

# **STRUCTURAL AND CULTURAL APPROACHES TOWARDS STUDYING THE DIFFUSION OF MANAGEMENT PRACTICES**

Inauguraldissertation  
zur Erlangung des akademischen Grades eines  
Doktors der Wirtschaftswissenschaften  
der Universität Mannheim

Florian Scheiber

Mannheim im Januar 2013

Dekan der Fakultät für Betriebswirtschaftslehre: Dr. Jürgen M. Schneider

Referent: Prof. Dr. Michael Woywode  
Lehrstuhl für ABWL, Mittelstandsforschung und Entrepreneurship  
Universität Mannheim

Korreferent: Prof. Dr. Bernd Helmig  
Lehrstuhl für ABWL, Public & Nonprofit Management  
Universität Mannheim

Tag der mündlichen Prüfung: 06.03.2013

# Contents

<b>List of Figures .....</b>	<b>vii</b>
<b>List of Tables.....</b>	<b>viii</b>
<b>Appendices .....</b>	<b>ix</b>
<b>1 General Introduction.....</b>	<b>1</b>
1.1 Motivation .....	1
1.2 Overarching research question .....	3
1.3 Outline of the dissertation and core results .....	6
1.3.1 Material consequences of cultural processes .....	7
1.3.2 Combined influences of structural and cultural carriers .....	8
1.3.3 Structural processes affecting cultural carriers .....	9
1.3.4 Remainder .....	10
1.4 Diffusion of management practices: Structural and cultural approaches .....	10
1.4.1 Structural approaches .....	11
1.4.2 Cultural approaches.....	15
1.5 Research questions .....	18
<b>2 The Diffusion of Codes of Conduct in the German Textile and Apparel Field 1997 – 2010 .....</b>	<b>25</b>
2.1 Introduction .....	25
2.2 Theoretical Background .....	29
2.2.1 Diffusion as a sequence of functional adoption decisions .....	29
2.2.2 Diffusion as a cultural product .....	30
2.2.3 Business media as meaning makers and distributors .....	32

2.2.4	Business media reporting and material practice diffusion .....	34
2.3	Research methods .....	38
2.3.1	Selection of articles and time period .....	42
2.3.2	Textual analysis .....	43
2.4	Results .....	47
2.4.1	Campaigning and code emergence (1997-2002).....	47
2.4.2	Standard creation and slow diffusion (2003-2006) .....	52
2.4.3	Discursive redefinition, new classes of adopters and rapid diffusion (2007-2010).....	58
2.4.4	Integration of results across time periods.....	63
2.5	Discussion.....	68
2.5.1	Contributions .....	69
2.5.2	Limitations and conclusion .....	75
2.6	Appendix for chapter 2 .....	77
<b>3</b>	<b>The Diffusion of Modern Management Practices among Small and Medium Sized Enterprises in Germany .....</b>	<b>83</b>
3.1	Introduction .....	83
3.2	Diffusion of modern management practices among SMEs .....	86
3.2.1	Definitions .....	86
3.2.2	Existing research .....	88
3.3	Hypotheses development .....	92
3.3.1	Resource endowment and necessity .....	93
3.3.2	Embedment in relational environments and media consumption .....	95
3.4	Data and methods .....	103
3.4.1	Data collection and sample .....	103
3.4.2	Definition of variables.....	105
3.5	Results .....	111

3.5.1	Descriptive statistics and correlations .....	111
3.5.2	Regression models.....	115
3.6	Discussion.....	122
3.6.1	Summary .....	122
3.6.2	Contributions .....	124
3.6.3	Limitations and conclusion .....	126
3.7	Appendix for chapter 3 .....	128
<b>4</b>	<b>Antecedents of Symbolic Adoption: Modern Management Practices on the Internet Self-Representations of the 500 Largest Companies in Germany.....</b>	<b>131</b>
4.1	Introduction .....	131
4.2	Theoretical background and hypotheses development.....	133
4.2.1	Symbolic adoption of management practices.....	133
4.2.2	Outcomes of symbolic adoption.....	136
4.2.3	Antecedents of symbolic adoption .....	138
4.3	Theoretical model of symbolic adoption of modern management practices.....	140
4.3.1	Power constellations.....	140
4.3.2	Spanning social contexts .....	146
4.3.3	Visibility.....	151
4.4	Data and methods .....	155
4.4.1	Organizational websites as objects of investigation.....	155
4.4.2	Reference to management practices on organizational websites .....	156
4.4.3	Data collection.....	160
4.4.4	Dependent variables .....	162
4.4.5	Independent variables.....	163
4.4.6	Control variables .....	167
4.5	Results .....	169

4.5.1	Descriptive findings .....	169
4.5.2	Tobit-regressions .....	172
4.6	Discussion.....	179
4.6.1	Contributions .....	180
4.6.2	Limitations and conclusion .....	184
<b>5</b>	<b>General Discussion .....</b>	<b>187</b>
5.1	Summary of core results .....	187
5.2	Contributions .....	190
5.3	Conclusion .....	194
	<b>References .....</b>	<b>196</b>
	<b>Curriculum Vitae .....</b>	<b>x</b>

