers actively establish and engage in professional and collective associations, such as industry-wide CSR councils. As such, we expect organizational embeddedness in social networks to enhance CSR firm orientation diffusion. One of the Dutch Chamber of Commerce Limburg's initiatives stimulated such CSR diffusion with the help of its cradle-to-cradle community, which aims to introduce and exchange experiences and best practices in the field. Such promotion of standards of conduct and values by individual institutions and industry associations are regarded as effective means of applying normative pressures (Soundararajan and Brown, 2016). Ensuring commitment and resource deployment for effective CSR implementation and top management support is essential for the implementation of CSR firm practices.

We advise managers to refrain from the use of coercive pressure. Apparently, a buyer mandate for social and environmental requirements cannot easily be enforced. Instead, the weaker party will seek ways to resist. The use of punitive actions tends to reduce partner trust and commitment and is expected to harm the quality of the relationship in the longer run.

CSR typically depends on voluntary firm behavior. At the same time CSR initiatives tend to arise from socially binding responsibilities, such as legal compliance, or in response to wider societal expectations (Carroll, 1999). Through formal institutions such as laws, policies, and formal agreements among citizens from separate locales, governments can facilitate or hinder inter-organizational CSR initiatives. They can also raise awareness and stimulate the spread of behavioral norms and mental models through informal institutions such as CSR councils and lean and green promotions. Accordingly, the Dutch province of Limburg initiated a sustainability platform on which to address such topics as innovative products and production processes, area-specific development, green events, building design, infrastructure, and education. This platform links a diverse group of stakeholders including commercial, non-governmental and umbrella organizations, and many of Limburg's municipal and provincial authorities.

3.7 Limitations and Implications for further Research

Our study shows a CSR mimicking effect upstream. While we used two markers of a CSR mimicking effect, CSR firm orientation and SRP top management support, other upstream effects also warrant investigation. The results highlight an interesting phenomenon in the area of CSR, which may well apply to other areas of business: the leadership role that firms will or will not play in shaping a supply chain in regard to CSR. Further research should explore organizational leadership in shaping CSR firm orientation and behavior in supply chains.

Decision-makers may be customer-oriented and more inclined to adjust to the needs of their customers (Teo et al., 2003), but they also appear equally receptive to their upstream supply chain partners (McFarland et al., 2008). How do managers balance these—potentially conflicting—demands? While there is considerable common ground for underlying CSR

development definitions between partners (Gladwin et al., 1995), not everyone interprets CSR identically (van Marrewijk and Werre, 2003), which may have a significant effect on upstream top management support and the way a firm reacts; normative pressures appear ineffective in these cases.

We realize that the implementation of CSR measures in a supply chain setting may entail a process that takes time to achieve an effect. This slowly developing response of supply chain actors in reaction to newly evolving (quasi-)standards has been emphasized as critically important for maintaining a firm's reputation (Campbell, 2007). We attempted to control for this effect by measuring the elapsed time during which each firm was exposed to external CSR certification, but this control variable was not significant. We recommend a longitudinal study to more accurately examine this process.

Table 3.4: Constructs, item measures, and sources

Construct and Item		Mean	α	CR	AVE
Perceived Degree of Supplier Dependence (Kumar et al., 1995)		4.62	0.90	0.94	0.84
SuppDep1	In our trade area, there are other firms that could provide the customer with comparable distribution. (R)				
SuppDep2	In our trade area, the customer would incur minimal costs in replacing our firm with another dealer. (R)				
SuppDep3	It would be difficult for the customer to replace the sales and profits generated from our line.				
Perceived Degree of Customer Dominance (Teo et al., 2003)		4.76	0.93	0.95	0.83
CusDom1	With regard to my main suppliers that have adopted socially responsible purchasing (SRP), my firm's well-being depends on their resources.				
CusDom2	With regard to my main suppliers that have adopted SRP, my firm cannot easily switch away from them.				
CusDom3	With regard to my main suppliers that have adopted SRP, my firm must maintain good relationships with them.				
CusDom4	With regard to my main suppliers that have adopted SRP, they are the core suppliers in a concentrated industry.				
Perceived Degree of Buyer-Supplier Similarity (McFarland et al., 2008)		4.80	0.92	0.95	0.86
SuppSim1	The buyer shares similar interests with us.				
SuppSim2	The buyer is very similar to us.				
SuppSim3	The buyer has similar values to ours.				
Perceived Degree of Supplier CSR Adoption (Teo et al., 2003)		4.98	0.81	0.89	0.73
Supp Adop1	According to my opinion, SRP is currently widely adopted by our firm's suppliers.				
Supp Adop2	Our suppliers are way ahead in regard to the adoption of SRP.				
Supp Adop3	SRP is a crucial aspect in our supplier's strategy.				
Perceived Degree of Customer CSR Adoption (Teo et al., 2003)		5.87	0.78	0.87	0.70
CusAdop1	According to my opinion, SRP adoption is currently widely adopted by our firm's customers.				
CusAdop2	Our customers are way ahead in regard to the adoption of SRP.				
CusAdop3	SRP is a crucial aspect in our customer's strategy.				
Frequency of Contact					
	We frequently purchase products or services at this supplier.	5.74	n.a.	n.a.	n.a.
CSR Firm Orientation (adapted from Deshpandé and Farley, 1998)		5.96	0.74	0.88	0.79
CSR-Orien1	Our business unit considers corporate social responsibility as one aspect of our firm's strategy.*				
CSR-Orien2	The objectives of our business unit include matters of corporate social responsibility (CSR).*				
CSR-Orien3	Our business unit defines corporate social responsibility as one aspect of our strategy for competitive advantage.*				
CSR-Orien4	Our business unit monitors the environmental impact of its activities.*				
CSR-Orien5	Our business unit has routines to reduce our energy consumption.				
CSR-Orien6	In our business we believe that we care more about the environment than our main competitors.				

SRP Top Management Support (Park and Stoel, 2005)		6.11	0.88	0.93	0.81
MgmtBeh1	Top-management behaves in a highly ethical and socially responsible manner.*				
MgmtBeh2	Top-management provides invisible, but value-oriented support for socially responsible buying/sourcing.*				
MgmtBeh3	Top-management believes that higher financial risks are worth taking for social welfare.*				
MgmtBeh4	There is frequent encouragement from top-management on socially responsible buying/sourcing.*				
MgmtBeh5	Top-management tends to concentrate profits and costs of each buying proposal and take it only if it is determined to provide high financial benefit.				
MgmtBeh6	Top-management creates conductive organizational climates in which employees would take risks associated with socially responsible buying.				
MgmtBeh7	Overall, top-management is highly committed to socially responsible buying.				

*Item omitted.

Chapter 4

SRP Mimicking: The Influence of Supplier Firm Resources

Abstract

Supply chains consist of networks of interconnected units that depend on one another to create value for consumers. Companies increasingly recognize the need to extend their governance into such networks, especially as social responsibility becomes an ever more important element of inter-organizational control. However, the influence of an organization's social environment on CSR efforts suffers from both practical and academic neglect. Our conceptual model, founded on the RBV, attempts to fill this gap by explicating the direct and indirect effects of buyers' SRP behavior towards suppliers. The study shows that supplier CSR firm orientation leads to supplier SRP behavior. The direct effect between buyer SRP and supplier SRP is mediated by supplier SRP top management support and the supplier's CSR orientation.

4.1 Introduction

CSR in supply chain management is regarded as a significant source of competitive advantage, with considerable consequences for the CSR performance of any firm (Darnall, Jolley, and Handfield, 2008). Thus, firms aspiring to realize individual CSR ambitions may pay close attention to the supply side. Although firm-specific strategic resources are regarded as having a fundamental impact on CSR in supply chain management, few researchers have conducted empirical investigations of the effects of such resources on CSR supply chain orientation and behavior (e.g. Bowen et al., 2001 and Paulraj, 2011).

Purchasing is regarded as a fundamental resource for establishing CSR along the supply chain (Dabhilkar, Bengtsson, and Lakemond, 2016; Ferrari, Luzzini, and Spina, 2010; Gualandris, Golini, and Kalchschmidt, 2014). To ensure alignment with desired CSR standards of a focal corporation in their channel, companies define, develop, and implement environmental and social business standards (for example, in the form of supplier codes of conduct, CSR programs, guidelines, internal and external certification schemes, and knowledge transfer and education; Lund-Thomsen and Lindgreen, 2014; Sancha, Gimenez, and Sierra, 2016). We refer to such involvement of the purchasing function in CSR activities as SRP. We rely on SRP to empirically test our ideas and propose that customer SRP has a significant influence on the extent to which suppliers adopt a CSR orientation and SRP.

Building on the theoretical lens of the RBV, this study investigates the influence of downstream supply chain partner SRP on upstream CSR firm orientation, SRP top management support and, ultimately, SRP behavior. In so doing, we add to the scientific debate in multiple ways. First, most studies limit the discussion to environmental responsibility (Walker, 2009), neglecting the social component of the concept of CSR. We treat CSR and SRP as holistic constructs that include both environmental and social components (e.g., Carter and Jennings, 2004). Second, we respond to calls for more research on the effects of SRP. In particular, the relationship between buyer SRP and supplier firm performance remains largely uninvestigated (Zheng et al., 2007). Third, while firm-specific strategic resources are generally considered important antecedents to CSR behavior, their influence on firm CSR behavior has largely been neglected in empirical studies (e.g., Paulraj, 2011). Using the RBV as a theoretical foundation, we complement existing exploratory studies and respond to calls for the use of interdisciplinary theory across supply chain management and CSR (Carter and Rogers, 2008; Seuring and Müller, 2008; Touboulic and Walker, 2015). Forth, one firm-specific strategic resource, top-management comment, is frequently regarded as key firm-internal stimulus to CSR behavior (e.g. Diabat and Govindan, 2011; Gavronski et al., 2011; Grimm et al., 2014; Hoejmose et al., 2012; Zhu et al., 2005; Zhu et al., 2008). Top managers define and implement firm strategies; they can contribute or withhold firm resources to attain or block corporate CSR initiatives (Hajmohammad et al., 2013). Given the apparent relevance of the antecedent, we wonder, in line with Dou et al. (2017), to what extent such supplier top-management comment can be influenced by firm-external stimuli (i.e. to what extent buyer SRP is instrumental in stimulating CSR top-management comment at the supplier).

4.2 Theoretical Foundation

4.2.1 Resource-Based View

The RBV of the firm argues that companies compete on the basis of a bundle of idiosyncratic resources (Wernerfelt, 1984), such that a sustained competitive advantage is the outcome of valuable, rare, imperfectly imitable, and non-substitutable resources owned or controlled by the organization (Wernerfelt, 1984; Barney, 1991; Peteraf, 1993). SRP is regarded as such a resource as it provides firms with value, rarity, inimitability, and non-substitutability (Barney, 2012; Förstl et al., 2010). Sharing such resources in supply chain settings supports inter-organizational CSR-oriented learning (Carter and Rogers, 2008, González et al., 2008 and Zhu et al., 2008). As we argue in section 1.4, we expect SRP initiatives to play a fundamental role in establishing CSR along a supply chain and an important driving force of CSR behavioral alignment among the single actors along a supply chain (Ferrari, Luzzini, and Spina, 2010; Krause, Vachon, and Klassen, 2009; Pullman, Maloni, and Carter, 2009; Wilhelm et al., 2016).

RBV has been criticized as overly simplistic on the grounds that resource possession alone is insufficient to create corporate competitive advantage or additional value (Barney and Arikan, 2001; Priem and Butler, 2001). Instead, value creation likely stems from resource accumulation, combination, and exploitation (Grant, 1991; Sirmon and Hitt, 2003). Castanias and Helfat (2001) argue, for example, that the added value of top management skills emerges only in combination with other corporate assets and capabilities. Accordingly, researchers have emphasized the importance of the context in which firm resources apply to determine their value (Priem and Butler, 2001; Lippman and Rumelt, 2003; Katila and Shane, 2005). Thus, within a particular context, an asset may become a resource (Barney, 1991). An external orientation also serves as a prerequisite for firms as they deploy their resources and capabilities in their business context, which can result in perceived added value (Sirmon et al., 2007; Sirmon, Gove, and Hitt, 2008). Moderated by the environmental context, this external orientation encourages positive business performance outcomes (Jaworski and Kohli, 1993). Aragón-Correa and Sharma (2003) effectively illustrate the influence of the corporate context on the value of a firm's resources for developing proactive CSR strategies whereby ecological and social performance outcomes are relevant performance criteria (Pullman, Maloni, and Carter, 2009; Tate, Ellram, and Dooley, 2014). Employing RBV in a CSR supply chain setting, in which organizational and inter-organizational resources must be coordinated, we regard such CSR orientation as an example of an external orientation that creates value through the use of a firm's internal resources and capabilities in response to societal demands for CSR in sourcing, production, and supply chain management.

4.2.2 CSR Orientation in a Supply Chain Context

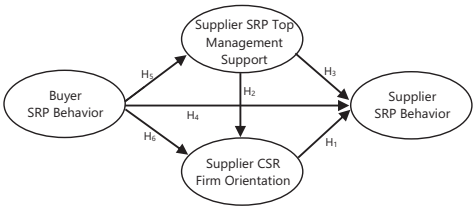
CSR aims to integrate social and environmental concerns into corporate operations (Bansal, 2005). Although historically considered an internal firm issue (Carroll, 1979, 1991), CSR increasingly appears better represented from a supply chain perspective, reflecting extended CSR in upstream and downstream supply chain settings (Kovács, 2008; Andersen and Skjoett-Larsen, 2009). In a supply chain context, where CSR orientation is of crucial importance (Beske and Seuring, 2014; Freise and Seuring, 2015), many channel partners prescribe a set of ecological and social standards as preconditions for suppliers to win their business (Keating et al., 2008); we consider such organizational efforts to be SRP initiatives, which are considered to be a significant driving force of CSR behavioral alignment between the single actors along a

supply chain (Ferrari, Luzzini, and Spina, 2010). We regard CSR orientation as a means of identifying and incorporating external demand for corporate operations to act in accordance with generally accepted social and ecological principles into corporate strategies and resource management practices: CSR-oriented firms actively and openly collect and employ information to fulfill customer CSR expectations. Such a firm orientation can be directly influenced by top management (Webster, 1988; Day, 1994). In other words, through CSR top management support and CSR firm orientation, we anticipate an upstream propagation effect of SRP.

4.3 Research Hypotheses

A buyer's SRP behavior should trigger its supplier's SRP behavior. We expect this effect to be moderated by the supplier's SRP top management support and CSR firm orientation, as depicted in figure 4.1.

