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PATTERNS IN THE ADOPTION OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES

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ABSTRACT

This theoretical paper considers the dissemination of CSR practices within organizational fields. It develops propositions linking different prevailing drivers for adoption of a CSR practice with states in its diffusion within the field. Existing explanations from fields such as institutional theory and innovation diffusion suggest that in most cases, a practice is initiated for instrumental and technical reasons, imitated as its benefits become known and institutionalized through mimetic and coercive pressures. We suggest the adoption of CSR practices, however, may follow a different pattern.

They are often initiated for idealistic, ethical, or religious reasons, which are endogenous to the adopter, and the economic benefits may be unclear or even believed to be absent. Later adopters are driven by different factors from earlier ones, as the perceptions change regarding the economic benefits, and as the visibility of the practice to outside stakeholders and society at large becomes greater.

We develop a model and propositions linking stages of adoption with locus of stimulus for adoption and perceptions of economic benefits. This model postulates discrete states through which a practice may pass, perhaps sequentially. These are: isolated adoption, limited diffusion, widespread diffusion, coercive adoption, institionalised and perpetuation. The primary drivers for practice adoption or retention in each state are, respectively, idealism, enlightened self-interest, legitimation, fear of resource penalties, societal normative pressures and organisational inertia.

Keywords
Corporate social responsibility
CSR
Institutionalisation
Practice adoption
Mimesis
Resource dependency

INTRODUCTION

Corporate Social Responsibility (CSR) has generated an extensive body of literature in business-based journals, mainstream journalism, and corporate literature. This literature included investigations of the nature of CSR, normative arguments for and against it as part of good management praxis, and economic tests of the link between CSR and corporate financial performance (CFP).

Less attention has hitherto been paid to what, in practice, influences the adoption and spread of CSR practices within and between organisations. While there are well established frameworks, such as the long-established reaction/defence/accommodation/proaction (RDAP) typology (Carroll, 1979; Wilson, 1975) for the classification of organizational responses to social issues, little work has as yet been undertaken to understand why and under what circumstances managers might adopt one of these responses rather than another. In this paper, we introduce insights from institutional theory, resource dependency theory, innovation diffusion and the theory of organizational information processing, to extend these frameworks. We use these insights to develop a longitudinal model of the adoption of a CSR practice within a field of organizations.

We do not address issues of how the practice itself may mutate; it is inherent to the theories on which we draw, institutional theory and diffusionism, to overlook differences in interpretation and implementation of a practice over time and place. Neither do we attempt to examine how attitudes within a given organisation may evolve, during these different phases, or the internal or environmental contingencies that might influence them. These are topics for further research. It is accepted that there are exceptions to the time sequence proposed here, but we expect that it will prevail for the majority of circumstances. The extent to which there are patterns in the exceptions is a positive question, again to be resolved through further research.

Our model has implications for both CSR theory and the theory of practice adoption. Our approach shows that different attitudes to and conceptions of corporate social responsibility, such as those encapsulated in RDAP, can be seen, either as phases through which CSR initiatives can be expected to pass over time, or as expressions of a number of sometimes antagonistic forces that are known to act simultaneously upon decision-makers within organisations. In particular, we examine the interaction of idealism with the instrumental pursuit of resources and profit, and with managers' desires for legitimacy for themselves and their organisations, and how the prevalence of these different drivers with an organisational field may be expected to evolve over time.

Prevailing theories of practice dissemination and adoption make little allowance for idealism as a driving force, or for its interplay with instrumental considerations, our model represents a refinement that takes account also of other distinctive features of CSR. These include the way in which CSR issues and practices may suddenly achieve, through word of mouth and media interest, a degree of public visibility that transcends a particular organisational field. Governmental and regulatory bodies may become more deeply involved in specifying the practices adopted and determining the extent and rate of adoption. This may lead to distinctive patterns of adoption, in which the phenomena of mimetic, coercive and normative isomorphism are observed sequentially, rather than simultaneously, as is the case with other management practices.

For the practitioner, we believe that an understanding of the framework proposed here, and of the differences from standard patterns of practice adoption, will help develop better tailored and more effective proposals for effective CSR implementation. For the organization theorist, we suggest that CSR practice adoption, with its idiosyncracies, represents an exceptional case, of the kind highlighted by Starbuck (1993) as important studies for the advancement of theory. It is an ideal context in which to advance our understanding of the processes of practice adoption and institutionalization and to refine and redefine the relevant theory.

The model proposed here is based upon accepted models of institutionalisation within a field. It is accepted that not all practices will pass through all the states in our model in the sequence proposed here, although we conjecture that the majority will.