## LIST OF FIGURES

Figure 1: Ideal type process of practice diffusion and corresponding dissertation chapters....	24
Figure 2: Topic related articles TW (business press) and BSCI adopters.....	59
Figure 3: New adopters' average visibility and size across time periods .....	64
Figure 4: B2C and brand name adopters across time periods .....	65
Figure 5: Results of explanatory account analysis .....	67
Figure 6: Results of frames of reference analysis .....	67
Figure 7: Knowledge and implementation of 22 modern management practices.....	112
Figure 8: Fifty-six management practices (bold: 16 most prominent practices).....	158
Figure 9: Sixteen management practices.....	159
Figure 10: Diffusion of single practices .....	171
Figure 11: Inverted u-shaped relationship between visibility and symbolic adoption.....	175

## LIST OF TABLES

Table 1: Explanatory accounts .....	45
Table 2: Frames of reference.....	46
Table 3: Accounts and frames of reference.....	50
Table 4: BSCI adopters' characteristics .....	54
Table 5: T-tests and Chi-squared tests of adopters' characteristics over time .....	61
Table 6: Management practices according to area of organizational activity.....	106
Table 7: Descriptive statistics and bivariate correlations.....	114
Table 8: Tobit regression models for knowledge (models 1-5) and implementation (models 6-10) .....	117
Table 9: Descriptive statistics and correlations.....	170
Table 10: Tobit regression models for number of practices.....	174
Table 11: Tobit regression models for diversity of practices.....	178



## APPENDICES

Appendix 1: Issue Markers .....	77
Appendix 2: Example for category “account” [pressure] .....	77
Appendix 3: Example for category „no account” .....	78
Appendix 4: Example focal topic frame .....	78
Appendix 5: Example industry article frame .....	79
Appendix 6: Example CSR/sustainability frame .....	80
Appendix 7: German companies that became subject to campaigns by the Clean Clothes Campaign .....	81
Appendix 8: Code of conduct adoption by the 100 largest apparel suppliers and retailers in 2010.....	82
Appendix 9: Exemplary presentation of management practice short descriptions as used in the questionnaire .....	128
Appendix 10: Questions, variables, scales .....	129

# 1 GENERAL INTRODUCTION

## 1.1 Motivation

During the past decades, we have witnessed the creation, wide dissemination and eventual decline of a plethora of popular management practices – such as Business Process Reengineering, Downsizing, Customer Relationship Management, Corporate Social Responsibility, Management by Objectives, New Public Management, Shareholder Value Management or Total Quality Management to name just a few – whose promoters promise that their adoption by organizations should yield desirable economic consequences (Carson, Lanier, Carson, & Guiry, 2000; Lee & Strang, 2006; Rigby & Bilodeau, 2007; Birkinshaw, Hamel, & Mol, 2008; Meyer R. E., 2004; Abrahamson, 1996). Labels and core contents of at least some of these management practices have subsequently become inherent parts of higher education in the area of business administration and related fields (Palmer, Jennings, & Zhou, 1993; Fiss & Zajac, 2004), of management vocabulary (Sahlin & Wedlin, 2008; Zbaracki, 1998) and even mass media discourses (Hirsch & De Soucey, 2006; Lamertz & Baum, 1998).

Irrespective of the fact whether promises of practice promoters remained pious hopes or could actually be realized, significant consequences of the diffusion of these practices among organizations have been documented – both on an organizational and societal level. Lean Management and sub-concepts like Quality Circles or Total Quality Management have dramatically altered the way work is organized, not only in the manufacturing industry (Vidal, 2007; Woywode, 2002; Kieser & Walgenbach, 2008; Strang & Kim, 2005). The radical changes proponents of Business Process Reengineering have called for (Hammer & Champy, 1993) oftentimes yielded significant consequences for whole organizations – not least because reengineering projects frequently failed (Shapiro, 1996). Downsizing has at times affected unemployment rates of whole regions and has by this means affected millions of workers

worldwide (Cascio, 1993; Freeman & Cameron, 1993). The New Public Management paradigm has facilitated the spread of management techniques that had initially been developed for the private sector into public institutions thereby altering not only work environments (Boyne, 2002) but also patterns of interaction between citizens and state bodies (Pollitt & Bouckaert, 2011). The Shareholder Value Management concept has even become a catchword for gradual shifts in the value systems of whole nation states – especially in Europe (Meyer R. E., 2004; Fiss & Zajac, 2004).

In light of these oftentimes dramatic consequences of the establishment of certain ideas about “good” and “contemporary” management, it is not surprising that a whole field of research within organization studies and adjacent fields has established which aims at understanding why, how and with what effects new management practices are created (Birkinshaw, Hamel, & Mol, 2008; Kieser, 1997; Giroux, 2006), diffuse on wide scale (Westphal, Gulati, & Shortell, 1997; Bloom & Van Reenen, 2010; Fligstein, 1985) and eventually vanish (Abrahamson & Fairchild, 1999; Barley & Kunda, 1992). Especially diffusion research which aims at understanding the spread of social practices within social contexts – their “flow or movement from a source to an adopter” (Strang & Soule, 1998, p. 266) via communication and influence – has flourished within the past decades (Rogers, 2003). Research that aims at understanding how management practices become popular and diffuse has thereby resorted to various ideas and conceptualizations of adjacent research domains, such as work on the diffusion of technologies (Attewell, 1992), research on social movements tactics (Tarrow, 1989), insights from social network theory (Burt, Staw, & Sutton, 2000), organizational learning (Levitt & March, 1988) or mundane fashions (Abrahamson, 1991). What unites most of the work in this area is that it conceives of diffusion as an opportunity to understand not only how new management knowledge as such establishes, but also to gain a deeper understanding for (1) social structures through which this knowledge flows and (2) cultural

processes through which certain ideas become perceived as appropriate and rational while others diminish.