Figure 4.1: Hypothesized relationships



4.3.1 Internal Supplier CSR Resources and Supplier CSR Response

Firms strive to integrate social and environmental concerns into their business practices (Bansal, 2005). This external CSR orientation prompts firms to strive continuously to deliver superior customer value by identifying and integrating social and ecological stakeholder preferences into their corporate practices. A CSR orientation also is central to a larger process that relies on adapted internal resource management practices. For example, Rao (2003) suggests that SRP practices improve internal organizational perceptions of the use of ecologically friendly raw materials, cleaner production, and prevention of pollution and waste at the source. Thus, it appears that both internal and external stakeholders are affected by green purchasing decisions. To reach their targets, CSR-oriented firms should display openness to product and service alterations (i.e., in the form of substitutes, alternative ingredients and sub-components, and underlying operational processes such as sourcing; Nijhof, de Bruijn, and Honders, 2008). We expect a CSR-oriented firm to adjust its internal operating practices (i.e., SRP) to perceived market demand and conditions as well as to impose supplier guidelines for CSR operating practices.

Hypothesis 1: Supplier CSR firm orientation will lead to supplier SRP behavior.

Top management influences organizational values and orientations directly (Webster, 1988; Day, 1994) and the attitudes of corporate actors indirectly (Park and Stoel, 2005). Mintzberg (1973) stresses the general relevance of top management for extended corporate programs and initiatives; Lambert, Stock, and Ellram (1998) specify the importance of top managerial support, leadership, and commitment for the implementation of supply chain management

activities and programs. The influence of top management on corporate culture and user acceptance diffuses down to purchasing processes (e.g., Ellram and Siferd, 1998). The contribution of managerial support to the implementation of enhanced CSR behavior also is well documented (Daily, Bishop, and Govindarajulu, 2009; Freise and Seuring, 2015; Ramus, 2001, 2002; Zutshi and Sohal, 2003), as is the negative influence of a lack of adequate managerial support, which leads to minimal employee motivation to pursue CSR initiatives (Ramus and Steger, 2000). Finally, because top management support is a relevant antecedent to SRP (Carter and Jennings, 2004; Giunipero et al., 2012; Park and Stoel, 2005; Salam, 2009), we propose:

Hypothesis 2: Supplier SRP top management support will lead to supplier CSR firm orientation.

Hypothesis 3: Supplier SRP top management support will lead to supplier SRP.

4.3.2 Firm-External Buyer SRP and Supplier CSR Response

Because "a company is no more sustainable than the suppliers that are selected and retained" by it (Krause et al., 2009, p. 19), corporate CSR performance depends inherently on the conformity of its suppliers to the CSR practices that prevail along the supply chain. Some companies have successfully imbued CSR procedures and processes across their first-tier suppliers (e.g. González, Sarkis, and Adenso-Díaz, 2008; Nawrocka, Brorson, and Lindhqvist, 2009). Boundary-spanning activities, such as purchasing, reflect the environmental initiatives of both buyers and suppliers (Carter and Carter, 1998; Bowen et al., 2001; Klassen and Vachon, 2003; Vachon and Klassen, 2006). Purchasing also relates to the environmental performance of single organizations (Handfield, Walton, Seegers, and Melnyk, 1997), whose purchasing units can participate in CSR logistics activities that significantly improve supplier firm performance (Carter and Jennings, 2002; Carter, 2005) as well as the supply chain's overall efficiency and performance (Corbett and Klassen, 2006; Pagell and Wu, 2009). CSR-oriented purchasing strategies can help establish CSR in supply chains (Ferrari et al., 2010; Grimm, Hofstetter, and Sarkis, 2016; Wilhelm et al, 2016), with the potential to spread their influence beyond their own supply chains (Preuss, 2001). Thus, SRP decisions help drive CSR and the behavioral alignment of individual actors in a supply chain (Krause et al., 2009). We therefore propose:

Hypothesis 4: Buyer SRP will lead to supplier SRP.

Given its boundary-spanning nature (Das et al., 2006), linking internal functions with customers and direct and indirect suppliers, purchasing is in a unique position to influence the external CSR attitude and activities of other companies, in the sense that supplier CSR initiatives largely represent responses to customer orders and requests (Carter and Jennings, 2004). Through explicit requirements from the supply base (Pedersen and Neergaard, 2008; Sroufe and Drake, 2010), environmental proactivity gets pushed upstream (González-Benito and González-Benito, 2010). This implementation of enhanced CSR behavior requires the active contribution of top management (Ramus, 2001, 2002; Zutshi and Sohal, 2003; Daily, Bishop, and Govindarajulu, 2009). We therefore propose:

Hypothesis 5: Buyer SRP will lead to supplier SRP top management support.

Firms also are increasingly obliged to control and report on their own supply bases, present detailed lists of suppliers and their operating practices, reveal ingredients and raw materials, and detail their sources and the conditions in which their offerings were produced (Kovács,

2008). Firms are advised to actively extend environmental concerns along the upstream supply chain (Williamson and Lynch-Wood, 2001; Handfield et al., 2002; Svensson, 2007; Kovács, 2008). Siguaw, Simpson, and Baker (1998) also illustrate a mimicking effect between suppliers and buyers in their orientations. As buyers strive to influence suppliers (Holt, 2004; Handfield et al., 2005; Preuss, 2005), the adoption of CSR concerns and practices should move upstream along the supply chain (Ytterhus, Arnestad, and Lothe, 1999; Corbett and Kirsch, 2001), leading to inter-organizational supply chain compliance (Nadvi, 2008). Manifested in the enforcement of strict environmental supplier performance criteria, increased environmental buyer awareness generally moves to upstream supply chain partners (Kovács, 2008). Thus, we expect a client's demand for socially responsible products and operating practices (as reflected by the downstream partner's SRP demands) to be manifest in the upstream supply chain partner's socially responsible firm orientation.

Hypothesis 6: Buyer SRP will lead to supplier CSR firm orientation.

4.4 Research Method

4.4.1 Construct Measures

We relied on existing measurement scales and adapted them to our research setting. We modified the measures on the basis of the conceptual definitions of the constructs and pre-study interviews. We also controlled for intercorrelations between the items at each scale and eliminated those with high correlations. Principal components factor analyses indicated the scales' unidimensionality and discriminant validity. Next, we conducted confirmatory factor analyses on the scale items, in line with recommendations for scale development (Gerbing and Anderson, 1988).

SRP, broadly labeled as the application of CSR to purchasing, is discussed primarily at the individual firm level rather than at an inter-organizational level within inter-organizational networks. SRP is operationalized as a second-order, formative construct in the context of this study, denoting multiple factors that are additive rather than reflective or induced by the latent factor (Fornell and Bookstein, 1982). Consistent with prior research practice, we draw upon research from Carter and Jennings (2004), who operationalize SRP as a second-order construct with several first-order dimensions. Carter and Jennings (2004) differentiate between environmental and social purchasing criteria which are reflected in the second-order factors (environment, human resources, and ethics) of our structural model. As opposed to aggregation, by employing a second-order factor model, we aim to (1) maximize the degrees of freedom for estimating the path coefficients by retaining the number of parameters in the model, resulting in (2) increased statistical power. In addition, we capture (3) measurement error, and (4) outside influences on the first-order factors (Bollen, 1989). In comparison with (the alternative option of) using an aggregated model, measurement error and outside influences are both expected to be richer when employing a second-order factor model with a greater number of manifest variables per factor (Prahinski and Benton, 2004). For the remaining scales, we relied on existing measurement scales and adapted them to our research setting. We modified the measures on the basis of the conceptual definitions of the constructs and pre-study interviews. The multi-item scales in the survey are formative, and the seven-point semantic differential (Likert) scale with scores ranging from 1 ("strongly disagree") to 7 ("strongly agree"). We refer to Table 4.4 for detailed construct information (p. 66). We adapted

Kohli and Jaworski's (1990) definition of market orientation to assess the organizational implementation of the CSR concept.

To measure CSR orientation, we used a seven-item scale (Kibbeling, 2010) that draws on an original scale developed by Deshpandé and Farley (1998). We slightly adapted Park and Stoel's (2005) six-item scale to measure SRP top management CSR support. Pre-study results revealed that the influence of SRP on supplier CSR behavior may vary by industry, firm size, and the position of the company along the supply chain (relative to the focal company). We included a set of dummy variables to identify the position of the supplier relative to the focal company (first- or second-tier supplier) and controlled for the level in the supply chain. We used a firm size measure based on number of employees to account for high variation in the number of employees across the firms in our sample. In addition, we controlled for the organization's country of origin to capture potential cultural influences in the relationship between buyer SRP and supplier CSR and the elapsed time since the first CSR certification.

EFA aims to identify the underlying relationships between measured variables. We controlled for intercorrelations between the items on each scale and eliminated those with high correlations. Principal components factor analysis, which aims to preserve as much of the original measures' total variance as possible, indicated the scales' unidimensionality and discriminant validity. Subsequently, we rotated the factor model for analysis. We employed Varimax rotation to differentiate the original variables by extracted factor. Next, we conducted confirmatory factor analyses on the scale items. Based on structural equation modeling and in line with Gerbing and Anderson's (1988) recommendations for scale development, we tested our measurement model in search of factor loadings that would permit us to analyze relationships between observed and unobserved variables. The obtained loadings of observed variables on the latent variables (factors), as well as the correlation between the latent variables support our confidence in the quality of the identified factors.

4.5 Data Analysis

With PLS path modeling with latent variables in SmartPLS 2.0, we attained parameter estimates in the measurement and structural models (Chin, 1998; Ringle, 2006; Ringle, Wende, and Will, 2010). For data analysis we rely on PLS path modeling or component-based SEM, as opposed to covariance–based SEM, due to the robustness of component-based SEM with regard to multivariate normality and its limited constraints on the measurement levels of the manifest variables or sample size (Chin, 1998; Tenenhaus et al., 2005). In addition, a component-based SEM approach supports the analysis of complex models with many constructs, indicators, and relationships (Chin, 1998). In line with Hulland (1999), we analyze and interpret our model by assessing the reliability and validity of the measurement model first and then addressing the structural model. With SmartPLS, we estimated the measurement and structural models (Ringle, Wende, and Will, 2005). Although we use the PLS algorithm to obtain the paths, outer loadings, outer weights, and quality criteria, we rely on a bootstrap functionality to obtain the t-values and determine the significance levels of structural paths and item loadings. To obtain the desired output, we employed a bootstrap with 1000 resamples.

The psychometric properties of the measurement instruments, as assessed by SmartPLS, include reliability, convergent validity, and discriminant validity (Tenenhaus et al., 2005). Construct validity, or the degree to which a scale measures what it is intended to measure, includes content, convergent, and discriminant validity (Diamantopoulos and Siguaw, 2006).

We control for content validity, which does not have a formal test, through a comprehensive literature review, links to theory, and a review of the initial survey instrument by a panel of academics and practitioners. The internal consistency and reliability of reflective constructs can be empirically gauged according to CR (Fornell and Larcker, 1981; Wetzels, Odekerken-Schröder, and Van Oppen, 2009), AVE, and factor loadings (Nunnally and Bernstein, 1994). Convergent validity denotes the ability of items in a scale to jointly load on a single construct.

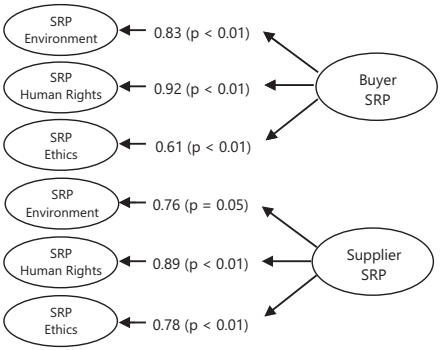
We report the standardized loadings in Table 4.1; all CRs exceed the 0.7 threshold (Gefen, Straub, and Boudreau, 2000). We measure discriminant validity, the degree to which items from one construct differ from items denoting a different construct, by comparing the magnitude of the square root of AVE with the value of the correlations; the former should be greater than the latter (Fornell and Larcker, 1981; Chin, 1998). As we show in Table 4.1, all the AVE values exceed the recommended cut-off value of 0.5 (Fornell and Larcker, 1981).

Table 4.1: Summary of reliability measurements (n = 89)

Scale	Construct mean	Cronbach's Alpha	Composite Reliability	Average Variance Extracted	Factor Loading (range)
Buyer SRP					
Ecological	5.95	0.95	0.96	0.79	0.86-0.90
Philanthropy and human rights	4.99	0.96	0.97	0.83	0.86-0.92
Ethics	5.00	0.99	0.99	0.92	0.94-0.97
Supplier SRP top management support	5.11	0.94	0.95	0.72	0.82-0.87
Supplier CSR firm orientation	5.23	0.90	0.93	0.67	0.79-0.84
Supplier SRP					
Ecological	5.54	0.96	0.97	0.81	0.88-0.84
Philanthropy and human rights	4.64	0.93	0.94	0.74	0.84-0.89
Ethics	5.01	0.98	0.98	0.87	0.91-0.95

Our model builds on the assumption that SRP rests on the linear combination of the underlying environmental, human rights, and ethical purchasing criteria (Diamantopoulos and Winklhofer, 2001). Accordingly, we operationalize SRP as a second-order construct with seven first-order dimensions. We report the measurement model below.

Figure 4.2: Measurement model: buyer and supplier SRP



4.5.1 Measurement Model

To assess partial model structures and evaluate the adequacy of the measurement and structural models (Chin, 1998), we rely on the two-stage process suggested by Henseler, Ringle, and Sinkovics (2009) to evaluate model fit (Schepers, Wetzels, and de Ruyter, 2005). We used Cronbach's alpha measures to check for internal consistency reliability, CR, and AVE. The measures of the constructs again exceed the recommended thresholds of 0.7 for internal consistency and CR and 0.5 for AVE. Furthermore, the constructs all have Cronbach's alpha values greater than 0.7 (Hair, Anderson, Tatham, and Black, 1998), indicating the internal consistency reliability of the reflective measurements. The CR scores of at least 0.75 for all constructs also provide a measure of confidence in the scales.

In support of discriminant validity (Fornell and Larcker, 1981), the correlations between the reflective constructs do not exceed the square roots of the AVE scores (see Table 4.2). The application of theoretical rationales and expert opinion, as well as our reliance on previously validated scales (Rossiter, 2002), suggests that we captured all the indicators of the formative constructs, in support of the reliability and content validity of the underlying constructs (Diamantopoulos, 2006).

Table 4.2: Correlation table

	1	2	3	4	5	6	7	8
Buyer SRP, ecological (1)	**0.89**							
Buyer SRP, human rights (2)	0.70	**0.91**						
Buyer SRP, ethics (3)	0.17	0.46	**0.96**					
SRP top management support (4)	0.60	0.36	0.19	**0.85**				
Supplier CSR orientation (5)	0.61	0.55	0.18	0.71	**0.82**			
Supplier SRP ecological (6)	0.70	0.66	0.24	0.59	0.58	**0.90**		
Supplier SRP, human rights (7)	0.52	0.57	0.67	0.57	0.56	0.58	**0.87**	
Supplier SRP, ethics (8)	0.17	0.43	0.93	0.19	0.17	0.26	0.59	**0.93**

Notes: The square root of the AVE is on the diagonal, in bold.