The paper begins with a brief review of competing theories of CSR. We then explore the main bodies of theory that have been invoked to explain the adoption of practices across a body of organisations. We show how the particular characteristics of CSR practices lead us to expect a pattern of adoption and dissemination which diverges from what we shall term the 'standard model' and set out an alternative which we believe is more in line with what really happens. We reflect upon the implications of our proposed model for managers and theorists, and conclude with some proposals for further research.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility (CSR) encompasses "the economic, legal, ethical and, philanthropic expectations placed on organization by society at a given point of time" (Carroll and Buchholtz, 2000: 35) and a corporation's concern for society or for the impact its actions make on society (De George, 2006). But it is a broad concept whose boundaries are conceived differently by different theorists and adopters (Carroll, 1979). At one extreme stands Friedman's famous (1962) assertion that corporations' sole social responsibility is economic, namely the pursuit of shareholder profit. On the other hand Boatright (2007) suggests that the selection of corporate goals and the evaluation of outcomes should be not solely by the criteria of profitability and organisational well-being but by ethical standards or judgements of social desirability. Such scholars have urged managers to adopt a variety of legal, ethical and discretionary responsibilities, neatly summarised by Wilson (2000, p.13) as ranging from:

> "…the basic need to meet commonly accepted ethical principles of "good behavior," the need, that is, to avoid the more glaring sins such as lying, cheating, and stealing. At the other extreme is an insistence that corporations have a social responsibility to help solve social problems such as education, poverty, and unemployment - problems that they may have, in part, created, and that most certainly affect their performance."

Reviews of those aspects of CSR actually adopted by major corporations have found a similarly broad range (Snider et al., 2003; Hill et al., 2003) covering the following aspects of their behaviour:

1. Management and governance of the company
2. Policy, strategy and organizational vision, mission and values.
3. Management of human resources and relationships with individuals within the organization.
4. Generation of shareholder value.
5. Behaviour in the market place, including relationships with clients, consumers and competitors.
6. Relationships with the community in which the business is located and with public authorities.
7. Responsibility for the environmental impact of operations and environmentally sustainable management of resources.

Academic discussion of CSR falls into two main streams. One is a normative, philosophical debate as to whether ethical considerations or the political position of business in society confer any responsibility on managers to take account of the interests of stakeholders other than shareholders, and hence to focus deliberately on issues beyond profit maximisation. A second stream relates to the association between CSR and corporate performance.

Normative Theories

The start of the present debate on whether corporate decision-making should take account of stakeholders other shareholders is usually attributed to the Stanford Research Institute of the 1960s and to Freeman (1984) although Donaldson and Preston (1995) find echoes of the concept in the writings of US legal theorists in the 1930s and corporate leaders in the 1940s. Stakeholder theory embraces several threads (Donaldson and Preston, 1995; Stoney and Winstanley, 2001): descriptions of actual praxis; managerial prescriptions as to what constitutes good practice in stakeholder management, including the extent to which the enforcement of stakeholder rights should be voluntary or coercive and whether it should take place through the individual asserting their rights, through the organisation's corporate governance, or regulation by relevant state and international jurisdictions; instrumental theories as to the effect of such practices on corporate performance; and normative assertions as to the legitimacy of stakeholder rights.

Although stakeholder rights are the most widely invoked normative basis for CSR, other advocates find their grounding in notions of broader human rights (Cassel, 2001), of the need for sustainable development (Hart, 1995; Shrivastava, 1995; Van Marrewijk and Werre, 2003) of the common good (Argandoña, 1998; Mahon and McGowan, 1991; Velasquez, 1992) and of the role of corporations as citizens (Andriof and McIntosh, 2001) or as bodies that administer citizenship rights for individuals (Matten and Crane, 2005). Garriga and Melé (2004) give a comprehensive review.

CSR and the pursuit of profit

The growing acceptance of stakeholder theory has not resulted in a consensus as to how managers should deal with different stakeholders, and in particular how the interests of shareholders should be reconciled with those of other stakeholders. The classic principal-agent model of the firm (Jensen and Meckling, 1976) sees the shareholders as the principals, the owners of the firm, to whom managers, as their agents, owe sole allegiance, and whose interests are best served by the maximisation of profits. Stakeholder theory poses significant challenges to this model (Letza et al., 2004), and although developments of principal-agent theory have been proposed to accommodate multiple stakeholders (Hill and Jones, 1992), these do not lead to any clear prescriptions for managerial behaviour.

Perceptions that stakeholder and principal agent theories are antagonistic stem, in part, from the long-standing belief (Bowen, 1953; Carroll, 1999; Windsor, 2001) that the pursuit of short-term profit is incompatible with social responsibility. Theorists have also pointed out the risks associated with CSR. Where social concerns lead to managers taking decisions outside their areas of expertise, it may lead to deleterious effects (Freeman and Liedtka, 1991). Proactive socially responsible behaviour also risks a reduction of overall economic welfare by forcing society to bear unnecessary costs and dulling competitive fervour (Henderson, 2001).

This perceived trade-off between socially responsible behaviour and corporate financial performance (CFP) is not, however, supported by empirical studies, of which most find positive associations between CSR and CFP (Margolis and Walsh, 2003). Although there may be some upward bias in such findings (McWilliams and Siegel 2000), few studies find negative relationships, although a substantial minority have either mixed findings or found no relationship (Margolis and Walsh, 2003).

Theories have been advanced as to why CSR may, in fact, be economically beneficial to both the adopter and society at large. It has been argued that moral and ethical behaviour by managers reduces transaction and agency costs and enhances reputation (Jones, 1995), contributing to competitive advantage to the point where it should even take priority over short-term considerations of shareholder wealth (Quinn and Jones, 1995). The adoption of environmentally friendly policies fosters the development of distinctive and competitively valuable plant, processes and organizational capabilities (Russo and Fouts, 1997). Payoffs from CSR may take the form of cost savings from environmentally friendly practices (Porter and van de Linde, 1995) and the enhancements of the organisation's reputation with customers, suppliers and potential employees, with consequent improvements in sales, security of supply and recruitment (Jones, 1995; McWilliams and Siegel, 2001). Philanthropic activities chosen to be close to a firm's areas of expertise can enhance its profitability by improving its competitive context (Porter, 1990), for example by improving the supply of people with scarce skills, or encouraging transparent competitive behaviour (Porter and Kramer, 2002, 2007).