## 1.2 Overarching research question

The vast amount of research on the diffusion of management practices that has been conducted throughout the past three decades can roughly be arranged according to the two underlying research interests just mentioned (Strang & Soule, 1998). A *first* body of research has concentrated on assessing the social relations along which the “material” – i.e. management practices – flows, thereby assuming that diffusion represents a point to point process in which practices are transferred through communication and influence within or across populations of organizations (Rogers, 2003). In this view, adoption of a diffusing management practice among organizations is mainly seen as a function of the type and intensity of social relations and interactions between source (e.g. prior adopters, consultants) and potential adopter. Whether spatial proximity (Davis & Greve, 1997), structural equivalence (Strang & Tuma, 1993), social interaction through board interlocks (Mizruchi, 1996) or the existence of social relations to other organizations that possess a role model status (Haveman, 1993; DiMaggio & Powell, 1983), so called *structural approaches* (Strang & Soule, 1998, p. 270) conceptualize diffusion of management practices as determined by social relations. More recent work in this area has extended this basic conceptualization by assessing how structural factors effecting adoption decisions are moderated or complemented by organizations’ intrinsic adoption propensity – like, for instance, indicated by their material or immaterial resource endowment and the resulting ‘fit’ between the diffusing practice and its potential adopters (Greve, Strang, & Tuma, 1995; Bansal, 2005). Often tied to such conceptualizations are empirical approaches which put great emphasis on predicting measurable, quantitative adoption patterns of certain organizational practices within and

across populations of organizations by employing various (quantitative) measures of intra population connectedness as well as practice-adopter fit (Strang & Tuma, 1993). Irrespective of its popularity, this broader line of diffusion research has faced considerable criticism. It has been argued that both because of their conceptual and empirical focus, structural approaches might help us to understand *how* specific organizational practices diffuse, but that they have limited explanatory power when it comes to understanding *why* certain practices become successful and/or exhibit specific patterns of diffusion while others never gain acceptance and/or only diffuse after considerable latency phases (Zilber, 2008; Strang & Soule, 1998). In other words, it has been argued that structural approaches help us to understand concrete material patterns of practice diffusion, but that they provide a limited understanding for those cultural processes through which certain management practices – irrespective of their immediate functional value – gain a status of shared social acceptance (Strang & Meyer, 1993; Meyer R. E., 2008; Snow & Benford, 1999).

Based on critical arguments like the ones just outlined, a second body of diffusion research has applied a *cultural approach*, thereby aiming to understand how the spread of organizational practices among organizations is influenced by the interpretative work of culturally legitimate actors who “make their living promulgating innovation and commenting on change” (Strang & Soule, 1998, p. 277) and by this means contribute to creating a belief in the appropriateness and worth of management practices (Eccles & Nohria, 1992; Strang & Meyer, 1993). In contrast to structural approaches, “an analysis of the cultural (in some usage, institutional) bases of diffusion speaks more directly to what spreads, replacing a theory of connections with a theory of connecting” (Strang & Soule, 1998, p. 276). In this view, management practices do not necessarily diffuse along the lines of social relations and because of a predetermined ‘technical fit’ between practices and adopting organizations, but the work of so called “others” (Meyer J. W., 1994) outside the boundaries of organizations’

immediate social relations – such as journalists, researchers, authors of management books – is seen as an important source for their establishment and spread (Strang, 1997; Abrahamson, 1996). Such others have frequently been described as “doing the cognitive ‘groundwork’” (Deephouse & Heugens, 2009, p. 546) for potential adopters, for example by connecting once contentious practices to accepted norms and values that are predominant within certain social contexts (Hirsch, 1986; Lamertz & Baum, 1998; Suddaby & Greenwood, 2005), through creating cultural categories and by this means constructing similarities between dissimilar potential adopters or by convincing larger numbers of organizations that they are collectively facing a problem for which a single management practice represents a viable standard solution (Strang & Meyer, 1993; Greenwood, Suddaby, & Hinings, 2002). Proponents of the cultural approach have thereby argued that with an increasing intensity of such cultural work, structural factors as well as organizations’ intrinsic adoption propensities should significantly lose importance as explanatory factors for the diffusion of management practices (Strang & Meyer, 1993). As these examples indicate, research employing cultural approaches to diffusion have – similar to their structural counterparts – developed certain preferences with respect to the way they empirically assess diffusion. The main empirical focus of much research in this area lies in analyzing processes of cultural/institutional change as explanatory factors for the diffusion of organizational practices, thereby reverting to an analysis of symbols, language and discourses – the main instruments for the creation, modification and transmission of socially shared convictions about appropriateness and rationality (Meyer R. E., 2008; Zilber, 2008; 2006; Phillips, Lawrence, & Hardy, 2004; Berger & Luckmann, 1966). While research in this domain of cultural approaches has by this means significantly contributed to our understanding of explanations for diffusion that transcend assessments of mere material diffusion patterns along social relations and as a result of a technical fit between practice and adopter, critics have lamented that most work in this area has failed to