4.6 Hypothesis Testing

We investigated dyads of SRP behavior using 89 matching observations from two connected parties (buyers and suppliers), each reporting on its own behavior and intentions. We found support for five of our six hypotheses. The data indicate a positive relationship of buyer SRP with supplier top management support, supplier CSR firm orientation, and supplier SRP. However, the direct relationship between supplier CSR top management support and supplier SRP is not supported; instead, this relationship appears mediated by supplier CSR firm orientation. We tested the relative size of the indirect (mediated) and direct paths by conducting a comparative Sobel z-test (Iacobucci et al., 2007). Standard errors for the indirect effects were based on 1000 bootstrap samples. We find that supplier SRP top management

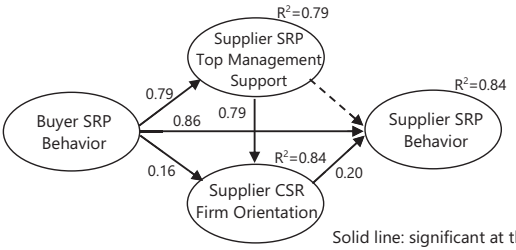
support partially mediated the relationship between buyer SRP behavior and supplier CSR firm orientation (z=8.04, p<.05). Both the direct and indirect paths had statistically comparable effects on supplier CSR firm orientation. Table 4.3 and Figure 4.3 show the empirically validated relationships.

Table 4.3: Core model

Path/Hypothesis	Path Coefficient	t-Value	*p*-Value	Hypothesis Support
Supplier CSR firm orientation => Supplier SRP (H_1)	0.20	1.82	0.03**	Supported
Supplier SRP top management support => Supplier CSR firm orientation (H_2)	0.79	16.34	0.00*	Supported
Supplier SRP top management support => Supplier SRP (H_3)	0.01	0.04	$0.49^{n.s.}$	Not supported
Buyer SRP => Supplier SRP (H_4)	0.86	10.64	0.00*	Supported
Buyer SRP => Supplier SRP top management support (H_5)	0.79	12.0	0.00*	Supported
Buyer SRP => Supplier CSR firm orientation (H_6)	0.16	1.94	0.02**	Supported

*p<0.01. **p<0.05 (one-tailed tests), n.s.= not significant.

Figure 4.3: Estimates of the structural model



Solid line: significant at the 95% confidence level
Dashed line: not significant

We detect a strong, positive direct effect between buyer and supplier SRP. We also observe a strong secondary mechanism, namely a mediating effect of supplier SRP top management support and supplier CSR firm orientation. We discuss these effects in the remainder of this chapter.

4.7 Discussion and Conclusion

This research extends an RBV perspective to the adoption of CSR practices upstream along the supply chain. Our dyadic data indicate a strong connection between buyer SRP and supplier SRP, and our model explains 84 percent of supplier SRP. Thus, we observe an inter-organizational emulating effect of SRP. A similar supply chain contagion effect has previously been presented as a downstream phenomenon (McFarland et al., 2008). This study suggests that mimicking effects also work upstream. By signaling strong preferences for green products and suppliers, SRP seems to push environmental and social criteria up the supply chain (González-Benito and González-Benito, 2010; Handfield et al., 2005; Rao and Holt, 2005), resulting in CSR behavioral alignment of upstream supply chain actors (Krause et al., 2009). A CSR-oriented purchasing function appears to be in a unique position to identify and assess the appropriateness of supplier CSR capabilities and allocate resources to assist in the adoption of supplier CSR orientation and behavior (Bowen et al., 2001; Cousins, Lamming, and Bowen, 2004). Conversely, poor CSR in purchasing behaviors could have a detrimental effect (Nawrocka, 2008). The strong direct effect between buyer and supplier SRP suggests a direct effect of purchasing on CSR performance—as anticipated by Paulraj (2011)—stressing the importance of the purchasing function. Against this background, and in line with Paulraj (2011), we recommend a focus on the purchasing function to achieve upstream CSR behavior. Our findings challenge organizational practices that do not prioritize the purchasing function or the development of its capabilities—especially in SMEs (Ellegaard, 2009).

We also observe a strong secondary mechanism, namely a mediating effect of supplier SRP top management support and supplier CSR firm orientation. The role of top management is generally considered essential to implementing CSR management tools (Halila, 2007; Hsu and Cheng, 2012; Wittstruck and Teuteberg, 2012), CSR commitment (Gattiker and Carter, 2010), and superior CSR behavior (Daily et al., 2009; Grimm et al., 2014; Ramus, 2001, 2002; Ramus and Steger, 2000; Zutshi and Sohal, 2003). This holds for the apparel industry as well where the absence of top management support is considered a barrier to environmentally friendly clothing production (e.g. Freise and Seuing, 2015; Zhu, Sarkis, and Geng, 2011). The exact mechanism underlying this effect is, however, unclear. We find that supplier SRP top management support is not directly related to supplier SRP but rather is mediated by supplier firm orientation. Our findings confirm that supplier top management support is instrumental for supplier CSR firm orientation and for fostering corporate environmentalism (Banerjee, Iyer, and Kashyap, 2003; Parast and Adams, 2012; Park and Stoel, 2005). Previous studies have also shown a mediated effect, through corporate culture (Carter and Jennings, 2004). Along with Paulraj (2011) we stress the importance of a CSR orientation for CSR behavior. However, buyer SRP has a much stronger direct influence on supplier SRP activities than does supplier SRP top management support. If we consider the combined effect of buyer–supplier SRP and the mediated path via supplier SRP top management support and supplier CSR firm orientation, the latter constitutes only a portion of the total effect. The strong direct effect of buyer SRP on supplier SRP relativizes the importance of internal top management support as a direct antecedent of superior CSR behavior (advocated by Daily et al., 2009; Zutshi and Sohal, 2003).

4.7.1 Theoretical Contribution

We summarize the theoretical contribution of study 2 as follows: our study is among the first to empirically validate an upstream CSR mimicking effect based on the use of conceptual theory as suggested by Brammer, Hoejmose, and Millington (2011), Carter and Easton (2011),

Carter and Rogers (2008), Sarkis, Zhu, and Lai (2011), and Seuring and Müller (2008). We conceptualized our research on buyer/supplier SRP in response to calls for incorporating the social and human dimensions into CSR research (e.g. Touboulic and Walker, 2015). We find strong empirical support for an SRP mimicking effect upstream. Purchasing activity, in the form of buyer SRP, stimulates supplier SRP both directly and indirectly. Buyer and supplier SRP appear strongly and directly linked.

We extend the RBV by demonstrating empirically that supplier SRP top management support is not directly related to supplier SRP but rather is mediated by supplier firm orientation. Apparently, immediate management CSR endorsement does not show direct effects on supplier SRP; we recommend instead focusing on corporate culture to influence supplier SRP behavior. Previous studies have also shown a mediated effect through corporate culture (Carter and Jennings, 2004). Along with Paulraj (2011) we stress the importance of a CSR orientation for CSR behavior.

From a more technical perspective, this study is the first to relate buyer and supplier SRP by adopting a dyadic perspective. We have reacted to calls to design studies based on data from more than one stage of the supply chain rather than unauthenticated, one-sided perceptions from other participants (criticized by Seuring, 2008; Solér, Bergström, and Shanahan, 2010).

4.7.2 Managerial Implications

By employing SRP, firms identify environmental and social priorities and require suppliers to reflect on the environmental and social consequences of their products and services. Corporate SRP sends strong signals to both internal (i.e., employees) and external (i.e., suppliers and customers) parties indicating which products and processes are considered acceptable. Signaling preferences for green and socially acceptable products and suppliers, we demonstrate SRP's ability to push environmental and social criteria up the supply chain. The strong direct effect between buyer and supplier SRP suggests a direct effect of purchasing on CSR. Despite certain organizational practices that do not prioritize the purchasing function or the development of its capabilities (especially in SMEs, where procurement frequently appears to be a 'hidden' function), we emphasize its strategic nature and recommend focusing on the purchasing function to achieve upstream CSR behavior.

Our findings confirm that supplier top management support is instrumental in supplier CSR firm orientation and in fostering corporate environmentalism (Banerjee, Iyer, and Kashyap, 2003; Park and Stoel, 2005). From an RBV perspective, a CSR-oriented purchasing function appears to be in a unique position to identify and assess the appropriateness of supplier CSR capabilities and allocate resources to assist the adoption of supplier CSR orientation and behavior (Bowen et al., 2001; Cousins, Lamming, and Bowen, 2004). We regard such an effect as a structural process that needs to be activated to achieve the desired result. To initiate the desired CSR effect, we recommend a search for and structured formation of allies in an organization. Advocates and decision-makers who support CSR aims and objectives can identify and tap into key internal and external information resources to aid decision-making. We recommend drafting a formal policy statement reflecting corporate CSR aims and goals as a basis for maintaining a CSR debate with current suppliers to compare and align corporate objectives. New suppliers may be selected (in part) on the basis of their CSR commitment. Accordingly, we stress the role of top management support, which we regard as essential for implementing CSR commitment, firm orientation, and behavior. Top management can facilitate consistent communication through a variety of means and media (newsletters, billboards, e-

mail, seminars, etc.) and create momentum with employees by formally recognizing and rewarding innovative ideas as well as openly communicating CSR successes.

4.8 Limitations and Further Research Directions

Our results offer reason to believe that CSR-oriented purchasing activities play a fundamental role in establishing CSR in supply chains (Ferrari et al., 2010). However, the extent to which buyer SRP is instrumental in aligning CSR behavior among the actors in a supply chain (Krause et al., 2009) remains to be investigated empirically, as do the factors that influence this effect. Given the strong direct effect between buyer and supplier SRP, supplier CSR orientation and supplier SRP top management support appear to be among a set of additional variables that explain the underlying buyer–supplier SRP relationship. We expect other mechanisms and additional firm resources to help explain supplier SRP. From an RBV perspective, those factors may reflect underlying firm resources, competencies, and capabilities (Barney, 1991; Joshi, 2009; Peteraf, 1993; Wernerfelt, 1984), buyers' and suppliers' CSR sensitivity and orientation (Kohli and Jaworski, 1990; Deshpandé, Farley, and Webster Jr., 1993), or factors that facilitate the transition of these elements among supply chain actors such as less-tangible, knowledge-based advantages, organizational processes, and reputational assets (Darnall, 2006). In addition to CSR orientation and SRP top management support, other firm-internal (e.g., measures of CSR firm competence and process management) and relational factors (such as the degrees of supplier involvement, relationship orientation, and inter-organizational communication) might warrant investigation into their potential as antecedents of supplier SRP (Parast and Adams, 2012). We further recommend broadening the investigation to include industries beyond textiles, and perhaps incorporating alternative cultural mindsets as well. We realize that the implementation of CSR measures in a supply chain setting entails a process that may take some time to show an effect and recommend longitudinal studies to account for this effect.

Table 4.4: Constructs, item measures, and sources

Construct	Item	Mean	α	CR	AVE
Buyer SRP Ecological (Carter and Jennings, 2004)		5.95	0.96	0.97	0.79
BuySRP Behav1	Currently, our purchasing function uses a life-cycle analysis to evaluate the environmental friendliness of products and packaging.				
BuySRP Behav2	Currently, our purchasing function participates in the design of products for disassembly.				
BuySRP Behav3	Currently, our purchasing function asks suppliers to commit to waste reduction goals.				
BuySRP Behav4	Currently, our purchasing function participates in the design of products for recycling or reuse.				
BuySRP Behav5	Currently, our purchasing function reduces packaging material.				
BuySRP Behav6	Currently, our purchasing function purchases recycled packaging.				
BuySRP Behav7	Currently, our purchasing function purchases packaging that is of lighter weight.				
Buyer SRP Human Rights and Philanthropy (Carter and Jennings, 2004)		4.99	0.96	0.97	0.83
BuySRP Behav8	Currently, our purchasing function purchases from minority/women-owned business enterprise suppliers.*				
BuySRP Behav9	Currently, our purchasing function has a formal MWBE supplier purchase program.*				
BuySRP Behav10	Currently, our purchasing function visits suppliers' plants to ensure that they are not using sweatshop labor.				
BuySRP Behav11	Currently, our purchasing function ensures that suppliers comply with child labor laws.				
BuySRP Behav12	Currently, our purchasing function asks suppliers to pay a 'living wage' greater than a country's or region's minimum wage.				
BuySRP Behav13	Currently, our purchasing function volunteers at local charities.				
BuySRP Behav14	Currently, our purchasing function donates to philanthropic organizations.				
BuySRP Behav15	Currently, our purchasing function helps to increase the performance of suppliers in the local community.				
Buyer SRP Safety (Carter and Jennings, 2004)					
BuySRP Behav16	Currently, our purchasing function ensures that suppliers' locations are operated in a safe manner.*				
BuySRP Behav17	Currently, our purchasing function ensures the safe, incoming movement of product to our facilities.*				
Buyer SRP Ethics (Carter and Jennings, 2004)		5.00	0.99	0.99	0.91
BuySRP Behav18	Currently, our purchasing function invents (makes up) a second source of supply to gain competitive advantage ('DPI', reverse coded).				
BuySRP Behav19	Currently, our purchasing function exaggerates the seriousness of a problem to gain concessions (reverse coded).				
BuySRP Behav20	Currently, our purchasing function purposefully misleads a salesperson in a negotiation (reverse coded).				
BuySRP Behav21	Currently, our purchasing function uses obscure contract terms to gain an advantage over suppliers (reverse coded).				
BuySRP Behav22	Currently, our purchasing function accepts meals from a supplier even if it is not possible to reciprocate (reverse coded).				
BuySRP Behav23	Currently, our purchasing function shares information about suppliers with their competitors.				