The practice of CSR

Both normative and profit-based streams of CSR theory are echoed in actual corporate responses to social issues. Managers' ethical concerns find expression in 'altruistic CSR' (Lantos, 2001), actions undertaken without expectation of financial or economic return, while the pursuit of profit results in what is variously termed 'instrumental CSR' (Donaldson and Preston, 1995; Jones, 1995; Moir, 2001). strategic CSR' (Lantos, 2001) or 'enlightened self interest' (ESI) (Smith, 1776; Wilson, 2004).

Very detailed attention may be paid to the financial pay-offs to CSR implementation (Winn and Angell, 2000). However, such painstaking examination of the economic consequences, on the one hand or of ethical and political issues, on the other, may not be the norm. Decisions regarding the adoption or rejection of CSR practices are affected (Margolis and Walsh, 2003) by the same limitations in managers' cognitive processes as have been observed in other managerial decisions (Hodgkinson and Sparrow, 2002; Kiesler and Sproull, 1982). They may thus be based upon more qualitative estimations of expectations of stakeholders, especially investors and customers within the societies in which the firm does business, and the resource benefits or penalties incurred through adoption and non-adoption. Theory indicates that this is particularly likely to be the case when economic benefits are unclear or difficult to quantify. In the following sections we review the relevant theory, and show how it can be used to extend our understanding of CSR practice.

THEORIES OF PRACTICE ADOPTION

Diffusion theory

Diffusion theories describe how ideas and practices become established among a population of organisations, groups or individuals. Diffusionism starts from the position that innovations are rare due to the uneven distribution of the conditions and resources required for their operation. Fertile resource combinations in particular geographic and sectoral positions generate innovations there, which then spread through a population. This perspective can be traced to Tarde's (1903) conceptualisation of an 's' curve to define the rate of adoption, and Ryan and Gross' (1943) seminal study of the spread of hybrid-corn among farmers in Iowa.

The diffusionism perspective, has since, in exemplary manner, spread. Wejnert (2002) found over 4000 publications on the subject, across literatures including management and organisation (Abrahamson and Rosenkopf, 1997; Acheson and Reidman, 1982; O'Neil et al, 1998), geography (Hagerstrand, 1967), technology (Burt, 1987), economics (Stoneman and Kwon, 1994), agriculture (Fliegel, 1993) and political science (Berry and Berry, 1990). While some theorists view diffusion as a process that begins with a single originator whose practices spread to many imitators, others see it as more mutual, cross firm activity in which ideas and practices are developed among firms (Blaut, 1993; Edquist, 1997). The construction of an idea or development of a new practice is followed by its communication and distribution in the form of increasingly formalized processes, artefacts or memes, where it becomes diffused through a population of adopters as yet unfamiliar with it.

Diffusionist research addresses a variety of questions, all highly relevant to CSR regarding the rate and pattern of adoption of ideas, practices and artefacts. These include the causes of differential take up rates of particular groups, of particularly extensive diffusion and of rejection by potential adopters. One approach (Rogers, 2003) suggests that these outcomes are largely determined by the attributes of the idea or practice: its relative advantage; its compatibility with existing practices and attitudes of adoptors; its complexity; its trialability – whether prior estimation is possible as to its value and effect; and observability – how visible the benefits are post adoption. An alternative perspective places more emphasis upon the organizational and institutional context. Alongside the properties of the idea or practice, Wolfe (1994) considers the characteristics of the potential adopter, promoter characteristics such as the national institutions, industry conditions and properties, and the actions and attitudes of non-adopters but linked firms.

Sociological institutional theory

This focus on such characteristics of the environment as major determinants of the spread of practices between organizations is shared by sociological institutional theory (Scott, 1987; Zucker, 1987; Powell and DiMaggio, 1991; Tolbert and Zucker, 1996; Dacin, Goodstein and Scott, 2002). This is an increasingly influential body of theories relating to institutions and of the processes, known as 'institutionalization', whereby they become embedded within organisations and shared between them. Institutions are generally regarded as sets of behaviours or activities – "organisational forms and practices" (DiMaggio and Powell, 1983: 148) - that are "stable, repetitive and enduring" (Oliver, 1992: 563). Such institutions arise as a response to limitations in managers' attention structures and the consequent need for routines and heuristics as means of reducing uncertainty within decision-making processes (Cyert and March, 1963; Nelson and Winter, 1982; Powell and DiMaggio, 1991). While institutional theory encompasses a variety of strands, so that there is a lack of consensus as to what does and does not qualify as an institution (Scott, 1987; Donaldson, 1995; Powell and DiMaggio, 1991), corporate social responsibility practices as described above clearly meet all prevailing definitions.