provide evidence for its own central hypothesis: that cultural processes are in fact systematically related to material processes of diffusion – i.e. that the activities of culturally legitimate others actually affect patterns of their material diffusion or vice versa (Zilber, 2008; Brown, 1994; Mazza & Alvarez, 2000).

Thus, while structural models and empirical assessments have been rich in “measuring” material diffusion and explaining it based on arguments reverting to characteristics of social structure and practice-adopter fit, thereby often disregarding an assessment of cultural processes that might be underlying them, applications of cultural models have contributed to understanding how shared beliefs in the appropriateness and rationality of practices are generated on a symbolic level, while often neglecting to directly assess material consequences of such processes. Studies on the diffusion of management practices which conceptually and/or empirically combine structural and cultural approaches to diffusion when analyzing the spread of management practices remain more than scarce. As a consequence, within the past years, an increasing number of researchers have called for work that aims at – both conceptually and empirically – bridging this “division of labor” (Zilber, 2008, p. 164) between studies assessing material versus symbolic aspects of diffusion and thus to investigate these “carriers” of practice diffusion in combination (Scott W. R., 2003, p. 890; Green, 2004; Strang & Soule, 1998; Hasselbladh & Kallinikos, 2000). This dissertation represents an attempt to contribute to answering the underlying question on how structural and cultural aspects of diffusion interrelate.

### **1.3 Outline of the dissertation and core results**

In order to answer the overarching research question for interrelations between structural and cultural aspects of diffusion, this dissertation investigates three facets of this question based

on three different empirical cases which are presented in chapters two, three, and four. These research questions can be formulated as follows:

1. How are cultural processes of discursive meaning (re)construction surrounding the diffusion of management practices linked to patterns of their material diffusion? (Chapter 2)
2. How do structural and cultural carriers of diffusion in combination affect adoption of management practices by organizations? (Chapter 3)
3. How do structural factors affect the way adopters themselves engage in symbolic activities surrounding diffusion? (Chapter 4)

### ***1.3.1 Material consequences of cultural processes***

In chapter *two*, I intend to answer the question how discourses surrounding the diffusion of an organizational practice produced by important “others” within a specific organizational field correspond to patterns of the material diffusion of this practice. Based on existing theoretical arguments, I thereby argue that changes in the way important business media rationalize a management practice through the creation and modification of explanatory accounts and frames of reference should systematically coincide with patterns of its material diffusion among organizations within a pre-specified organizational field. Besides the development of conceptual arguments on interrelations between cultural and structural aspects of diffusion, I empirically assess those interrelations by combining qualitative and quantitative research methods in a longitudinal case study. Across a time period of 14 years, I systematically assess both intra-industry discourses surrounding the spread of a CSR practice – namely codes of conduct – in the German textile and apparel industry as well as quantitative patterns of its material diffusion among almost 300 adopters. Based on this analysis, I find that both changes in the content of arguments (e.g., reverting to public pressures versus economic benefits) justifying the adoption of codes of conduct and the way discussions of this practice became connected to other topics within the industry (e.g, sustainability, corporate social



responsibility) systematically coincided with significant shifts in patterns of its actual adoption by organizations. Nevertheless, I also observe significant time-lags between changes in discourse and changes in material diffusion, pointing to intermediate social processes through which cultural change translates into actual adoption decisions. Despite of idiosyncrasies of the context the study is located in, my results contribute to understanding mechanisms through which intra industry processes of discursive meaning construction can – over time – both hamper and facilitate the material diffusion of management practices.

### ***1.3.2 Combined influences of structural and cultural carriers***

Chapter *three* (joint work with Dominika Wruk, Stefan Huppertz, Achim Oberg and Michael Woywode) intends to answer the question how structural and cultural carriers of diffusion interrelate in a cross sectional view. Here, I am thus interested in understanding how different carriers of practice diffusion – structural and cultural – *together* effect adoption by organizations. Based on prior insights from studies assessing diffusion on an individual level, I argue that understanding the combined influence of structural and cultural carriers of diffusion requires differentiating between at least two analytically separate types of practice adoption – knowledge and implementation (Rogers, 2003). In order to test these theoretical arguments empirically, I resort to a unique survey based dataset capturing knowledge and implementation of 22 modern management practices among 287 small and medium sized enterprises in Germany. I find that factors pointing to the influence of cultural carriers such as media and management literature consumption are best suited for explaining knowledge of potential adopters. In turn, factors pointing to relational influences – such as interaction with business consultancies or intense monitoring of other firms' adoption behavior – and measures of practice-adopter fit – such as organizational size and prior knowledge – are better suited to explain implementation. These results detail the insights on the relationship between structural and cultural carriers of practice diffusion gathered in the first paper just mentioned,

since they indicate that the interpretative work of culturally legitimate others might – in a metaphorical sense – be seen as sowing ideas which then, with significant time lags – eventually become activated and cultivated through relational ties and practice-adopter fit.