BuySRP Behav24	Currently, our purchasing function shows favoritism when selecting suppliers.				
Supplier Top Management Support (Park and Stoel, 2005)		5.11	0.94	0.95	0.72
SuppMgmt Beh1	Top-management behaves in a highly ethical and socially responsible manner.				
SuppMgmt Beh2	Top-management provides invisible, but value-oriented support for socially responsible buying/sourcing.				
SuppMgmt Beh3	Top-management believes that higher financial risks are worth taking for social welfare.				
SuppMgmt Beh4	There is frequent encouragement from top-management on socially responsible buying/sourcing.				
SuppMgmt Beh5	Top-management tends to concentrate profits and costs of each buying proposal and take it only if it is determined to provide high financial benefit.				
SuppMgmt Beh6	Top-management creates conductive organizational climates in which employees would take risks associated with socially responsible buying.				
SuppMgmt Beh7	Overall, top-management is highly committed to socially responsible buying.				
Supplier CSR Firm Orientation (adapted from Deshpandé and Farley, 1998)		5.23	0.90	0.93	0.67
SuppCSR-Orien1	Our business unit considers corporate social responsibility as one aspect of our firm's strategy.				
SuppCSR-Orien2	The objectives of our business unit include matters of corporate social responsibility (CSR).				
SuppCSR-Orien3	Our business unit defines corporate social responsibility as one aspect of our strategy for competitive advantage.				
SuppCSR-Orien4	Our business unit monitors the environmental impact of its activities.				
SuppCSR-Orien5	Our business unit has routines to reduce our energy consumption.				
SuppCSR-Orien6	In our business we believe that we care more about the environment than our main competitors.				
Supplier SRP Environmental (Carter and Jennings, 2004)		5.54	0.96	0.97	0.81
SuppSRP Behav1	Currently, our purchasing function uses a life-cycle analysis to evaluate the environmental friendliness of products and packaging.				
SuppSRP Behav2	Currently, our purchasing function participates in the design of products for disassembly.				
SuppSRP Behav3	Currently, our purchasing function asks suppliers to commit to waste reduction goals.				
SuppSRP Behav4	Currently, our purchasing function participates in the design of products for recycling or reuse.				
SuppSRP Behav5	Currently, our purchasing function reduces packaging material.				
SuppSRP Behav6	Currently, our purchasing function purchases recycled packaging.				
SuppSRP Behav7	Currently, our purchasing function purchases packaging that is of lighter weight.				
Supplier SRP Human Rights and Philanthropy (Carter and Jennings, 2004)		4.64	0.89	0.94	0.74
SuppSRP Behav8	Currently, our purchasing function purchases from minority/women-owned business enterprise suppliers.*				
SuppSRP Behav9	Currently, our purchasing function has a formal MWBE supplier purchase program.*				

SuppSRP Behav10	Currently, our purchasing function visits suppliers' plants to ensure that they are not using sweatshop labor.				
SuppSRP Behav11	Currently, our purchasing function ensures that suppliers comply with child labor laws.				
SuppSRP Behav12	Currently, our purchasing function asks suppliers to pay a 'living wage' greater than a country's or region's minimum wage.				
SuppSRP Behav13	Currently, our purchasing function volunteers at local charities.				
SuppSRP Behav14	Currently, our purchasing function donates to philanthropic organizations.				
SuppSRP Behav15	Currently, our purchasing function helps to increase the performance of suppliers in the local community.				
	Supplier SRP Safety (Carter and Jennings, 2004)				
SuppSRP Behav16	Currently, our purchasing function ensures that suppliers' locations are operated in a safe manner.*				
SuppSRP Behav17	Currently, our purchasing function ensures the safe, incoming movement of product to our facilities.*				
	Supplier SRP Ethics (Carter and Jennings, 2004)	5.01	0.98	0.98	0.87
SuppSRP Behav18	Currently, our purchasing function invents (makes up) a second source of supply to gain competitive advantage ('DPI', reverse coded).				
SuppSRP Behav19	Currently, our purchasing function exaggerates the seriousness of a problem to gain concessions (reverse coded).				
SuppSRP Behav20	Currently, our purchasing function purposefully misleads a salesperson in a negotiation (reverse coded).				
SuppSRP Behav21	Currently, our purchasing function uses obscure contract terms to gain an advantage over suppliers (reverse coded).				
SuppSRP Behav22	Currently, our purchasing function accepts meals from a supplier even if it is not possible to reciprocate (reverse coded).				
SuppSRP Behav23	Currently, our purchasing function shares information about suppliers with their competitors.				
SuppSRP Behav24	Currently, our purchasing function shows favoritism when selecting suppliers.				

*Item omitted

Chapter 5

Promoting SRP – The Role of Transaction Cost Economics Dimensions*

We investigate the mechanism of SRP, the consideration of both environmental and social criteria in corporate purchasing decisions, its transfer between buyers and suppliers, and the role of TCE theory in this context. Adopting a dyadic perspective, we develop a conceptual model to investigate the role of supplier behavioral uncertainty, buyer-specific investments, and transaction frequency for buyer and supplier SRP. We empirically validate our model using SEM, based on a sample of 137 firms involved in 89 dyadic supply chain relationships. Focusing on the textile industry, our results show the presence of an underlying mechanism governing buyer SRP *vis-à-vis* supplier SRP. This chapter illustrates the special nature of TCE dimensions: they appear almost irrelevant as antecedents. Rather, they act as moderators for the buyer SRP–supplier SRP relationship. We find that buyer investments and transaction frequency moderate the buyer SRP–supplier SRP relationship positively, while supplier behavioral uncertainty has a negative influence. From a practical perspective, we identify TCE-related conditions for increased engagement in socially responsible firm behavior on the part of buyers and suppliers. Our paper offers guidance on how buyers could take TCE dimensions into account for managing upstream CSR behavior.

*This chapter is based on: Bartczek, S., J. Semeijn, and L. Quintens (2016). Promoting Socially Responsible Purchasing (SRP) - The Role of Transaction Cost Economics Dimensions. In L. Bals and W.L. Tate (Eds.), *Implementing Triple Bottom Line Sustainability into Global Supply Chains* (pp. 318-344). Sheffield, UK: Greenleaf Publishing.

5.1 Introduction

SRP initiatives play a fundamental role in developing a supply chain that employs CSR practices (Ferrari, Luzzini, and Spina, 2010). Through its organizational boundary-crossing function, purchasing is well positioned to transmit environmental and social values across organizational boundaries (Krause, Vachon, and Klassen, 2009; Pullman, Maloni, and Carter, 2009). While the involvement of the purchasing function in CSR logistics activities can lead to significantly improved supplier CSR performance (Carter and Jennings, 2002; Carter, 2005), the underlying transactional mechanisms remain unclear. To what extent is buyer SRP instrumental in CSR behavioral alignment of immediate vertical business partners in a supply chain (Krause, Vachon, and Klassen, 2009) and which factors influence this effect?

We rely on the TCE literature, as TCE has proved to be an effective theory for explaining and predicting corporate and inter-organizational behavior and related managerial decisions (Heide and John, 1990; Jiang, 2009; Noordewier, John, and Nevin, 1990; Rindfleisch and Heide, 1997; Stump, Athaide, and Joshi, 2002). Recent studies indicate that TCE appears relevant to studying the adoption of environmental practices by suppliers (Tate et al., 2011; Tate et al., 2014). TCE even appears promising for evaluating the effectiveness of the diffusion of voluntary CSR initiatives and standards along a supply chain depending on the transaction costs of the underlying relationships (Rosen, Beckman, and Bercovitz, 2002). For instance, asset specificity, as one element of TCE, has been linked to CSR commitment (Simpson et al. 2007). Delmas and Montiel (2009) stress the importance of organizational action and asset specificity as explanatory dimensions of TCE in CSR initiatives as well. Thus far, the use of transaction cost analysis in supply chain management remains limited despite multiple calls for its application (e.g., Grover and Malhotra, 2003; Hobbs, 1996; Williamson, 2008). Also, Sarkis, Zhu, and Lai (2011) encourage the investigation of TCE dimensions in a CSR supply chain management context.

This study contributes to the emerging but limited body of research on transaction-related conditions for increased buyer and supplier engagement in socially responsible firm behavior. In particular, we examine the relationship between buyer and supplier SRP and investigate how various TCE dimensions apply to this relationship. From a theoretical perspective, we expand the TCE literature by investigating the extent to which TCE dimensions act as antecedents and/or moderators of the buyer–supplier SRP relationship. We complement research on CSR by examining the implications of buyer CSR activities on the upstream supply chain beyond the direct supplier (Carter et al., 2000; Kovács, 2008) by investigating the role of TCE dimensions with respect to CSR in a dyadic setting (i.e., the buyer–supplier relationship). From a practical perspective, we identify TCE-related conditions for increased buyer and supplier engagement in socially responsible firm behavior.

The remainder of this study is structured as follows: following our introduction of TCE analysis, we introduce hypotheses and describe the methodology, and then present the results. Finally, we discuss the implications of our findings from both theoretical and managerial perspectives.

5.2 Literature Review and Hypothesis Development

We start with a brief discussion of TCE, which is essential for the model we propose. We then formulate hypotheses using literature from several areas, including the supply chain collaboration literature.

5.2.1 Transaction Cost Economics (TCE)

Transaction cost analysis assumes markets are inefficient, forcing clients to conduct transactional activities that do not occur without friction (Coase, 1937) and to bear the related costs. The expenses stemming from engaging in these transaction-related activities have been termed transaction costs (Arrow, 1970). Transaction costs include search and information costs, bargaining (the costs stemming from the negotiation of individual contracts for every exchange transaction), and contracting costs (the costs of specifying in detail the conditions of a transaction in a long-term contract) as well as costs related to the management of the ongoing transaction process (i.e., monitoring and enforcement costs). Transactions are presumed to be conducted so as to minimize the costs stemming from these transaction-related activities (Lai, Cheng, and Yeung, 2005; Williamson, 1991a). TCE theory advocates for the efficient governance of transaction relationships to provide opportunities for achieving competitive advantage (Williamson, 1991b; Dyer, 1996), where governance efficiency depends heavily on the transactional attributes of asset specificity and uncertainty (Dyer, 1996; Rindfleisch and Heide, 1997).

TCE can provide new insights in a supply chain context (Maloni and Carter, 2006; Wallenburg, 2009; Williamson, 2008), but in particular for CSR and sourcing activities (Carter and Easton, 2011; Carter and Rogers, 2008; Pagell, Wu and Wasserman, 2010): detailed frameworks specifying supplier CSR conduct tend to simplify and routinize interfirm transactions based on specific environmental and social supply chain programs. The underlying transaction costs of a relationship can thus have a significant effect on the diffusion of voluntary CSR standards along supply chains (Rosen et al., 2002). In particular, asset specificity (and the resulting inter-organizational dependencies) have been related to supplier environmental commitment (Simpson et al., 2007) and the adoption of CSR in supply chains (Delmas and Montiel, 2009; Vachon and Klassen, 2006).

5.2.2 Conceptual Model

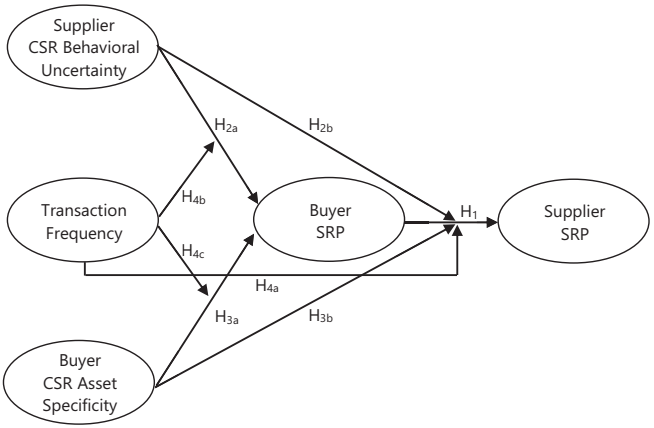
According to TCE, specific assets, uncertainty, and frequency constitute the core factors that evoke shifts in bilateral governance (Heide and John, 1990). Authors adopting a TCE perspective have consistently shown the effectiveness of the TCE mechanism in explaining the control of a relationship (i.e., supply chain) partner's behavioral uncertainty (e.g., Heide and John, 1992; Ring and Van De Ven, 1994; Coles and Hesterly, 1998). Our model thus uses the core dimensions of transactions (uncertainty, asset specificity, and transaction frequency; Rindfleisch and Heide, 1997). Table 5.1 provides an overview of the various TCE constructs used and lists their definitions.

Table 5.1: Terms used and definitions

Construct	Definition	Construct measured based on data obtained from
Buyer & Supplier SRP	Buyer/supplier SRP consists of the combination of buyer/supplier contents and practices that form a dynamic firm capability "to reduce potential risk exposure by prescribing a set of CSR standards that suppliers must meet to win their business" (Keating et al., 2008, p. 175).	Buyer & Supplier
Supplier CSR Behavioral Uncertainty	Supplier CSR behavioral uncertainty constitutes "the inability to predict . . . [upstream] partner . . . [CSR] behavior or changes in the external environment" (Joshi and Stump, 1999, p. 293).	Buyer
Buyer Asset Specificity	Asset specificity reflects to the extent to which buyer-specific investments have been made by the buyer in a given exchange relationship (Heide and John, 1990).	Buyer
Transaction Frequency	"Transaction frequency refers to the number of individual elements that make up the transaction under consideration" (Klein, 1989, p. 256).	Buyer

Figure 5.1 shows the hypothesized relationships between buyer SRP and supplier SRP within a TCE framework. We propose that the TCE dimensions supplier behavioral uncertainty, buyer asset specificity, and transaction frequency act as antecedents of and moderate the relationship between buyer and supplier SRP.

Figure 5.1: Hypothesized relationships



Socially Responsible Purchasing

Corporate CSR performance depends inherently on suppliers' conforming to the CSR practices of a given supply chain (Krause, Vachon and Klassen, 2009). Boundary-spanning activities such as purchasing have been linked to environmental initiatives by both buyers and suppliers (Bowen, Cousins, Lamming, and Faruk, 2001; Carter and Carter, 1998; Klassen and Vachon, 2003; Vachon and Klassen, 2006). Socially responsible purchasing (SRP) plays a fundamental role in establishing CSR along a supply chain (Ferrari, Luzzini, and Spina, 2010): the involvement of the purchasing function in CSR logistics activities can significantly improve supplier CSR performance (Carter and Jennings, 2002; Carter, 2005) as well as the supply chain's overall efficiency and performance (Corbett and Klassen, 2006; Pagell and Wu, 2009). By employing CSR measures in their supplier evaluation and development activities, buyers can play a leading role in effecting supplier SRP (Walker, Di Sisto, and McBain, 2008). CSR behavioral alignment along the supply chain can thus be achieved through SRP decisions made by single actors (Krause, Vachon, and Klassen, 2009). Hence:

Hypothesis 1: Buyer SRP behavior has a positive influence on supplier SRP behavior.

CSR-Related Supplier Behavioral Uncertainty

Supplier behavioral uncertainty, "the inability to predict . . . [upstream] partner . . . behavior or changes in the external environment" (Joshi and Stump, 1999, p. 293), originates from "the behavioral uncertainty arising from the (strategic) actions of an exchange partner firm" (Sutcliffe and Zaheer, 1998, p. 4) and thus from difficulties in monitoring compliance with contractual arrangements of exchange partners (Son, Narasimhan, and Riggins, 2005; Williamson, 1985) including CSR requirements. Purchasing's role as a critical link between a focal firm's manufacturing operations and its supply base reduces inter-organizational uncertainties and opportunism (Das, Narasimhan and Talluri, 2006). Thus, we expect buyers to engage in SRP activities to mitigate perceived supplier CSR-related behavioral uncertainties.

As the extent to which firms engage in cooperative CSR supply chain management depends on pro-active, values-based CSR initiatives (Sharfman, Shaft, and Anex, 2009), we expect the perceived degree of supplier CSR behavior to strengthen the relationship between buyer SRP and supplier SRP. Thus, the more CSR pro-active and prominent the supplier (i.e., the less ambiguity there is in supplier CSR behavior), the stronger the connection between buyer SRP and supplier SRP. We propose:

Hypothesis 2a: Supplier CSR behavioral uncertainty as perceived by buyers has a positive influence on buyer SRP.

Hypothesis 2b: The weaker the supplier CSR behavioral uncertainty as perceived by buyers, the stronger the relationship between buyer SRP and supplier SRP.