Tolbert and Zucker (1996) have identified three stages in the emergence of institutions: habitualization, objectification and sedimentation. The pre-institutional stage of habitualization, equivalent to the introduction stage identified by diffusion theorists, involves the generation of practices, at the level of the individual organization, to deal with a given problem. The semi-institutional stage of objectification is the stage at which a practice acquires sufficient perceived value, whether symbolic or economic, for it to spread between organisations through a process of conscious imitation. An older view of institutions, deriving from Selznick's early (1949) writings, sees precisely this objectification as both their distinguishing feature and raison d'être. At the final stage, sedimentation, practices have spread almost universally "within the group of actors theorized as potential adopters" (Tolbert and Zucker, 1996: 184), have been sustained for a substantial period and can thus be regarded as fully institutionalised. They have attained 'exteriority' (Berger & Luckman, 1966) where institutions are viewed as an 'external and coercive fact' (Tolbert & Zucker 1991, p 181).

The role of legitimation

Many institutional theorists hold that, if an organisation is to survive and thrive, it must achieve legitimacy (DiMaggio and Powell, 1983; Meyer and Rowan, 1977) through conforming to the rules and expectations from its 'institutional environment' – a broad term embracing any body that has the power to confer such legitimacy, but including unions and governments (Baron et al, 1986); professional associations (Baron et al, 1986; Dobbin et al, 1993; Greenwood et al, 2002); local government agencies and local bodies such as schools and churches (Baum and Oliver 1991, 1992, 1996) and elite families (Tolbert and Zucker, 1983). The demands of the institutional environment may conflict with, and take priority over, those of the 'task environment', which embraces the industries and markets in which firms operate and from which pressures emanate to optimise economic performance (Scott, 1987).

Legitimacy is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman, 1995: 574). It confers personal and organisational rewards: improved survival prospects for the organisation (Singh, Tucker and House, 1986; Baum and Oliver, 1991, 1992); enhanced status for its members; and enhanced access to resources for both (Meyer and Rowan, 1977). It is given or sought in three main forms: pragmatic, moral and cognitive (Moir, 2001; Suchman, 1995). Pragmatic legitimacy derives from calculated assessments of the benefits – resources or influence – to be accrued from a relationship with an entity. Moral legitimacy comes from doing, or appearing to do, the "right thing" to enhance social welfare in the context of the social system in which that entity is located. To achieve cognitive legitimacy, an entity must act in accordance with the belief systems and taken-for granted assumptions of that social system.

Pre-institutional adopters of a practice are believed to do so in a calculated fashion, in order to enhance the pragmatic legitimacy of their organisation - its efficiency or effectiveness in its task environment, and perhaps also its influence and command of resources - whereas later adopters are influenced mainly by the desire to avoid the erosion of pragmatic legitimacy and achieve, in particular, cognitive legitimacy (Meyer and Rowan, 1977; DiMaggio and Powell, 1983).

There are some empirical findings that clearly link legitimation to practice adoption. Ethnographic and historical studies have demonstrated that strategic and personnel practices may be adopted more widely once they have been legitimised by professional bodies or prestigious competitors (Baron et al, 1986; Greenwood et al, 2002; Sherer and Lee, 2002). The size and profitability of a firm, and thus by inference its prestige, are positively associated with the likelihood that its strategies will be copied (Haveman, 1993; Greve, 2000), although the imitators of large firms may be other large firms (Haveman, 1993), and such imitation may be as much motivated by a desire to replicate their economic success as by a wish for cognitive legitimacy. However, counter-examples have been observed of strategies being adopted, for economic reasons, that run counter to legitimated practices in a sector (e.g. Kraatz and Zajac, 1996; Kraatz and Moore, 2002).

Motivations for practice adoption

DiMaggio and Powell (1983) identified three legitimacy-driven mechanisms for the spread of practices: response to the demands of powerful external stakeholders such as regulators and corporate parents (coercive isomorphism), the imitation of successful peers (mimetic isomorphism), whether directly or through intermediaries such as consultants, and the establishment of norms of managerial behaviour (normative isomorphism) through common professional training and professional networks. A fourth mechanism, competitive isomorphism, reinforces the other three by winnowing from the population organizations that do not respond to the pressures for conformity.

However, the uncertainty regarding the prevalence of legitimation as a driving force in practice adoption make it necessary to consider other explanations, which allow a greater role for economically rational calculations of financial advantage. One of these, resource dependency theory (Christensen, 1997; Frooman, 1999; Pfeffer and Salancik, 1978; Toms and Filatotchev, 2004) holds that the twin needs, on the one hand to conform to the requirements of stakeholders that control access to key resources and on the other hand to reduce such dependency, are major determinants of an organisation's strategy. Its arguments are frequently intertwined with institutional explanations of the emergence and persistence of phenomena (Powell and DiMaggio, 1991); considerations of resource dependency clearly have a role in coercive isomorphism and also in managerial assessment of pragmatic legitimacy, and there is doubt as to the extent to which, in the absence of resource sanctions, considerations of legitimacy will lead to the adoption of practices (Haberberg, 2005; King and Lenox, 2000, Rivera and de Leon, 2004).