### ***1.3.3 Structural processes affecting cultural carriers***

The *fourth* chapter (joint work with Dominika Wruk, Achim Oberg and Michael Woywode) contributes to the overarching question of how structural and cultural aspects of diffusion interrelate by asking how structural factors influence the way adopters themselves contribute to the cultural work underlying diffusion. Existing research in this area has largely neglected that adopters themselves often possess a role comparable to that of culturally legitimate others since their symbolic actions are observed by other potential adopters surrounding them. Understanding factors that explain how organizations incorporate organizational practices in their symbolic actions should thus help to gain a deeper understanding for their role as potential meaning makers in processes of practice diffusion. In order to contribute to answering this underlying question, I develop a theoretical framework containing different classes of factors – for example ownership structure, media visibility – hypothetically affecting the way organizations incorporate modern management practices in their self-representation. I test this framework empirically by employing a unique dataset capturing symbolic adoption of 16 modern management practices on the complete internet self-representations of the 500 largest companies in Germany. The findings of this study help to extend existing conceptual arguments on the relationship between social structures and diffusion, since they demonstrate that especially in late phases of diffusion, social structures organizations are embedded in might not only affect how practices spread materially, but also how and to what extent they are perpetuated through the symbolic actions of adopters.

### **1.3.4 *Remainder***

The remainder of this dissertation is structured as follows. In the next section, I will outline the overarching research question guiding this dissertation as well as the facets of this question that are explored in the three empirical cases in greater detail, thereby developing core research questions along the lines of an ideal-type process of practice diffusion. Thereafter, I will present the three separate empirical studies mentioned above, each in the form of a self-contained research paper. Finally, a general discussion section is devoted to explicating the isolated as well as combined contribution of the results of the three studies to the overarching research question as well as to existing research on the diffusion of management practices.

## **1.4 Diffusion of management practices: Structural and cultural approaches**

In most general terms, diffusion has been defined as the “spread of something within a social system” (Strang & Soule, 1998, p. 266). Not surprisingly, the vast amount of diffusion research conducted throughout the last century has assessed various “somethings”, such as hybrid corn (Ryan & Gross, 1943), medicine (Coleman, Katz, & Menzel, 1966), diseases (Bertrand, 2004), protests (Soule, 1997), contemporary norms (Okruch, 1999) business computing (Attewell, 1992) and organizational forms (Rao, 1998) – to name just a few. The focus of this dissertation lies in research on the diffusion of organizational practices but will resort to prior conceptual and empirical insights on the diffusion of other “somethings” whenever appropriate. More precisely, the main focus of this dissertation lies in the diffusion of so called management practices. In the following, I will resort to management practices as codified and labeled knowledge objects that contain rules and symbols intended for advising decision makers in organizations on ways to organize the transformation of inputs into

outputs (Süß, 2009b; Woywode, 2002; Sahlin & Wedlin, 2008). I will define the diffusion or “spread” of management practices as their “flow or movement from a source to an adopter” (Strang & Soule, 1998, p. 266) via communication and influence, whereupon “flow” might appear through direct relational ties or indirect influences (such as media consumption) and “adoption” might appear in different guises – like the mere awareness that a management practice exists (knowledge), the statement directed towards others that the practice has been implemented (symbolic adoption) or the actual implementation (substantive adoption) of that practice (Rogers, 2003; Fiss & Zajac, 2006; Westphal & Zajac, 1994).

As has been outlined above, prior research on the diffusion of management practices has followed two main conceptual approaches – often termed structural and cultural (Strang & Soule, 1998; Scott W. R., 2003) –, each accompanied by certain preferences in terms of methodological orientation (Zilber, 2008; David & Strang, 2006; Green, 2004). In the next sections, I will explicate core arguments these two analytically dividable approaches are driven by as well as central empirical results that have been gathered by research in these areas throughout the past decades before turning to a central critique these approaches have been confronted with during the past years – namely their lack of mutual conceptual as well as empirical integration.

#### ***1.4.1 Structural approaches***

Research on the diffusion of organizational practices has identified various structural diffusion mechanisms – typical social relations between sources and adopters of management practices which fuel diffusion (Strang & Soule, 1998). One basic argument underlying structural approaches is that frequent interaction between sources – like for example prior adopters of a particular management practice – and focal organizations should increase the probability for the focal organizations to adopt this practice. An important indicator for