Asset Specificity

Integrative forms of governance and bilateral dependence counteract the process through which potential opportunistic behavior or specific assets become sunk costs and contribute to supplier commitment and reliability (Williamson, 2008). Asset specificity is the extent to which buyer-specific investments have been made by the buyer and the supplier in a given exchange relationship. Asset specificity can manifest as site specificity, physical asset specificity (e.g., investment in joint or customized equipment), human asset specificity (e.g., possession of

unique knowhow), brand name capital, or dedicated assets (i.e., special investments made in the supplier's facilities for one particular client; Williamson, 1991a). Asset specificity is negatively related to asset redeployability, which results in sunk costs in the case of the termination of the underlying relationship (Klein, Crawford, and Alchian, 1978); we expect a positive relationship between buyer asset specificity and buyer SRP.

Rising levels of relationship-specific investments made by buyers can increase suppliers' responsiveness to a customer's CSR performance requirements (Simpson, Power, and Samson, 2007). These requirements include codes of conduct, CSR programs, guidelines, monitoring, internal and external certification schemes, knowledge transfer, and education (Baden, Harwood, and Woodward, 2009; Lund-Thomsen and Lindgreen, 2014; Sancha, Gimenez, and Sierra, 2016). Also, the adoption of ISO 14001 has been related to asset specificity (Delmas and Montiel, 2009). We expect buyer CSR asset specificity to increase CSR alignment between buyers and suppliers.

Hypothesis 3a: Buyer CSR-asset specificity has a positive influence on buyer SRP.

Hypothesis 3b: The higher the CSR buyer asset specificity, the stronger the relationship between buyer SRP and supplier SRP.

Transaction Frequency

Transaction frequency entails "the cost of specialized internal governance" (Williamson, 2002, p. 175). Setup costs of specialized governance structures vary with the relative frequency with which particular transactions recur. For infrequent transactions, losses originating from opportunism and inflexibility are likely to undercut a company's incremental business expenditure (Anderson and Schmittlein, 1984). Specialized governance structures are easier to justify for recurrent transactions compared with identical transactions that take place only occasionally (Williamson, 1979). Scale economies stemming from the management of and acquired experience with as well as background knowledge on the definition, implementation, and monitoring of several upstream CSR initiatives are expected to tip the scales in favor of the continued implementation of upstream CSR activities. In addition, transactions that occur with higher frequencies among the same supply chain partners are expected to cause the benefits of upstream CSR activities to become more apparent and the efforts to implement upstream CSR initiatives to be more appealing. Thus, we expect transaction frequency to strengthen all hypothesized relationships in the model:

Hypothesis 4a: The higher the transaction frequency between buyer and supplier, the stronger the relationship between buyer SRP and supplier SRP.

Hypothesis 4b: The higher the transaction frequency between buyer and supplier, the stronger the relationship between supplier CSR behavioral uncertainty and buyer SRP.

Hypothesis 4c: The higher the transaction frequency between buyer and supplier, the stronger the relationship between CSR buyer asset specificity and buyer SRP.

5.3 Research Method

5.3.1 Construct Measures

Consistent with prior research, we draw on Carter and Jennings (2004), who operationalize SRP as a second-order construct with environmental and social first-order dimensions (please refer to section 4.4.1 for a detailed description). TCE constructs play a central role in our model. Behavioral uncertainty stems from difficulties in monitoring supplier performance. We adapted Grover and Malhotra's (2003) five-item scale to evaluate supplier performance. Asset specificity refers to the extent to which buyer-specific investments have been made by the buyer and the supplier in a given exchange relationship. We used Heide and John's (1990) two-item scale to measure suppliers' specific investments. Transaction frequency refers to the relative number of (purchase) transactions (adapted from Klein, 1989).

We conducted EFA to identify the underlying relationships between measured variables. We controlled for intercorrelations between the items on each scale and eliminated those with high correlations. Principal components factor analysis, designed to preserve as much of the original measures' total variance as possible, indicated the scales' unidimensionality and discriminant validity. Subsequently, we rotated the factor model for analysis. We employed Varimax rotation to differentiate the original variables by extracted factor. Next, we conducted confirmatory factor analyses on the scale items. Based on SEM and consistently with Gerbing and Anderson's (1988) recommendations for scale development, we tested our measurement model in search of factor loadings to facilitate an analysis of relationships between observed and unobserved variables. The obtained loadings of observed variables on the latent variables (factors), as well as the correlation between the latent variables, support our confidence in the quality of the identified factors.

5.4 Data Analysis

We utilize PLS path modeling with latent variables with SmartPLS 2.0 software to attain the parameter estimates in the measurement and structural models (Chin, 1998; Ringle, 2006; Ringle, Wende, and Will, 2010). Following Hulland (1999), we analyze and interpret our model in two steps: First, we assess the reliability and validity of the measurement model and then we assess the structural model. Although we use the PLS algorithm to obtain the paths, outer loadings, outer weights, and quality criteria, we rely on bootstrap functionality to obtain the t-values and determine the significance levels of structural paths and item loadings. To obtain the desired output, a bootstrap with 1000 resamples is employed. The psychometric properties of the measurement instruments, as assessed by SmartPLS, include reliability, convergent validity, and discriminant validity (Tenenhaus, Vinzi, and Chatelin, 2005).

The standardized loadings are reported in table 5.2; all CRs exceed the threshold of 0.7 (Gefen, Straub, and Boudreau, 2000). We measure discriminant validity, the degree to which items from one construct differ from items denoting another construct, by comparing the magnitude of the square root of the AVE with the value of the correlations; the former should be higher than the latter (Chin, 1998; Fornell and Larcker, 1981). As shown in table 2, with the exception of supplier environmental SRP, all AVEs exceed the recommended cut-off value of 0.5 (Fornell and Larcker, 1981). A composite reliability value exceeding 0.6 reinforces our confidence in the convergent validity of our supplier environmental SRP construct (Fornell and Larcker, 1981).

5.4.1 Measurement model

To assess partial model structures and evaluate the adequacy of the measurement and the structural models (Chin, 1998), we rely on the two-stage process suggested by Henseler, Ringle, and Sinkovics (2009) to evaluate the model fit (Schepers, Wetzels, and de Ruyter, 2005). To assess reliability, we rely on measurements of Cronbach's alpha to assess internal consistency reliability, composite reliability, and AVE. The measures of the constructs exceed the recommended thresholds of 0.7 for internal consistency and composite reliability and 0.5 for AVE. All measured constructs are above 0.7 (Hair, Anderson, Tatham, and Black, 1998) with the exception of supplier environmental SRP (α = 0.67). Composite reliability scores of 0.75 or higher for all constructs provide a measure of confidence in the used scales.

Table 5.2: Summary of reliability measurements (n=89)

Construct	Construct mean	Cronbach's Alpha	Composite Reliability	AVE	Factor Loading (Range)
Buyer SRP					
Environmental	5.95	0.96	0.97	0.79	0.86-0.90
Philanthropy and human rights	4.99	0.96	0.97	0.83	0.86-0.92
Ethics	5.00	0.99	0.99	0.91	0.94-0.97
Supplier CSR behavioral uncertainty	2.54	0.97	0.98	0.91	0.94-0.96
Buyer CSR asset specificity	5.42	0.94	0.70	0.93	0.96-0.97
Transaction frequency	5.62	n.a.	n.a.	n.a.	n.a.
Supplier SRP					
Environmental	5.54	0.67	0.75	0.40	0.51-0.88
Philanthropy and human rights	4.64	0.81	0.87	0.57	0.69-0.80
Ethics	5.01	0.77	0.84	0.52	0.66-0.79

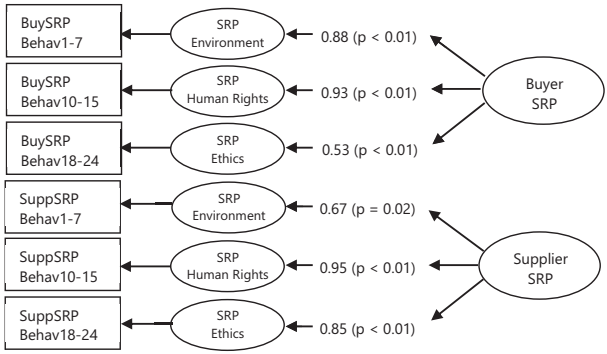
We find evidence of discriminant validity, which was assessed with the Fornell-Larcker criterion (Fornell and Larcker, 1981), as the correlations between the all corresponding formative constructs do not exceed the square roots of the AVE scores.

Table 5.3: Correlation table

	1	2	3	4	5	6	7	8	9
Buyer SRP Environmental (1)	**0.89**								
Buyer SRP Human Rights (2)	0.71	**0.91**							
Buyer SRP Ethics (3)	0.17	0.46	**0.96**						
Supplier CSR Behavioral Uncertainty (4)	0.59	0.56	0.19	**0.95**					
Buyer CSR Asset Specificity (5)	0.62	0.53	0.16	0.70	**0.97**				
Transaction Frequency (7)	0.61	0.53	0.19	0.68	0.60	**1.00**			
Supplier SRP Environmental (8)	0.41	0.32	0.08	0.38	0.46	0.46	**0.63**		
Supplier SRP Human Rights (9)	0.55	0.53	0.38	0.65	0.60	0.57	0.11	**0.76**	
Supplier SRP Ethics (10)	0.25	0.38	0.34	0.32	0.30	0.25	0.01	0.71	**0.72**

Notes: The square root of the AVE is on the diagonal, in bold.

Figure 5.2: Measurement model: buyer and supplier SRP



5.4.2 Structural Model

The results for the main direct effects model support three of our hypotheses. We find a strong positive direct link between buyer and supplier SRP (b=0.91, t=12.66). Buyer CSR asset specificity (b=0.36, t=1.82) and transaction frequency (b=0.24, t=2.00, not hypothesized) are positively related to buyer SRP. The direct effects model does not find support for supplier CSR behavioral uncertainty as an antecedent of buyer and supplier SRP. Also, buyer CSR asset specificity and transaction frequency (not hypothesized) do not serve as explanatory factors for supplier SRP. The results for the direct effects models are provided in table 5.4, along with the R^2 for each endogenous construct.

Table 5.4: Direct and moderating effects: beta coefficients and t-values (in parenthesis)

	Model 1: Direct effects		**Model 2: Moderating effects**	
	Buyer SRP	**Supplier SRP**	**Buyer SRP**	**Supplier SRP**
Buyer SRP		0.91 (12.66)***		0.23 (1.24)
Supplier CSR Behavioral Uncertainty	-0.23 (1.00)	0.07 (0.71)	0.32 (1.45)	0.16 (1.56)
Buyer CSR Asset Specificity	0.36 (1.82)*	-0.13 (0.85)	0.06 (0.26)	1.27 (5.31)***
Transaction Frequency	0.24 (2.00)*	0.06 (0.44)	0.18 (1.41)	0.09 (0.89)
Transaction Frequency x Supplier CSR Behavioral Uncertainty			0.11 (0.54)	
Transaction Frequency x Buyer CSR Asset Specificity			0.41 (2.09)*	
Supplier CSR Behavioral Uncertainty x Buyer SRP				0.43 (3.72)***
Buyer CSR Asset Specificity x Buyer SRP				1.80 (6.10)***
Transaction Frequency x Buyer SRP				0.18 (1.52)
Construct R^2	0.65	0.82	0.66	0.90

Key: ***p<0.001; ** p<0.01; * p<0.05

With our moderating effects model, we find support for four of our eight hypotheses (please refer to table 5.5). In contrast to our direct effects model, it should be noted that we observed no direct relationship between buyer SRP and supplier SRP. Also, the size of the scores as well as the correlations between the respective formative constructs of buyer and supplier SRP appear to support the absence of a direct relationship between buyer and supplier SRP. Instead, buyer asset specificity strengthens the relationship between buyer and supplier SRP (b=1.8, t=6.10). Although it was not hypothesized, buyer asset specificity also proved to be a direct antecedent of supplier SRP (b=1.27, t=5.31). Contrary to our expectations, supplier CSR behavioral uncertainty strengthens the relationship between buyer and supplier SRP (b=0.43, t=3.72). Transaction frequency strengthens the relationship between buyer asset specificity and buyer SRP (b=0.41, t=2.09) but fails to display such an effect in the relationships between supplier CSR behavioral uncertainty and buyer SRP.

5.5 Discussion and Conclusions

5.5.1 Summary of Findings

Focusing on the textile industry, our direct model, through the finding that buyer SRP seems to have a considerable direct influence on supplier SRP, indicates that firms appear able to directly exert influence on upstream dyadic supply chain SRP behavior. This finding is in line with those of related studies in the literature, as many researchers have long regarded purchasing to be an effective direct-governance mechanism of supply chain partners (e.g. Heide and John, 1990; Stump, 1995). We interpret this finding as indicating a form of mimicking behavior in CSR purchasing activities undertaken by agents along a supply chain. The results of our first models appear to support the view that SRP decisions constitute a driving force for CSR-related behavioral alignment of the single actors of a supply chain (Krause, Vachon, and Klassen, 2009).

Appearances can, however, be deceptive: while our results emphasize the importance of SRP in establishing CSR in supply chains (Ferrari, Luzzini, and Spina, 2010), buyer SRP practices alone appear insufficient. Instead, the results of our moderated effects model clearly demonstrate that the success of such an endeavor depends on a set of underlying conditions under which supplier SRP behavior is likely to occur. Understanding these conditions is critical to success.

Giving due respect to TCE is helpful in managing upstream relations for increased CSR Spina et al., 2015). We find a strengthening effect of buyer asset specificity on the relationship between buyer SRP and supplier SRP. We attribute the moderating effect to a supportive role of relationship-specific CSR procedures and routines in achieving SRP compliance. Readily established CSR requirements, such as codes of conduct and certification schemes, support knowledge transfer and learning. We also find a significant direct effect of buyer asset specificity and supplier SRP. Constraints in the form of complex networks of several actors and operating standards require significant investments in firm resources to define, implement, and monitor CSR activities in the upstream supply chain. Buyer asset specificity can affect supplier SRP directly, for example by employing CSR measures in supplier evaluation and development activities (Walker, Di Sisto, and McBain, 2008), or when established procedures and rules facilitate the supplier's mimicking behavior. Both findings are in line with those reported in several previous studies (Clark, Zmud and McCray, 1995; Shelanski and Klein, 1995; Rindfleisch

and Heide, 1997) and the general perception that asset specificity is regarded as the most influential transaction cost construct (David and Han, 2004; McIvor, 2009).

We observe a strengthening, moderating effect of transaction frequency on the relationship between buyer asset specificity and buyer SRP. Potentially relevant in terms of setup costs (Williamson, 2008), buyer SRP appears to stimulate stable transactional relationships, as illustrated by an increased number of transactions. CSR behavioral uncertainty and asset specificity appear stronger than transaction frequency. This finding also echoes those of several studies that find transaction frequency to be the least influential element among the key attributes of TCE theory for explaining the bilateral dependence of transactional actors (Williamson, 1979).