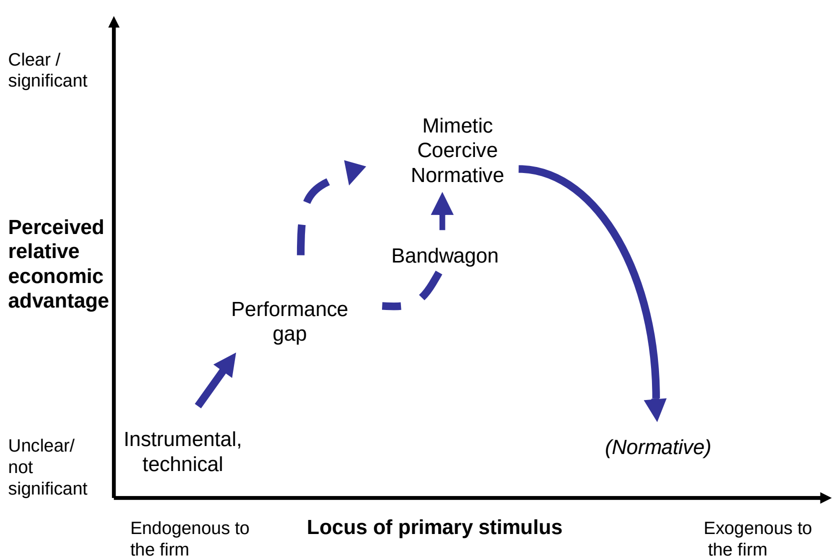
A second possibility is that two organisations arrive, independently and unknowingly, at common responses to similar task environments. This is the most likely explanation of organisational similarities at the pre-institutional, habitualization, stage, but may also occur at later stages in a practice's spread. Empirical evidence suggests that institutional factors co-exist with, and may add force to, economic ones in spurring the adoption of a practice and may do so at any stage of a practice's institutionalisation (Bansal, 2005; Baron et al, 1986; Haunschild, 1993; Palmer et al, 1993).

A final explanation for the adoption of a practice is based upon theories of information processing within organisations (Daft and Lengel, 1986; Schwenk, 1989). Managers may emulate practices seen in other organisations in the boundedly rational (Cyert and March, 1963) belief that rivals' adoption of a practice is indicative of private information as its value (Haunschild, 1993; Strang and Macy, 2001), and that they will reap similar economic benefits to those claimed by the early movers. There is limited experimental evidence (Haberberg, 2005) that this motivation may outweigh legitimation in determining certain strategic decisions. Such imitation derived from the desire to replicate economic benefits is likely to be particularly prevalent where the true worth of a practice or its adoption is unclear (Greve, 1998a), so that the value of information regarding its adoption elsewhere is enhanced. On the other hand, uncertainty as to the effects of implementing a practice makes proactive (typically non-mimetic) adoption of a practice less likely (Aragôn-Correa and Sharma, 2003).

When the benefits of adoption are real but difficult to realise and of minor importance, the result of mimetic behaviour may be a management fad (Strang and Macy, 2001). As further sets of managers decide to imitate the initial emulators, an informational cascade (Bikhchandani et al., 1992; Davis and Greve, 1997) may lead to widespread 'bandwagon' adoption of a practice in the belief that it will bring benefits, followed by its equally widespread abandonment should those benefits turn out to be ephemeral or illusory (Bikhchandani et al, 1992; Rao et al. 2001; Strang and Macy, 2001).

The 'standard model' of practice adoption

Figure 1: The 'standard model' of organisation practice adoption



The model of practice diffusion that these theories invoke can be summarised in Figure 1 – what we shall call the 'standard model'. At the habitualization stage, practices are adopted piecemeal as a technical response to the demands of the task environment.

Objectification proceeds through information effects, as information regarding the performance benefits spreads through a field, sometimes gradually, sometimes more rapidly as an information cascade. At a certain point, the practice becomes sufficiently objectified for adoption decisions to become detached from performance benefits. Legitimation and resource dependency considerations take hold as adoption of the practice becomes expected by resource holders and other influential stakeholders. Coercive, normative and mimetic factors mingle to dominate performance benefits as influences on adoption, with normative considerations gradually coming to dominate as the practice becomes fully sedimented within the organisation and its field.

TOWARDS AN UNDERSTANDING OF CSR ADOPTION

With few exceptions (for example Ackerman, 1973; Winn and Angell, 2000), CSR theorists have not hitherto embraced these concepts of legitimacy, resource dependency or information processing. Moir (2001) has pointed out the potential relevance of behavioural theories of the firm and of legitimacy in analysing CSR adoption. Frooman (1999) has used stakeholder and resource-dependency theory to argue that, depending upon the degree of resource interdependence between firm and stakeholder, stakeholders may attempt to influence the firm directly and indirectly, using either pressure on the firm for certain usages of resources controlled by the stakeholder or the threat of withholding such resources.

There is, however, a growing awareness of institutional and resource dependency issues in research on corporate environmental policies. Jennings and Zandbergen (1995) have shown how an understanding of institutional factors can assist in building societal consensus in favour of the adoption by corporations of ecologically sustainable policies. Legitimation was identified as a factor in the adoption of ecologically responsive policies by UK and Japanese firms (Bansal and Roth, 2000). Institutional and resource dependency factors have been found to influence the degree of standardization of environmental policies within multi-national corporations (Christmann, 2004), the adoption of corporate sustainable development practices in Canada (Bansal, 2005; Sharma and Henriques, 2005) and responses to environmental issues in the US steel industry (Clemens and Douglas, 2005).