frequent interaction between source and adopter which has been used by prior research is spatial proximity (Strang & Tuma, 1993). For instance, Davis and Greve (1997) in their assessment of the diffusion of hostile takeovers and golden parachutes demonstrate that the latter practice diffused along the lines of local business relations in certain geographic regions of the U.S. Irrespective of geographical factors, it has also been shown that organizations whose managers were members of boards of directors of other organizations that had previously implemented practices such as the multidivisional form (Palmer, Jennings, & Zhou, 1993) or hostile takeovers (Davis & Greve, 1997) are more likely to adopt the respective practices – resulting in diffusion through so called interlocking directorates. Other studies have provided evidence for mimicking behavior as an explanatory factor for adoption and diffusion, meaning that organizations tend to inherit organizational practices which peers in their industry have previously adopted, like in the case of the multidivisional form (Fligstein, 1990) or the adoption of Total Quality Management practices among hospitals in the U.S. (Westphal, Gulati, & Shortell, 1997). Further relational ties which have proven to be important conduits for the diffusion of management practices are client consultant relationships – like in the case of Total Quality Management (Cole, 1999; David & Strang, 2006) –, organizations' membership in professional groups – like in the case of accounting practices among the Fortune 200 (Mezias, 1990) – or affirmative action practices adopted by human resource management professionals (Dobbin & Sutton, 1998).

Furthermore, slopes in prestige or field positions have been shown to represent linkages between organizations along which management practices flow. It has been shown that adoption of golden parachutes by firms positioned at the center of an interlocking directorates network (measured by the total number of contacts (interlocks) an organization has with others in the sample) fueled diffusion among less centrally placed firms (Davis & Greve, 1997) and that low prestige firms tended to mimic market entry decisions of opinion leaders

within their industry (Haveman, 1993). More generally, it has thereby been argued that organizations which exhibit lower degrees of connectedness to other organizations in their environment (“disconnectedness”) should generally be “more immune to imitating the adopters’ decisions” (Abrahamson, 1991, p. 598).

Additionally, social interaction between sources and adopters might not only cause flows of knowledge or convictions concerning new management practices which eventually result in adoption decisions, but also of expectations towards potential adopters (Meyer & Rowan, 1977; Meyer J. W., 1994). Westphal and Zajac (2001) demonstrate that firms surrounded by powerful groups with experiential knowledge concerning stock repurchasing plans were more hesitant with respect to mere symbolic adoption of that practice, because they feared more rigid evaluations by these groups. Fiss and Zajac (2004; 2006) find empirical support for their argument that interests and preferences of different types of block-holding owners significantly influenced the diffusion of the Shareholder Value concept among large German firms. Similarly, in their recent study in which they aim to identify similarities and differences between management practices across firms and countries, Bloom et al. (2012) find that ownership structures are strongly linked to observed variations in the implementation of modern management techniques and practices.

Finally, structural models have more or less explicitly accounted for the fact that relational effects on the diffusion of management practices are frequently moderated by organizations’ intrinsic adoption propensity (Strang & Tuma, 1993). So called heterogeneous diffusion models are able to account for such interrelations, since they conceptualize adoption decisions as driven by both relational ties to prior adopters and by factors which indicate potential adopters’ “infectiousness” – i.e. properties of the adopting organization (such as material or immaterial resource endowments (Teece, 1980)) which point to the fit between a management practice and its potential adopters. In this view, relational influences such as board interlocks

or contacts to prior adopters might thus vary with firms' intrinsic adoption propensities (Greve, Strang, & Tuma, 1995). For instance, Haunschild and Beckman (1998, p. 839) in their study on the diffusion of corporate acquisitions find that interlocking directorates have a weaker explanatory power for larger firms, because these firms have more access to relevant information from other sources, meaning that "their interlock partners carry less weight as an information source". Guillén (2002) finds that foreign expansion decisions by South Korean firms were strongly influenced by imitation of other firms, but that this effect decreased once firms had made their first foreign investment, pointing to a moderating role of organizations' experiential knowledge. Irrespective of such explicit assessments of the moderating role of organizations' intrinsic adoption propensity, most prior work employing structural approaches towards diffusion has used several indicators for practice-adopter fit, such as organizational age (Fligstein, 1985), size (Palmer, Jennings, & Zhou, 1993), slack (Bansal, 2005) or liquidity (Westphal, Gulati, & Shortell, 1997) either as explanatory factors competing with or complementing structural explanations or as control variables when predicting adoption.

Besides its conceptual orientation towards studying social structures as the core explanatory factors for the diffusion of organizational practices, research employing structural approaches to diffusion is also characterized by certain preferences with regards to the way diffusion as a phenomenon is assessed empirically. Studies employing a structural approach are mostly quantitative in nature and since they are "adopter-centric" (Strang & Soule, 1998, p. 268), dependent variables used are mostly bivariate, indicating adoption or non-adoption (e.g. Fligstein (1985), Burns & Wholey (1993)) or categorical, indicating different types or degrees of adoption (e.g. Westphal & Zajac (1994), Fiss & Zajac (2006)) (Walgenbach & Meyer, 2008). What is thus mostly studied are measurable and "tangible" material signifiers of diffusion – i.e. the implementation of certain practices by organizations – and different explanatory factors – such as (non)adopters' ties to other organizations, their network

position, prestige, ownership structures, board interlocks or geographic location, sometimes combined with moderating or competing measures for practice-adopter fit (Strang & Soule, 1998). While diffusion research in this area has by this means developed highly sophisticated methods for data collection (Davis & Greve, 1997; Fiss & Zajac, 2004) and statistical analysis (Strang & Tuma, 1993; Greve, Strang, & Tuma, 1995), critics have lamented that the strong focus of work in this area on adoption and the conduits through which practices diffuse keeps us from a deeper understanding for *what* actually diffuses and what might be conditions under which certain ideas become contrived in specific structural diffusion channels or not (Zilber, 2008; Hasselbladh & Kallinikos, 2000): “We typically know that potential adopters are brought into contact with the diffusing practice but do not know quite what they see” (Strang & Soule, 1998, p. 269).