Interestingly, and contrary to our expectations, we find that supplier CSR behavioral uncertainty strengthens the relationship between buyer and supplier SRP. As supplier CSR-related behavioral uncertainty increases, the influence of buyer SRP on supplier SRP increases. Apparently, suppliers are less likely to engage in opportunistic behavior in terms of CSR behavior when supplier behavioral uncertainty is higher, indicating the importance of purchasing in alleviating the effects of supplier behavioral uncertainty in a CSR context (Sharfman, Shaft, and Anex, 2009). Corporate SRP appears to be an important tool for reducing upstream opportunistic behavior (Rao and Holt, 2005; Koplin et al., 2007; Reuter et al., 2010; Wolf and Moeller, 2011).

Our semi-structured in-depth interviews (please refer to chapter 2) lead us to believe that such effects are neither a one-time occurrence nor inherent to our specific sample. Our respondents, who stem from a diverse set of industrial fields (life sciences, cellulose and paper, and insulation), uniformly stress that supplier CSR and SRP commitment and behavior increasingly demand corporate attention: given close interdependencies between supply chain actors, successful true CSR implementation is perceived to be realistic only in cooperation with suppliers. In response, firms appear to be searching for mechanisms to bind and contain suppliers to reduce uncertainty in terms of supplier CSR and SRP behavior. Such inter-firm mechanisms can be found in the underlying transaction, such that the underlying transaction costs of a relationship can have a significant effect on diffusion levels of voluntary CSR standards in supply chains (Rosen et al., 2002).

5.5.2 Theoretical Contribution

The originality of this research lies conceptually in extending a TCE perspective to the adoption of CSR practices upstream along the supply chain. Empirically, the study presents new insights into strategic CSR foci of the textile industry and its supply chain. Our study makes several contributions. First, we reinforce findings from previous studies that demonstrate empirically that investments in specialized assets create a safeguard that may have a positive effect on the performance of buyer–supplier exchanges in supply chain settings (Spina et al., 2015) and validate them empirically in an SRP context.

Second, we find empirical support for the relevance of TCE in the extension of CSR behavioral practices across supply chain partners (Vachon and Klassen, 2006; Sarkis, Zhu, and Lai, 2011). As a result, this study contributes to our understanding of how SRP behavior relates in adjacent supply chain relations. We demonstrate that TCE provides a solid explanation in the context of SRP mimicking effects.

Third, we reinforce views on the effectiveness of buyer SRP as an important (Dabhilkar, Bengtsson, and Lakemond, 2016; Ferrari, Luzzini, and Spina, 2010; Gualandris, Golini, and Kalchschmidt, 2014) yet indirect mechanism driving supplier SRP. Transaction costs, which stem from specific assets (particularly in the presence of significant levels of unpredictability in the business environment) and monitoring activities inherent in the transaction and activities of the upstream supply chain actors involved, act as moderators. Studies relating buyer and supplier SRP directly appear to offer an overly simplified perception of corporate realities. Instead, there is much finer nuance in the theory and the conditions under which it holds.

5.5.3 Managerial Implications

Giving due respect to transaction costs should help managers influence upstream relations to increase CSR along the supply chain. Given that supplier CSR behavioral uncertainty strengthens the relationship between buyer and supplier SRP, suppliers are less likely to engage in opportunistic behavior in terms of CSR behavior when supplier behavioral uncertainty is higher. For managers, this emphasizes the relevance of purchasing in alleviating the effects of supplier behavioral uncertainty in a CSR context: corporate SRP appears to be an important tool for reducing upstream opportunistic behavior (Wolf and Moeller, 2011). We recommend creating relationship-specific safeguards to lock in suppliers. Buyer relationship-specific assets can affect supplier SRP directly, for example by employing CSR measures in supplier evaluation and development activities, or when established procedures and rules facilitate the supplier's mimicking behavior. We find a supportive role of relationship-specific CSR procedures and routines in achieving SRP compliance where readily established CSR requirements support knowledge transfer and learning. The implementation of CSR requirements such as codes of conduct and certification schemes is recommended to support suppliers' mimicking behavior through knowledge transfer and learning. Also, investments in buyer–supplier specific assets, manifested in relationship-specific CSR procedures and routines in achieving SRP compliance, tend to facilitate suppliers' mimicking behavior.

Requiring significant investments in firm resources to define, implement, and monitor CSR activities in the upstream supply chain tends to create a lock-in effect by enhancing mutual firm dependencies. Growing numbers of transactions suggest that buyer SRP appears to stimulate stable transactional relationships. Such information on the frequency of transactions and improved inter-firm communication may be relevant information for a new or extended set of key performance indicators (KPIs) that could be used to monitor the buyer–supplier relationship. Including "communication" as a KPI may provide a valuable diagnostic tool with which managers can (1) assess the quality of a relationship and (2) provide guidance about what to communicate to and how to communicate with external supply chain partners. Awareness of the importance of inter-firm communication and its potential implications could be raised during trainings and workshops for key account managers. In the long run, CSR-related activities have the potential to increase trust and thereby reduce transaction costs related to the activities described above.

5.5.4 Limitations and Suggestions for Further Research

Our study is limited to dyadic relationships. We are curious how far upstream along the supply chain the effects of TCE governance mechanisms hold.

In our study we attempted to take a supply chain–oriented approach: we studied the underlying mechanisms and the effect of SRP in dyadic (buyer–supplier) settings. Reflecting feasibility concerns, we simplified reality and studied supply chain relationships in isolated,

unconnected supply chains. Even though our approach seems superior to those adopted in most studies of supply chain relationships, we may not have captured the full dynamics of interconnected, real-life supply chain networks. We recommend that future studies adopt a network perspective.

The implementation of CSR measures in a supply chain setting may take some time to show an effect: supply chain actors respond to evolving (quasi-)standards (Campbell, 2007). We therefore recommend conducting a longitudinal study. We also recommend broadening the investigation to include industries other than the textile industry and potentially incorporating alternative cultural contexts as well to increase the external validity of the study.

Table 5.5: Constructs, item measures, and sources

Construct	Item	Mean	α	CR	AVE
Buyer SRP Environmental (Carter and Jennings, 2004)		5.95	0.96	0.97	0.79
BuySRP Behav1	Currently, our purchasing function uses a life-cycle analysis to evaluate the environmental friendliness of products and packaging.				
BuySRP Behav2	Currently, our purchasing function participates in the design of products for disassembly.				
BuySRP Behav3	Currently, our purchasing function asks suppliers to commit to waste reduction goals.				
BuySRP Behav4	Currently, our purchasing function participates in the design of products for recycling or reuse.				
BuySRP Behav5	Currently, our purchasing function reduces packaging material.				
BuySRP Behav6	Currently, our purchasing function purchases recycled packaging.				
BuySRP Behav7	Currently, our purchasing function purchases packaging that is lighter in weight.				
Buyer SRP Human Rights and Philanthropy (Carter and Jennings, 2004)		4.99	0.96	0.97	0.83
BuySRP Behav8	Currently, our purchasing function purchases from minority-/women-owned business enterprise suppliers.*				
BuySRP Behav9	Currently, our purchasing function has a formal minority/women-owned business enterprise supplier purchase program.*				
BuySRP Behav10	Currently, our purchasing function visits suppliers' plants to ensure that they are not using sweatshop labor.				
BuySRP Behav11	Currently, our purchasing function ensures that suppliers comply with child labor laws.				
BuySRP Behav12	Currently, our purchasing function asks suppliers to pay a "living wage" greater than a country's or region's minimum wage.				
BuySRP Behav13	Currently, our purchasing function volunteers at local charities.				
BuySRP Behav14	Currently, our purchasing function donates to philanthropic organizations.				
BuySRP Behav15	Currently, our purchasing function helps to increase the performance of suppliers in the local community.				
Buyer SRP Ethics (Carter and Jennings, 2004)		5.00	0.99	0.99	0.91
BuySRP Behav18	Currently, our purchasing function invents (makes up) a second source of supply to gain competitive advantage ("DPI", reverse coded).				
BuySRP Behav19	Currently, our purchasing function exaggerates the seriousness of a problem to gain concessions (reverse coded).				
BuySRP Behav20	Currently, our purchasing function deliberately misleads a salesperson in a negotiation (reverse coded).				
BuySRP Behav21	Currently, our purchasing function uses obscure contract terms to gain an advantage over suppliers (reverse coded).				
BuySRP Behav22	Currently, our purchasing function accepts meals from a supplier even if it is not possible to reciprocate (reverse coded).				
BuySRP Behav23	Currently, our purchasing function shares information about suppliers with their competitors.				
BuySRP Behav24	Currently, our purchasing function shows favoritism when selecting suppliers.				
Supplier CSR Behavioral Uncertainty (Grover and Malhotra, 2003)		2.54	0.97	0.98	0.91
SuppBeh Unc1	In terms of corporate social responsibility, it takes significant effort to detect whether the supplier conforms to specifications and quality standards.				

SuppBehUnc2	In terms of corporate social responsibility, we are in a good position to evaluate how fairly the supplier addresses us. (reverse scored)				
SuppBehUnc3	In terms of corporate social responsibility, accurately evaluating the supplier requires a lot of effort.				
SuppBehUnc4	In terms of corporate social responsibility, there is not much concern about the supplier taking advantage of this relationship. (reverse scored)				
SuppBehUnc5	In terms of corporate social responsibility, it is costly in terms of time and effort to effectively monitor the performance of the supplier.				
Buyer Asset Specificity (Heide and John, 1990)		5.42	0.94	0.97	0.95
BuyAssSpec1	In terms of corporate social responsibility, the procedures and routines developed as part of the relationship with our company are tailored to our particular situation.				
BuyAssSpec2	In terms of corporate social responsibility, our company has some unusual technological standards and norms that have required extensive adaptation by the buyer.				
Transaction Frequency (Klein, 1989)					
TransFrequ	The customer frequently purchases products or services at our company.	5.62	n.a.	n.a.	n.a.
Supplier SRP Environmental (Carter and Jennings, 2004)		5.54	0.96	0.97	0.81
SuppSRPBehav1	Currently, our purchasing function uses a life-cycle analysis to evaluate the environmental friendliness of products and packaging.				
SuppSRPBehav2	Currently, our purchasing function participates in the design of products for disassembly.				
SuppSRPBehav3	Currently, our purchasing function asks suppliers to commit to waste reduction goals.				
SuppSRPBehav4	Currently, our purchasing function participates in the design of products for recycling or reuse.				
SuppSRPBehav5	Currently, our purchasing function reduces packaging material.				
SuppSRPBehav6	Currently, our purchasing function purchases recycled packaging.				
SuppSRPBehav7	Currently, our purchasing function purchases packaging that is of lighter weight.				
Supplier SRP Human Rights and Philanthropy (Carter and Jennings, 2004)		4.64	0.89	0.94	0.74
SuppSRPBehav8	Currently, our purchasing function purchases from minority/women-owned business enterprise suppliers.*				
SuppSRPBehav9	Currently, our purchasing function has a formal MWBE supplier purchase program.*				
SuppSRPBehav10	Currently, our purchasing function visits suppliers' plants to ensure that they are not using sweatshop labor.				
SuppSRPBehav11	Currently, our purchasing function ensures that suppliers comply with child labor laws.				
SuppSRPBehav12	Currently, our purchasing function asks suppliers to pay a "living wage" that is greater than a country's or region's minimum wage.				
SuppSRPBehav13	Currently, our purchasing function volunteers at local charities.				
SuppSRPBehav14	Currently, our purchasing function donates to philanthropic organizations.				
SuppSRPBehav15	Currently, our purchasing function helps to increase the performance of suppliers in the local community.				
Supplier SRP Safety (Carter and Jennings, 2004)					
SuppSRPBehav16	Currently, our purchasing function ensures that suppliers' locations are operated in a safe manner.*				

SuppSRP Behav17	Currently, our purchasing function ensures the safe delivery of products to our facilities.*				
Supplier SRP Ethics (Carter and Jennings, 2004)		5.01	0.98	0.98	0.87
SuppSRP Behav18	Currently, our purchasing function invents (makes up) a second source of supply to gain competitive advantage ("DPI", reverse coded).				
SuppSRP Behav19	Currently, our purchasing function exaggerates the seriousness of a problem to gain concessions (reverse coded).				
SuppSRP Behav20	Currently, our purchasing function deliberately misleads a salesperson in a negotiation (reverse coded).				
SuppSRP Behav21	Currently, our purchasing function uses obscure contract terms to gain an advantage over suppliers. (reverse coded)				
SuppSRP Behav22	Currently, our purchasing function accepts meals from a supplier even if it is not possible to reciprocate. (reverse coded)				
SuppSRP Behav23	Currently, our purchasing function shares information about suppliers with their competitors.				
SuppSRP Behav24	Currently, our purchasing function shows favoritism when selecting suppliers.				

*Item omitted.

Chapter 6

Conclusion

6.1 Reflection

Purchasing has gained in stature, due to its position and importance in the firm and beyond, yet its role in effecting CSR in supply chains remains under-researched (Carter and Easton, 2011). This dissertation set out to investigate the conditions under which CSR commitment and SRP practices spread upstream along a given supply chain and under which conditions suppliers are likely to behave in socially responsible ways. The question has been addressed from three distinct perspectives representing three theoretical lenses: we aimed to take advantage of their distinct outlooks to understand the mechanisms underlying CSR and SRP. Together, these perspectives enhance our understanding of how buyers influence CSR and SRP in supply chains. Using institutional theory, the RBV, and TCE, we develop and test three alternative causal models, including moderated, mediated, and direct effects of the buyer–supplier SRP relationship. In particular, we investigated the effects of internal supplier firm resources and the external environment on the adoption of up-stream SRP practices in first- and second-tier supplier relationships. We conclude this dissertation with a summary of the findings of our empirical studies, the answer to our main research question, a discussion of its implications, and future research directions.

6.2 Synopsis

We examined opportunities for buyers to actively influence supplier CSR practices. We formulated the central research question as follows:

How can companies influence their suppliers to increase supply chain CSR?

We find, in line with Ferrari, Luzzini, and Spina (2010) and Krause, Vachon, and Klassen (2009), that buyer SRP constitutes a driving force of CSR behavioral alignment among the single actors of a supply chain. We demonstrate empirically that buyer SRP can have a considerable effect on supplier SRP performance. Our results emphasize the importance of SRP strategies in establishing CSR in supply chains where buyers can play a leading role in effecting supplier SRP (Walker, Di Sisto, and McBain, 2008). Succeeding at such an endeavor depends on a firm's external environment, firm internal factors, and the core TCE factors of asset specificity, behavioral uncertainty, and transaction frequency.