Table 1. States of adoption of a CSR practice

Adoption state	**Prevailing decision driver or process**	**Relevant theoretical lens**
Isolated adoption	Idealism	Innovation
Limited diffusion	Enlightened self-interest: heedful appreciation of instrumental benefits	Information processing
Widespread diffusion	Desire for legitimation and fear of 'missing out' on instrumental benefits	Mimetic isomorphism
Coercive adoption	Fear of resource penalties	Resource dependency
Institutionalised	Conformity with societal norms	Normative isomorphism
Perpetuation	Conformity with organisational norms	Organisational inertia

These studies demonstrate the applicability of the concepts of practice adoption in a CSR context. We suggest, however, that CSR practices have particular attributes that result in a pattern of adoption different from that in the standard model, in that the various drivers of adoption manifest themselves discretely, rather than simultaneously.. We distinguish six *states of adoption* of a CSR practice: isolated adoption; limited diffusion; widespread diffusion; coercive adoption; institutionalised; and perpetuation. A given CSR practice may experience these states sequentially, or it may skip one or more of them. We suggest that the driver most commonly active in a population of adopters, and the theoretical lens most relevant to understanding adoption, varies according to the state of adoption (see Table 1), which in turn will be conditioned by the extent to which the economic advantage to be gained from adoption is clear and is significant.

Isolated adoption

One of the distinguishing attributes of CSR practices is their moral content, which means that they may be adopted for reasons that are at best sketchily related to any instrumental benefits that might accrue. This is the phenomenon that Lantos (2001) referred to as altruistic CSR; we prefer the term 'idealistic CSR', since the motivation in question may come as much from the adopter's endogenous desire to do what is 'right' as from any inclination to benefit others. Thus, some early adopters of company pension schemes in the UK were motivated by the wish to avoid the repugnant task of choosing which supplicant retirees were deserving of a company's limited largesse (Hannah, 1985). The early adopters of organic farming were driven by a quasi-mystical desire to avoid harming the land, and perhaps also by an inertial adherence to the practices of bygone days.

The development of the practice is quite likely to be piecemeal, and undertaken by practitioners themselves individually or in small groups, without institutional support. For example, techniques for organic farming in the southern Mediterranean countries of Europe were developed by the farmers themselves, with scientists and researchers becoming involved only in the 1980s (Nuggli, 2002).

For CSR practices in this state, any economic or instrumental benefits will not be clear initially, though some may manifest themselves shortly after adoption. In this, CSR practices resemble innovations, although they may not be truly innovative but begin, like organic farming, as a hearkening back to traditional ways. However, we suggest that for CSR practices, economic and performance outcomes are not only unclear but also insignificant in the decision process – it is the idealistic urge is paramount, and predates. Hence the following proposition:

P1 – The prevailing driver for the adopters of a CSR practice in the isolated adoption state is idealism.

Limited diffusion

The second entry point for adopters of a CSR practice comes when it becomes apparent that there are actual or potential economic benefits from these practices, such as cost savings, the ability to charge premium prices for their offerings, or the ability to attract, motivate and retain talented employees. These benefits may be realised, and proclaimed, by the early adopters themselves, or by other interested stakeholders, or perceived by alert entrepreneurs who see opportunities that the pioneers may have overlooked or eschewed. Firms that followed the first wave of UK providers of company pensions, for example, appear to have been motivated in part by a desire to retain key staff, and there is a union pamphlet of the 1920s which commends pension provision to employers as a 'gilt-edged investment' (Petch, 1928 p. 8; Hannah , 1985) This state, which marks the beginning of the objectification of the practice, may follow shortly after isolated adoption, as with many corporate environmental policies, or many years later, as with organic farming in southern Europe.

At that point, information regarding the desirability of the practice will diffuse to other organisations within the same field, the most perspicacious of which will adopt the practice in their own right. Although they may also subscribe to the idealism that drove the earliest adopters, they will also be motivated by an appreciation as to the instrumental benefits to be gained, believing that rivals' adoption of a practice is indicative of private information as to its value (Haunschild, 1993; Strang and Macy, 2001). The decision to adopt will be endogenous to the organization – outside stakeholders will typically play only a minor role. It will also be heedful (Weick and Roberts, 1993) and deliberate: the adopter will have carefully weighed the costs and benefits on the basis of the limited available information. Hence our second proposition:

P2 – the prevailing driver of new adoption of a CSR practice in a state of limited diffusion will be enlightened self interest

The first outward signs of institutionalisation may appear when the practice attains this state. Thus, Vida Sana, Spain's main organic farming association, was formed in 1981, and the convention that led to the first regulatory council for the practice there took place in 1985, some ten years before the practice became truly widespread (Vida Sana, 1994; MAPA 2006).

Widespread diffusion

For practices in a state of limited diffusion, a second distinctive attribute of CSR may come into play: the potential for a practice suddenly to gain prominence as an area of public interest, driven perhaps by media attention (Bansal, 2005), by pronouncements by legislators and other political figures or by a scandal. The upshot of a sudden surge of attention of this kind, which transcends any single organisational field, may be an information cascade (Bikhchandani et al., 1992; Davis and Greve, 1997), which results in widespread, 'bandwagon', adoption of the practice, perhaps in bowdlerized form. Moves at the time of writing by corporations to become 'carbon neutral' arguably show some facets of this phenomenon.