#### **1.4.2 Cultural approaches**

In contrast to structural approaches, cultural approaches to diffusion explicitly emphasize that adoption decisions are inherently interpretative processes (Strang & Soule, 1998; Hirsch, 1986). In this view, the decision to adopt or reject an organizational practice will not only depend on relations to prior adopters or a “technical fit” between practice and adopter but also on whether the respective management practice accords with culturally established understandings of appropriateness and rationality that exist in the social context the potential adopter is bound to (Strang & Soule, 1998; Meyer & Rowan, 1977). As has been shown by prior research, for most organizational practices, such a “cultural fit” does not exist immediately but its establishment requires time consuming processes of meaning (re)construction, often termed “theorization” (Strang & Meyer, 1993), “editing” (Sahlin & Wedlin, 2008) or even a “cultural struggle” (Hoffman & Ocasio, 2001, p. 414; Hoffman, 1999). In this context, researchers like Barbara Czarniawska and Guje Sevón argue that classical conceptualizations of diffusion have largely ignored the fact that diffusing



organizational practices are no stable objects but undergo significant changes as they are created and “travel” from sources (e.g. professionals, management gurus, prior adopters) to adopters and eventually become implemented (Czarniawska & Sevón, 1996; Sahlin & Wedlin, 2008). By reverting to the work of Bruno Latour, these authors have even suggested to replace the term diffusion with the term “translation”, according to which “the spread in time and space of anything – claims, orders, artefacts [sic], goods – is in the hands of people; each of these people may act in many different ways, letting the token drop, or modifying it, or deflecting it, or betraying it, or adding to it, or appropriating it” (Latour, 1986, p. 267). Conferred to the diffusion of management practices, this view emphasizes that “adoption and eventual internalization of once-contentious practices goes hand in hand with a reinterpretation that situates the practice within prevailing, legitimated logics of action” (Briscoe & Safford, 2008, p. 467).

Before a management practice can diffuse, it has to make sense for potential adopters within a social context (Green, Li, & Nohria, 2009) and sense is often “given” to practices by culturally legitimate others – such as professionals, management gurus, journalists, professors – and transmitted not via direct social ties but in an “objectified” form (Czarniawska & Joerges, 1996, p. 44) via broadcasting channels of communication such as press articles, books, websites or speeches – i.e. discourses in various forms (Phillips, Lawrence, & Hardy, 2004; Abrahamson, 1996).

A number of empirical studies within the last years have applied such a cultural approach to studying diffusion by assessing processes of discursive meaning (re)construction evolving around the diffusion of management practices. In his classical study on the diffusion of corporate takeovers, Hirsch (1986) shows that the establishment of this once contentious practice was preceded by remarkable shifts in the way it was rationalized in media discourses. Analyzing press coverage on organizational downsizing practices in Canada, Lamertz and

Baum (1998) find that in the course of its diffusion, this once contentious practice became legitimated through the creation and establishment of new explanatory accounts justifying its existence and use. Abrahamson and Fairchild (1999) identify shifts from positive to negative evaluation of different practices in discourses as potential explanations for the up- and downswings of management fashions and Kieser (1997) identifies common rhetorical strategies creators and proponents of successful management fashions use in order to convince their audience. In their analysis of discourses surrounding the diffusion of the Shareholder Value orientation among firms in Austria, Meyer (2004) as well as Meyer and Höllerer (2010, p. 1241) exemplify that this practice had to be passed “through powerful filters of local cultural and structural opportunities and constraints” which helped to adapt it to culturally shared understandings of appropriateness and rationality within the Austrian corporate governance context. In a qualitative case study, Boxenbaum (2006) employs the “diffusion as translation” idea (Czarniawska & Joerges, 1996) outlined above and demonstrates that Diversity Management practices in Denmark were only taken up by organizations after their symbolic adaption to the local context. Green et al. (2009) find that the diffusion of Total Quality Management practices among U.S. firms in the late 1970s and 1980s was paralleled by activities of so called “TQM entrepreneurs” who successfully created the belief that the material decline of U.S. firms in the 1970s was rooted in quality problems. A recent study by Etzion and Ferraro (2010) convincingly demonstrates how variations in analogies articulated by proponents of the Global Reporting Initiative (GRI) helped to connect this practice to established discourses on corporate reporting at its emergence while its further establishment was paralleled by a discursive shift, strengthening the practices’ unique identity.