Study 1 reveals the relative effectiveness of coercive, mimetic, and normative pressures in propagating CSR behavior upstream. In particular, normative pressures are most effective for securing upstream CSR commitment beyond the influence of a direct dyadic relationship alone. Coercive pressure instead appears counterproductive. Supply chain mimicking apparently works upstream as well and provides guidance for achieving CSR behavioral effects, beyond direct interfirm relationships. Simpson and Power (2005) share our view that a normative influence is more influential than coercion for improving inter-organizational CSR performance. Gattiker and Carter (2010) also found a positive relationship between the influence tactics of inspirational appeals, consultation, rational persuasion, and environmental management projects, while they found a negative relationship between ingratiation and environmental management projects. Contrary to Simpson and Power (2005), we did not find a significant mimetic effect, indicating that similarity in firm characteristics alone appears not to be a determining factor in effective CSR mimicking.

Social responsibility has become an increasingly important element of inter-organizational control, particularly in dealing with suppliers. However, the influence of an organization's social environment on its CSR efforts suffers from both practical and academic neglect. Study 2 attempts to fill this gap by explicating the direct and indirect effects of buyer SRP behavior on suppliers. We show that supplier firm resources and capabilities in the form of supplier SRP top management support and supplier CSR firm orientation facilitate supplier SRP behavior. Suppliers can identify and incorporate external corporate CSR pressure to apply social and environmental principles to corporate strategies and organizational practices. We stress the influence of top management in the determination of corporate values and orientations (Day, 1994), and the attitudes of corporate actors in a CSR context (Park and Stoel, 2005). Supervisory support for ecological initiatives appears to have a direct effect on employee perceptions of organizational support for environmental behaviors and a mediated effect on employee affective commitment to environmental behaviors (Cantor, Morrow, and Montabon, 2012). The mediating role of a supplier CSR firm orientation confirms the role of top management support in regard to supplier SRP behavior. In the context of CSR, we reinforce and empirically validate the contribution of managerial support to the implementation of enhanced CSR behavior (Daily, Bishop, and Govindarajulu, 2009). Our results reinforce the view of Gattiker and Carter (2010), who consider top management support to be a precondition of CSR commitment in exchange relationships. Management commitment is thus regarded as having a substantial influence on CSR orientation and organizational values and norms.

Normative drivers appear effective for gaining upstream commitment to a CSR orientation in response to external firm pressures. The significant effect of SRP top management support and a CSR firm orientation on supplier SRP and the way the former variables were conceptualized demonstrates how strongly intra-organizational firm resources are connected to both individual and organizational norms. Serving as a point of reference, such norms and values apparently have profound consequences beyond intra-organizational conduct and subsequent SRP performance outcomes. This finding substantiates our confidence in the effectiveness of norms for inducing CSR behavior within and beyond corporate boundaries. While we demonstrate and empirically validate the mediating role of SRP top management support and CSR firm orientation, the limited explanatory power of the aforementioned factors for the underlying relationship became apparent. That is, we must include several factors beyond those involved in underlying firm resources and competencies (Wernerfelt, 1984; Barney, 1991; Peteraf, 1993; Joshi, 2009) or buyer and supplier orientation (Kohli and Jaworski, 1990; Deshpandé, Farley, and Webster Jr., 1993) to explain a buyer–supplier SRP mimicking effect.

In study 3 we highlight the role of several TCE dimensions on SRP on the part of both buyers and suppliers: supplier behavioral uncertainty, buyer-specific investments, and transaction frequency in combination with buyer SRP all affect supplier SRP. TCE dimensions appear almost irrelevant as antecedents to buyer or supplier SRP. Instead, they act as moderators for the buyer SRP–supplier SRP relationship. Our results agree with findings from previous studies demonstrating that investments in specialized assets create a safeguard with a positive effect on the performance of buyer–supplier exchanges (Zaheer and Venkatraman, 1995), signaling increased supplier commitment (Hendrick and Ellram, 1993; Williamson, 1985). In line with Vachon and Klassen (2006) and Huq, Stevenson, and Zorzini (2014), we find support for the relevance of TCE in the extension of CSR behavioral practices among supply chain partners.

The preceding chapters have identified three categories of factors that influence the buyer–supplier SRP mimicking effect: external firm pressures, internal firm resources, and transaction-related factors. In comparison, the strengthening moderating effect of the researched transactional factors showed a much greater impact on buyer–supplier SRP mimicking. Recurrent transactions provide a platform on which to facilitate the diffusion of CSR firm values. More frequent interaction between adjacent supply chain partners tends to facilitate the spread of norms and conventions (Teo et al., 2003). In response to such normative drivers, suppliers may make organizational choices that reflect views supported by supply chain partners that embrace the concept of CSR, resulting in higher degrees of supplier CSR behavioral conformity.

The empirical studies presented in this dissertation allow us to formulate the following answer to our overall research question: we find strong support for an SRP mimicking effect upstream. Our results suggest that suppliers benchmark their own CSR-oriented behaviors against those of their customers. In distribution channels, customers send CSR signals upstream and thus are in position to establish behavioral norms that influence the way their suppliers behave. Normative imitation is most likely to show a positive SRP mimicking effect, while coercive pressures tend to be counterproductive. Purchasing activity, in the form of buyer SRP behavior, stimulates supplier CSR behavior both directly and indirectly. Although the relationship between buyer and supplier SRP behavior indicates an indirect effect that is mediated by supplier CSR top management support and supplier CSR firm orientation, buyer and supplier SRP are also strongly and directly linked. Buyers should recognize their example-setting function; behavior that indicates a clear mandate for SRP and concern for stakeholders will be emulated by suppliers.

6.3 Integration of Study Results

So far, the dissertation treated the theoretical concepts of IT, RBV, and TCE in isolation – a state we regard as over-simplified reflection of organizational realities. By reflecting on how these theories complement in explaining the underlying phenomena, this section seeks to tie up these loose ends: we contrast characteristics of the underlying theories, reflect on their joined implication for upstream CSR implementation and conclude with a number of implications for continued academic discourse on upstream CSR adoption in a multi-tier supply chain context.

Table 6.1: Contrasting juxtaposition of institutional theory, resource-based view, and transaction cost economics

Characteristics	IT	RBV	TCE
Primary domain of interest	Institutional isomorphism in search for legitimacy	Production and firms resources/capabilities	Exchange and transaction: investment in specific assets, transaction cost minimization
Problem orientation	Environmental influence: how can external structures constitute authoritative guidelines for social behavior?	Internal competence development: why do firms differ?	Efficient governance structures: why do firms exist?
Behavioral assumptions	Normatively rational decisions	Economical rational decisions	Bounded rationality, opportunism
Primary driver	Search for legitimacy in response to social pressures	Resource allocation that aims to optimize economic returns; gain competitive firm advantage	Search for efficient governance structures
Primary focus of analysis	Behavioral response to exposure of coercive, mimetic, and normative pressures	Resource attributes	Transaction attributes (e.g. asset specificity)
Function of relationships	Diffusion of structures	Access to complementary resources	Market failures

Source: adapted from Halldorsson, et al. (2007), Madhok (2002), and Skjoett-Larsen (1999)

6.3.1 RBV and IT

Firm resources and capabilities alone, while essential, appear insufficient to explain economic growth, as the latter hinges, in part, on incentives and institutional enforcement to guide their use (Dunning, 2006). However, an integration of the two theoretical concepts appears difficult as Resource-Based View (RBV) and Institutional Theory (IT) build upon different sets of underlying assumptions in regard to individual and firm behavior: RBV assumes individuals and organizations to take economically rational decisions, motivated by a resource allocation that aims to optimize economic returns. Factor market imperfections (i.e., factors inhibiting the imitation of resources) increase variation among firm resources and resource strategies. On contrary, IT assumes individuals and organizations to make normatively rational decisions the primary motivation to be largely a response to social pressures in search for legitimacy. Such social pressures enhance conformity among firm structures and strategies.

Given the strong impact of norms and values, which may bias an objective (i.e. economically rational) decision, individuals and firms risk to take suboptimal resource decisions. Firm exposure to social influences tends to reduce (the potential for) firm heterogeneity. If we follow RBV and regard CSR as a valuable, rare, imperfectly imitable, and non-substitutable resource, firms would miss the opportunity to differentiate themselves from their competition. However, if we interpret the reduced potential for firm heterogeneity in terms of desired CSR supply chain alignment, such influence of social influence can pose a significant benefit as it leads to coherence. Outside parties, who are in the position to influence norms and values or established shared belief systems, and are in the position to influence perceptions on what is considered to be tolerable firm conduct, may be in the position to manipulate the resource decision, too. As such, firm-internal and external cultural support for resource investment decisions may be an important determinant of their ultimate success. Conversely, resources lacking legitimacy or social approval, may lead to resistance to firm resource and capabilities imitation.

6.3.2 RBV and TCE

Some authors believe RBV and Transaction Cost Economics (TCE) to be entirely incompatible arguing that both theories are highlighting different aspects of the same phenomenon (e.g. Connor, 1991). Most authors, however, regard one theory either as a basis or as a means to broaden the scope of the other (Mahoney and Pandian, 1992) and display resilient complementarities among RBV and TCE (Foss and Foss, 2005; Silverman, 1999). Both theories react to criticisms of and provide more insight into a firm than the neoclassical perspective (Mahoney and Pandian, 1992). Consideration of firm strengths and weaknesses (i.e. its resources and capabilities) are a prerequisite for the decision of a governance mode (Jacobides and Winters, 2005; Williamson, 1999). The integration of both theories into a single "theory of the company" is, from a theoretical perspective, regarded to be an effective means to address the criticisms every approach is being confronted with individually, while providing valuable insights on how firms create and sustain valuable resources and, ultimately, a corporate competitive advantage (Argyres and Zenger, 2010; Foss and Foss, 2005).

Accordingly, we argue that the two theories can be related, but they address different decisions: resource considerations are of relevance for managerial decision-making on value creation, while transaction cost considerations are of relevance for subsequent decisions on the governance mode underlying such processes of value creation. Specifically, we postulate that resource considerations are of importance in deciding how to create value; that value creation decisions can be taken irrespective of the governance mode underlying the value-creating activities; and that transaction cost considerations are of relevance for the decision on a particular governance mode. In the context of upstream CSR implementation we are particularly interested in what unique firm resources drive supplier CSR adoption and which governance mechanisms facilitate such supplier engagement in proactive CSR initiatives. To fill this void (Foerstel et al., 2015), we recommend a framework that integrates firm resource considerations and governance modes to achieve CSR value creation in light of our new interpretation of the theoretical frameworks of RBV and TCE. The establishment of such linkage between the concepts of RBV and TCE, would contribute, from a theoretical perspective, to narrow the gap between the fields of strategic management and organizational economics.

6.3.3 TCE and IT

On first sight, TCE and IT offer conflicting explanations of organizational phenomena: while "economic approaches to the study of organization, transaction cost analysis included, generally focus on efficiency" (Williamson, 1981, p. 549), "institutional theorists place particular emphasis on legitimation processes and the tendency for institutionalized organizational structures and procedures to be taken for granted" (Oliver, 1992, p. 563), disregarding any efficiency implications.

Our discussion is based on the premise that transactions can neither to be determined by economic motives, nor by normative and cognitive process conformity alone (Granovetter, 1985). Responding to calls for more empirical research into both transaction costs and institutions (Williamson, 2000), we reflect on transaction costs and institutions in combination (North, 1990, Williamson, 1991). Based on the premise that IT can help to explain firm behavior (North, 1990), particularly decisions on various degree of inter-firm cooperation in response to transaction costs, we propose institutions to play a major role in the reduction of transaction costs stemming from behavioral and environmental uncertainty (North, 2005). Such argumentation raises a number of questions in a CSR context: which strategy to induce upstream CSR is recommendable to alleviate the effect of those variables? Under which conditions should focal firms enforce formal institutions and support rule-based, impersonal exchange (coercive approach)? On contrary, when are normative or mimetic approaches recommendable that aim to induce firm conformity of CSR practices and goals perceived to be successful and legit? The integration of transaction cost and institutional theories draws upon the relative strengths of both to explore their relative direct impact on firm response. In addition, institutions may moderate the relationship between transaction costs and firm response.

6.4 Research Contribution

The involvement of the purchasing function in CSR supply chain activities has previously been related to improved supplier performance (Carter, 2005; Carter and Jennings, 2002) and overall supply chain efficiency and performance (Corbett and Klassen, 2006; Pagell and Wu, 2009). However, a direct mimicking effect in the form of imitating SRP activities had not been observed until this study. Focusing on the European textile industry, we demonstrate empirically that companies are able to influence upstream dyadic supply chain SRP behavior and thereby improve supplier performance. CSR behavioral alignment in the supply chain can be achieved through the SRP decisions of single actors (Krause et al., 2009): buyer SRP can have a considerable effect on supplier SRP. Our results indicate that the success of such an endeavor depends on a set of conditions under which supplier SRP behavior is likely to occur. Together, our findings help us explore why and how both internal and external factors as well as transactional factors influence the CSR behavior of linked organizations. By examining which factors facilitate supplier CSR support and SRP adoption, and the mechanisms underlying these outcomes, this dissertation contributes to CSR theory generally and the supply chain literature in several ways. Based on the study methods and results presented above, we summarize the contribution of this dissertation as follows.

Reacting to calls for enhanced inter-organizational CSR research (Carter and Rogers, 2008; Kovács, 2008), we demonstrate empirically that buyer SRP can have a considerable effect on supplier SRP and investigate the propagation of upstream inter-firm behavior, as suggested by

McFarland et al. (2008). Our use of three distinct theoretical lenses expands the theoretical landscape for CSR supply chain research, reveals the governing dynamics of the observed buyer–supplier SRP relationship, and generates rich and multifaceted insights into the underlying relationships. In so doing, our study responds to calls to move CSR supply chain research away from anecdotal studies in favor of theoretically grounded and empirical research (Carter and Ellram, 2003; Carter and Rogers, 2008; Holt and Ghobadian, 2009; Seuring and Müller, 2008; Zsidisin and Siferd, 2001). We answer calls for survey-based research on CSR and supply chain management (e.g. Gimenez and Tachizawa, 2012). Our study is among the first to employ dyadic and triadic data in an inter-organizational CSR context. We thereby extend current frameworks by investigating CSR aspects in part from the supplier's perspective. From a practical perspective, we provide buying firms with prescriptive recommendations regarding supplier CSR and SRP implementation.

To be sure, our studies do not constitute a complete analysis of supply chain SRP or CSR, but they provide valuable insights into relevant antecedents and effects of buyer SRP on supplier CSR orientation and performance. We hope that the insights gained will stimulate future research that continues to elucidate the nature of the buyer–supplier SRP relationship.

6.5 Managerial Implications

We recommend focusing on purchasing to encourage CSR behavior. Buyers can play a leading role in influencing supplier SRP by setting a good example and by employing CSR measures in transactional efficiency, managing internal firm resources, and tactfully applying upstream CSR imitation pressures.