Otherwise, a CSR practice may achieve widespread adoption in a more measured fashion, when the economic case for adoption of the practice has become clearer. This may be triggered by particular events; the uptake of organic farming in Europe was assisted by, for example, the discovery of BSE in British cattle in 1989. However, there may be no evident reason why a practice moves from limited to widespread diffusion. The area of land under organic cultivation in Spain grew more than sixfold between 1996 and 1997 (MAPA, 2006), representing the outcome of preparations that would have been initiated some two years previously, and there is no evident trigger for this.

Once a given socially responsible behaviour has reached this state, it becomes part of the recipe or rules of the game of the industry (Spender, 1989) or strategic group (Porac et al., 1989), and perceptions as to its desirability are shared by buyers, suppliers and other external constituencies (Tushman and Romanelli, 1985). Significant numbers of customers and influential stakeholders begin to question the integrity or intelligence of non-adopters; the moral content of CSR practices may be expected to lend extra sharpness to such questions. These pressures from the task environment (Scott, 1987; Oliver, 1997) produce a

situation in which some minimum level of adoption of the practice appears to be essential for competitive survival. At this stage, therefore, precise calculation of economic benefits will be overridden by considerations of legitimation, and the locus of the decision whether or not to adopt is increasingly exogenous to the firm. The practice is fully objectified, so that mimetic adoption is simpler than for practices in the previous two states. We draw from this the following proposition:

P3 – for CSR practices in a state of widespread diffusion, the prevailing driver for new adoption will be the search for legitimation

Coercive adoption

As the process of institutionalisation gathers pace, the drivers for adoption of a CSR practice will become increasingly exogenous to a firm. All key stakeholders in the institutional environment will start to demand adoption of the practice. These will include government regulators and customers, trade unions and important customers with a strong moral compass, or with a high sensitivity to reputational risk. Codes of practice and certification schemes may appear, and compliance with these will increasingly become a condition for doing business with all but a minority of customers. There will be clear and unavoidable economic penalties for non-adoption in terms of ineligibility for grants and tenders, and perhaps restricted access to loans. Adopters at this point may well lack any semblance of idealistic enthusiasm for the practice, and implement it grudgingly, with compliance being a matter of upgrading formal systems to the point where managers can 'tick the boxes' when compliance is audited. The following proposition applies:

P4 – the prevailing driver for the adoption of a CSR practice in a state of coercive adoption will be fear of resource penalties

While it appears likely that most practices will move through one or more of the earlier states before arriving in the state of coercive adoption, there is at least one recorded instance, that of the introduction of unleaded petrol, where the practice was not adopted until coercive factors came into play. The legislation to enforce its use in the USA was strongly resisted by the oil industry, which lobbied and litigated aggressively against it, delaying its introduction by two years (Lewis 1985). The organisational field in question, that of the oil majors, was a very concentrated industry with high barriers to entry, which meant that there were no smaller players with the capacity to introduce the practice on idealistic grounds and in defiance of the industry recipe. This example leads to the following proposition:

P5 – in highly concentrated oligopolies with high barriers to entry, CSR practices specific to the industry will not be introduced until mandated through coercive pressures

Institutionalised

When a practice is fully institutionalised, it has embedded itself so deeply in regulatory and social frameworks as to be unquestioned. Although the economic and instrumental advantages of adoption, and penalties for non-adoption, are by near well-understood, they do not play a significant role in determining if the practice is implemented. The influence of pressure groups and religious institutions external to companies, together with the presence of CSR role models which those groups may cite, has established it as expected practice within society. Consultants and business schools may amplify and disseminate such normative expectations (DiMaggio and Powell, 1983; Abrahamson, 1996; Smith 2003). Adoption by new entrants to the field is almost automatic, and the associated costs are regarded as part of the normal and unavoidable costs of doing business. Non-adopters and backsliders are publicly vilified and perhaps prosecuted, and the practice has become so much part of normal ways of doing business that it may no longer be thought of as CSR. Pension plan provision, for example, achieved this state in the UK by 1925 (Wheeler, 2006).

P6 – the prevailing driver for adoption and continuation of a CSR practice in the institutionalised state is conformity to societal norms.

Perpetuation

Although CSR practices may become normatively enshrined in societal practices, this process is not irreversible. Environmental change may mean lead to the decline of a practice. A combination of changes in employment patterns and union membership led to a fall-off in employee uptake in company pension schemes after 1979 (Wheeler, 2006); this was followed by a decline in the number of companies offering defined benefit pensions as the result of changes in the investment climate and in the life expectancy of employees (Economist, 2003).

Some organisations may nonetheless perpetuate such practices after the broader normative and economic rationale for so doing has disappeared. Inertia (Hannan and Freeman, 1977; Tushman and Romanelli, 1985; Hardy 1996), which has been found to be instrumental in the perpetutation of unfashionable practices in other contexts (Eisenhardt, 1988). Hence:

P7 – the prevailing driver for continuation of a practice in the perpetuation state will be organizational inertia.