CSR imitation pressures have a profound effect on supply chain partners. Normative pressures in particular appear effective in fostering upstream CSR commitment. Success depends on how well a firm can match the right tactics to the desired CSR behavioral outcome on the part of an upstream supply chain partner. Although frequently employed, coercive pressure appears counterproductive: While exercising coercive power may be effective in the short run, it tends to jeopardize relationships over the longer run (Kumar, 2005). We recommend that managers refrain from taking coercive measures regarding the upstream adoption of CSR measures. Instead, we recommend presenting one's own company as a role model. By increasing the exposure of supply chain partner employees to one's own firm's behavior, managers can encourage the replication of such behaviors. Organizational networks, fairs, industry forums, and professional and trade organizations should facilitate the transmission of CSR values. Activities leading to increased perceived degrees of identity (e.g., team-building activities) are expected to contribute to facilitating the replication the behaviors.

In terms of firm resources, we observe an inter-organizational emulating effect between buyer SRP and supplier SRP, whereby supplier top management support and supplier CSR firm orientation play a mediating role. If firms consist of a bundle of heterogeneous resources and capabilities, CSR attributes and activities may be used in a differentiation strategy. The role of top management is generally considered essential to the implementation of CSR management tools (Hsu and Cheng, 2012; Wittstruck and Teuteberg, 2012) and superior CSR behavior. Accordingly, we regard supplier top management support as instrumental to supplier CSR firm orientation and for fostering corporate environmentalism. A CSR-based strategy that draws heavily on management commitment and support may prevent competitors from imitating this strategy.

Giving due respect to transaction costs helps in managing upstream relations for increased CSR. Given that supplier CSR behavioral uncertainty strengthens the relationship between buyer and supplier SRP, in terms of CSR behavior suppliers are less likely to engage in opportunistic behavior when supplier behavioral uncertainty is higher. For managers this emphasizes the relevance of purchasing in alleviating the effects of supplier behavioral uncertainty in a CSR context: corporate SRP appears to be an important tool for reducing upstream opportunistic behavior (Wolf and Moeller, 2011). We recommend instituting relationship-specific safeguards to lock in suppliers. Buyer relationship-specific assets can affect supplier SRP directly, for example by employing CSR measures in supplier evaluation and development activities, or when established procedures and rules facilitate the supplier's mimicking behavior. We find a supportive role for relationship-specific CSR procedures and routines in achieving SRP compliance where readily established CSR requirements such as codes of conduct and certification schemes support knowledge transfer and learning.

6.6 Future Research Recommendations

This dissertation investigates the phenomenon of SRP behavior contagion along the supply chain and identifies the conditions under which this effect of supply chain mimicking is likely to occur. Its findings point to interesting and important avenues for future research.

It has not been the primary goal of this dissertation to integrate distinct theoretical frameworks. However, like Kuhn (1996), we note that immediate comparison of competing theories can be relevant to the processes of paradigm development. Comparing alternatives to the theorized core model may provide greater theoretical clarity regarding buyer–supplier SRP factors that influence the underlying relationship. Such integration of multiple theoretical lenses is expected to generate higher quality hypotheses, benefit the interpretation of findings, and clarify the extent to which the underlying theories apply (Carter and Easton, 2011). In this dissertation, we treated TCE and RBV as distinct approaches to firm behavior. However, there is a growing body of literature arguing that TCE and the RBV complement one another (Ellram, Tate, and Carter, 2008; Holcomb and Hitt, 2007; Jacobides and Winter, 2005; Spina, et al., 2015; Vivek, Banwet, and Shankar, 2008). We agree that in some instances the prescriptions offered by each theoretical standpoint can be considered complementary. For example, in a case in which an organization has the resources required to develop a difficult-to-imitate capability and the potential for opportunism is high, the activity should be internalized. The complementary nature lies in the premise that specific assets and distinctive capabilities share a similar characteristic—they are difficult to trade or imitate (Peteraf, 1993). In practice, outsourcing decisions are influenced by both capability considerations and TCE variables such as asset specificity and the number of suppliers (McNally and Griffin, 2004). Secondly, TCE focuses primarily on governance (McIvor, 2009), while RBV focuses primarily on production capabilities and skills to achieve competitive benefit and performance (Barney, 1991). Assets that are both specific and strategic (i.e., valuable, rare, and hard to reproduce or substitute for) are more strongly related to hierarchical governance than assets that are merely specific. Integrating assets that are specific but not also strategic might reduce transaction costs as TCE anticipates, but integrating such assets will not also offer managers an opportunity to create advantages. Thus, TCE and RBV can be regarded as complementary theoretical lenses through which to explain the effect of CSR mimicking and therefore merit joint investigation.

At the same time, we realize that firms are exposed to external environments: the resources they develop and transactions they conduct are likely to be subject to perceived opportunities

and constraints shaped by the external environment. From an institutional perspective, we thus expect valuable insights to emerge when investigating potential interactions between external institutional forces and internal firm resources. The RBV perspective could advance our understanding of relationships between internal firm resources and external firm conditions. Combining the theories can provide a more holistic view to inform the investigation of organizational behaviors in general (Peng, Wang, and Jiang, 2008) and CSR initiatives in particular (Bansal, 2005; Clemens and Douglas, 2006). Institutional entrepreneurs utilize a multitude of input factors (resources) to stimulate institutional change (Dacin, Goodstein, and Scott, 2002); they may be initiated by single organizational entities or in collective alliance formations (Hargrave and van de Ven, 2006). In the context of upstream CSR initiatives, the integration of institutional and resource-based research is thought to provide an adequate theoretical basis, as efficiency and legitimacy have been identified as key triggers of firm adoption of CSR practices along their respective supply chains (Aguilera and Cuervo-Cazurra, 2004; King, Lenox, and Terlaak, 2005). Combining interaction effects between regulatory forces and firm responses, whether in terms of enhanced CSR cooperation or more vigorous resistance, add to our understanding of the underlying processes' outcomes (Clemens and Douglas, 2006). As before, such a combination of theoretical lenses involving institutional theory and RBV could help reveal new relationships.

The distinct theoretical orientations of TCE and institutional theory (the former emphasizes efficiency considerations whereas the latter emphasizes legitimacy concerns; Martinez and Dacin, 1999; Roberts and Greenwood, 1997) offer fundamentally different recommendations to academics and practitioners. Also, the explanatory power of firm behavior under each individual theoretical perspective is limited. Assessing the combined effects of institutional factors and TCE dimensions should advance our understanding of firm behavior (Brouthers and Hennart, 2007). Tate et al. (2011, 2014) identify implementation costs and institutional relationships as among the decisive factors for supplier CSR adoption. Thus, we regard research addressing the complementary nature of TCE and institutional theory (Martinez and Dacin, 1999) and their implications for supplier CSR adoption to be an additional way to advance the field.

We conclude that CSR and SRP mimicking can stem from one or a combination of the aforementioned categories of variables. Our analysis of the three categories of factors in isolation can be perceived as a simplified approximation of organizational realities. A combination of these factors would warrant further investigation, given firm-external opportunities and constraints. Such integration of the theoretical lenses employed provides an interesting avenue for further research, from both a theoretical and a practical perspective. This holds for the integration of TCE and RBV in the context of supply chain CSR as well as for one or both of the aforementioned theoretical concepts that are subject to opportunities and constraints shaped by the external firm environment.

While we reinforce extant views that RBV theory can be applied in inter-organizational supply chain settings (Siguaw, Simpson, and Baker, 1998) and extend the concept to include CSR in inter-organizational supply chains, we focused predominantly on ecological and social performance dimensions. In response to calls to incorporate the entire set of sustainability performance dimensions (ecological, social, and economic) in a supply chain context (e.g. Carter and Rogers, 2008; Pagell, Krause, and Klassen, 2008), integrating the economic performance dimension with the ecological and social performance dimensions might help us to understand the effects of the latter two factors on a firm's supply chain and its economic bottom line—what Carroll (1979) calls the firm's economic responsibility.

We studied independent and linear sets of direct supply chain relations. However, some have argued that the investigation of dyadic buyer–supplier relationships (e.g. Saeed, Malhotra, and Grover, 2005) and dyadic supplier–supplier relationships (Choi, Wu, Ellram, and Koka, 2002; Wu and Choi, 2005) appears to be oversimplified as "dyads do not capture the essence of a network" (Choi and Wu, 2009, p. 8). Oh and Rhee (2008), for example, provide evidence for the significant, positive effect of a first-tier supplier's development and coordination capabilities vis-à-vis the second-tier supplier (dyad 2) on the collaborative relationship of the focal company and its first-tier supplier (dyad 1). Investigating single buyer–supplier relationships appears to represent an oversimplified approach. Similarly, the relationship between suppliers cannot be investigated "without considering the interaction between the buyer and each of the suppliers" (Choi and Wu, 2009, p. 8). "A supplier that manages its relationships with other suppliers well is more likely to become a solution provider and consequently attains a larger share of supply responsibility from the buyer" (Wu and Choi, 2005, p. 48). We recommend conducting research from a network perspective.

We researched the conduct of firms operating in a niche market: our targeted sampling approach limits our data sample mainly to firms originating in a European context and exclusively to firms that strive to jointly enforce socially accountable and ecologically oriented business practices. Such conduct cannot be considered representative of the mainstream of a clothing production industry dominated by a limited set of Western fashion brands placing great importance on Asian sourcing markets—where production frequently takes place under questionable conditions. Also, our study on mimicking effects ignores the potential influence of cultural differences between buyers and Asian textile suppliers.

We realize that implementing CSR measures in a supply chain setting may entail a process that takes time to achieve an effect. The slowly developing responses of supply chain actors to newly evolving (quasi-)standards has been emphasized as critically important to maintaining a firm's reputation (Campbell, 2007). Although we attempted to control for this effect, we recommend a longitudinal study to more accurately research this process.

6.7 Overall Conclusion

This dissertation examines opportunities for buyers to actively influence supplier CSR practices. Investigating the conditions under which CSR commitment and SRP practices spread upstream along a given supply chain, we use institutional theory (IT), the resource-based view (RBV), and transaction cost economics (TCE) to develop and test three alternative causal models, including moderated, mediated, and direct effects of the buyer–supplier SRP relationship. We find buyer SRP to constitute a driving force of CSR behavioral alignment among the single actors of a supply chain and demonstrate empirically that buyer SRP can have a considerable effect on supplier SRP performance. Succeeding at such an endeavor depends on a firm's external environment, firm internal factors, and the core TCE factors of asset specificity, behavioral uncertainty, and transaction frequency.

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Summary

Dressed to kill or killed to dress?
The impact of corporate buyers on corporate social responsibility in textile supply chains

This dissertation examines opportunities for buyers to actively influence supplier CSR practices. Three theoretical perspectives provide insights into the conditions under which CSR commitment and SRP practices spread upstream along a given supply chain and under which conditions suppliers are likely to behave in socially responsible ways. Chapter 2 describes the research process and demographics. Chapter 3 demonstrates the relative effectiveness of coercive, mimetic, and normative pressures in propagating CSR behavior upstream. Coercive pressure appears counterproductive. Instead, we find normative pressure to be the most effective tactic for gaining upstream CSR commitment, in and beyond the direct dyadic relationship. Supply chain contagion (McFarland et al., 2008) apparently spreads upstream as well and provides guidance for achieving CSR behavioral effects beyond those due to direct interfirm relationships alone. Chapter 4 shows that supplier firm resources and capabilities in the form of supplier top management support and supplier CSR firm orientation facilitate supplier SRP behavior. We stress the influence of top management in determining corporate values and orientations in a CSR context. In chapter 5 we highlight the role of several TCE dimensions on both buyer and supplier SRP: supplier behavioral uncertainty, buyer-specific investments, and transaction frequency in combination with the influence of buyer SRP on supplier SRP. We find support for the relevance of TCE in the extension of CSR behavioral practices among supply chain partners: while TCE dimensions appear almost irrelevant as antecedents of buyer and supplier SRP, they appear to act as moderators for the buyer SRP–supplier SRP relationship.

Deutsche Zusammenfassung (German Summary)

Diese Dissertation untersucht Möglichkeiten für betriebliche Einkäufer, aktiv das Nachhaltigkeitsverhalten von Lieferanten zu beeinflussen. Drei empirische Studien erlauben theoretische und praktische Einsichten darin, unter welchen Voraussetzungen sich unternehmerische Sozial- und Umweltverantwortung, CSR-Engagement und -Praktiken, in Zulieferketten verbreiten lassen. Kapitel 2 beschreibt den Erstellungsprozess dieser Forschungsarbeit. Kapitel 3 untersucht die relative Effektivität von Zwangsmaßnahmen, imitativer und normativer Techniken bei der Verbreitung von CSR-Verhalten direkter und indirekter Lieferanten in Beschaffungsketten. Zwangsmaßnahmen scheinen kontraproduktiv, normativer Druck hingegen die effektivste Taktik um direkte und indirekte Zulieferer für CSR-Engagement zu gewinnen. Imitation von als erfolgversprechend empfundenen Praktiken in Lieferketten (McFarland et al., 2008) scheint von Zulieferern auch praktiziert zu werden und scheint als Leitlinie zur Erzielung sozial- und umweltkonformer Praktiken für direkte und indirekte Zulieferbeziehungen geeignet. Kapitel 4 zeigt, wie Firmenressourcen und -fähigkeiten (in Form von CSR-Topmanagementunterstützung und CSR-Firmenausrichtung) von Zulieferern deren nachhaltiges Einkaufsverhalten beeinflussen. Dabei ist insbesondere der Rückhalt des Topmanagements, als ein entscheidender Faktor für Firmenwerte und -ausrichtung, von Bedeutung. In Kapitel 5 zeigen wir die Wirkung mehrere TCE-Größen zur Erreichung sozial- und umweltkonformer Einkaufspraktiken bei Käufer und Zulieferer auf: Die Verhaltensunsicherheit eines Lieferanten, spezifische Käuferinvestitionen in die individuelle Beziehung zum Lieferanten, sowie die Häufigkeit stattfindender Transaktionen haben Einfluss auf sozial- und umweltkonforme Einkaufspraktiken, bei Käufer wie Zulieferer. Dieses Ergebnis unterstreicht die Relevanz der TCE-Theorie zur Erreichung sozial- und umweltkonformer Praktiken von Partnern in Lieferketten: Scheinen die TCE-Größen praktisch bedeutungslos als Bedingungsteil sozial- und umweltkonformer Einkaufspraktiken bei Käufer wie Zulieferer, scheinen sie von wahrer Bedeutung als Moderator für sozial- und umweltkonformer Einkaufspraktiken in der Käufer-Lieferantenbeziehung.

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This dissertation examines opportunities for buyers to actively influence supplier corporate social responsibility (CSR) practices. Investigating the conditions under which CSR commitment and socially responsible purchasing (SRP) practices spread upstream along a given supply chain, we use institutional theory, the resource-based view, and transaction cost economics to develop and test three alternative causal models, including moderated, mediated, and direct effects of the buyer-supplier SRP relationship. We find buyer SRP to constitute a driving force of CSR behavioral alignment among the single actors of a supply chain and demonstrate empirically that buyer SRP can have a considerable effect on supplier SRP performance. Succeeding at such an endeavor depends on a firm's external environment, firm internal factors, and the core TCE factors of asset specificity, behavioral uncertainty, and transaction frequency.