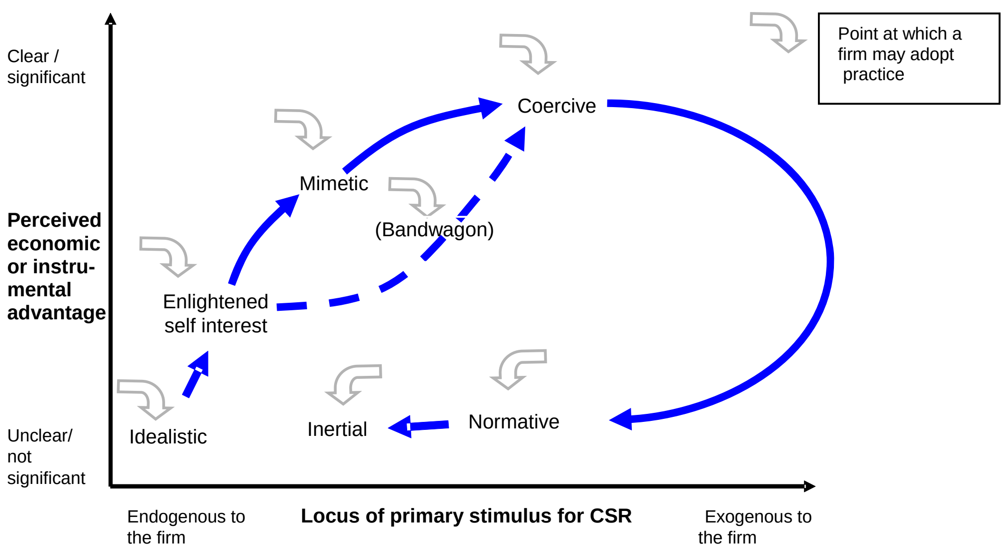
DISCUSSION AND SUGGESTIONS FOR FURTHER RESEARCH

In this paper, we have identified six adoption states in which a CSR practice may exist and have derived propositions as to the prevailing driver that is to be found in firms that commence their adoption of the practice when it is in the first five of these states, or that continue with it when in the perpetuation state. We have shown that, depending on the state of the practice at which a given organisation makes its adoption decision, that decision is likely to have a different driver, with considerations of economic and instrumental advantage playing a greater or lesser role in the decision in the different states, and with the extent to which the decision to which the stimulus is endogenous rather than exogenous also varying between them. Figure 2 summarises our arguments.

Note that, while it may be that a *practice* may experience these different states sequentially (though we have already pointed out that this is not invariably the case) we do not believe that an *organisation* will necessarily do so. Our theories do not posit that attitudes within a given adopting firm will evolve from idealism to cynical box-ticking, only that adopters at different times are more likely to display some attitudes than others.

In contrast with the standard model of practice adoption, in which mimetic, coercive and normative influences coincide (DiMaggio and Powell, 1983), this model shows each predominating during a different state of practice adoption, as suggested in the propositions and accompanying discussion in the previous section. Further research is required to test whether this is in fact the case. Further research can also throw light on whether, for many practices, the six states represent a progression over time, as Figure 2 suggests. If the model in Figure 2 is found to hold, then it will raise the question of whether CSR practices genuinely are exceptional in having discrete phases of mimetic, coercive and normative adoption, or whether this is in fact the rule. It may be that our model holds outside the CSR domain, and that the 'standard model' is fact a special case.

Figure 2: Drivers for the adoption of a CSR practice



For the CSR researcher, the terminologies set out here (isolated adoption/limited diffusion/widespread diffusion/coercive adoption/institutionalisation/perpetuation and idealistic/ESI/mimetic/coercive/normative/inertial) represent alternatives to the venerable RDAP typology (Carroll, 1979). Rather than attempting to capture differences in organisational postures, as RDAP did, our frameworks give researchers a tool with which to capture prevailing stances and drivers within a *population* of organizations. We believe that this may avoid some of the problems that beset researchers attempting operationalise RDAP (Clarkson, 1995), particularly as our constructs take into account, not just attitudes towards a practice (as in RDAP) but also the stakeholders that are involved in forming those attitudes, something that Clarkson was able to operationalise.

It is interesting to contrast the six states set out in our model with the five stakeholder cultures - agency, corporate, egoist, instrumentalist, moralist, and altruist – identified by Jones et al (2007). It may be possible to establish contingent relationships between the prevailing stakeholder culture inside and outside an organisation and the state at which it chooses to adopt CSR practices.

For the CSR practitioner, our model represents a framework within which to understand the state of development of a practice. This should enable someone who wishes to promote the adoption of a particular practice to tailor the promotional message in line with the likely motivations of the audience. Economic and instrumental benefits can be downplayed when the audience is more likely to respond to idealism, and emphasised for a practice entering a state of widespread diffusion or coercive adoption.

One area of potential further research might be of interest to be scholars and practitioners, and this relates to whether there is an optimal time to adopt a CSR practice. This echoes the long-standing debate in innovation theory about whether and when innovators gain advantage (Teece, 1986). By analogy with the currently fashionable thesis

(Geroski and Markides, 2005) that it is the fast followers who gain the advantage, it may be those who adopt a practice while it is still in a state of limited diffusion who gain the greatest financial returns. There is other research that suggests that proactivity offers greater benefits than the reactivity (Barr et al. 1992). Further research could also illuminate the options available to managers who perceive benefits in a practice, but feel that they will be unable to persuade decision-makers in their firm of its benefits before it enters the widespread diffusion state, and also to those who see that a practice is about to become subject to a bandwagon effect, but have doubts as to its true value.

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