In contrast to studies employing structural approaches to diffusion, cultural approaches are thus mostly “practice-centric“, or “source-centric” instead of “adopter-centric”, since they try

to understand if and how diffusion of management practices is fueled by social processes through which practices become “infused with value beyond the technical requirements of the task at hand” (Selznick, 1957, p. 17). Studies employing cultural approaches to diffusion are thus interested in understanding how the *belief* in the appropriateness and rationality of management practices is created and disseminated through the work of various cultural carriers – such as mass media, management gurus or academics. Not least this conceptual orientation has spurred a rather qualitative empirical orientation (Mazza & Alvarez, 2000) and a concentration on discourses and symbols as objects for empirical investigation (Green, 2004; Sahlin & Wedlin, 2008; Meyer R. E., 2008). This focus on assessing discourses, symbols and interpretative processes in order to understand diffusion has lead to considerable criticism towards cultural approaches, since cultural approaches have by means of their methodological orientation often treated the central dependent variable structural diffusion research builds on – namely material adoption – stepmotherly (Hasselbladh & Kallinikos, 2000; Brown, 1994). Put differently, cultural approaches to diffusion have been blamed for concentrating “on symbols per se” rather than on material consequences, as Zilber (2008, p. 164) points out in a recent article: “Qualitative, linguistic and discursive inquiries in organization studies have been blamed for being anecdotal, for concentrating on symbols per se rather than on their relationship to other aspects of organizational life“.

## 1.5 Research questions

As the short outline of core arguments and critical assessments of structural and cultural approaches to diffusion just outlined as well as assessments by researchers like David Strang and John Meyer (1993), David Strang and Sarah Soule (1998) or only recently Tammar Zilber (2008, p. 164) indicate, within diffusion research a “conceptual as well as methodological dichotomy” exists between studies that assess diffusion as a structural phenomenon (and

thus concrete adoption patterns) and studies that assess meanings underlying diffusion (and thus mostly discourses). It has thereby been argued that studies concentrating on assessing structural aspects of diffusion are in fact often only able to speculate about changes in the meanings ascribed to the diffusing practice, although the theoretical explanations they employ often suggest that substantive changes in the ascription of meaning have occurred and influenced diffusion (Green, Li, & Nohria, 2009; Strang & Meyer, 1993). Conversely, studies that concentrate on assessing processes of meaning (re)construction evolving around diffusing practices have been criticized for ignoring measurable material consequences of changes in ascribed meanings and thus “meaning in action” (Zilber, 2008, p. 164). Only a few conceptual studies within the last years have started to contribute to closing this research gap (e.g., Green (2004), Phillips, Lawrence and Hardy (2004)), resulting in calls to find “ways to bridge this conceptual as well as methodological dichotomy, and explore the interrelations between practices/structures and meanings” (Zilber, 2008, p. 164). The dissertation at hand attempts to contribute to bridging the divide in diffusion research just described – both conceptually and empirically. The overarching research question on interrelations between structural and cultural approaches to diffusion which results from this goal can be broken down into three separate research questions which correspond to typical phases of diffusion that have been identified by prior research.

One commonality that has been identified by researchers within the past years is that processes of practice diffusion and establishment are frequently characterized by typical phases (for detailed treatises on phases of diffusion see Rogers (2003), Tolbert & Zucker (1983; 1996) as well as (Abrahamson & Fairchild, 1999)). It has thereby been observed that in a first phase, which will be called *emergence*, new organizational practices are often created as local solutions to locally perceived problems (Zucker, 1986). Such local problem solving attempts often result from a jolt in the external environments of organizations, such as

economic downturns, technological change or similar developments (Meyer, Brooks, & Goes, 1990; Greenwood, Suddaby, & Hinings, 2002). In a second phase – *packaging* –, such local solutions often become transposed into a diffusible format, such as a book, an article or even a speech (Czarniawska & Joerges, 1996; Sahlin & Wedlin, 2008). Prominent examples for such a transformation of local problem solutions into diffusible items include influential books and articles on management practices such as Lean Management (Womack, Jones, & Roos, 1991), Business Process Reengineering (Hammer & Champy, 1993), Shareholder Value Management (Rappaport, 1986), Balanced Scorecard (Kaplan & Norton, 1996) or more recently the so called Blue Ocean Strategy (Kim & Mauborgne, 2005). Especially during this packaging phase, promoters of a practice have to make clear why a formerly locally perceived problem affects a larger number of dissimilar organizations and why a formerly local solution to that problem represents the standard solution for them (Strang & Meyer, 1993; Suddaby & Greenwood, 2005; Abrahamson & Fairchild, 1999). If successful, such “theorization” (Strang & Meyer, 1993) or “editing” (Czarniawska & Joerges, 1996) activities by culturally legitimate others convince a number of early adopters within a population of organizations to adopt the respective management practice. The third phase – *rapid diffusion* – has often been described as being primarily fueled by the transmission of the practice via relational ties (Guler, Guillén, & Macpherson, 2002; Strang & Soule, 1998). Whether through board interlocks, spatial proximity, the fact that high prestige organizations that have adopted the practice in the prior stage are mimicked by other organizations or other relational ties, practices often exhibit high or even explosive rates of diffusion after a number of early adopters has incorporated them (Rogers, 2003; Abrahamson, 1996). In a fourth phase – *saturation* –, diffusion starts to slow down, whether because nearly all members of a population have already adopted the practice (Westphal, Gulati, & Shortell, 1997), more critical commentators are entering the arena or alternative practices have emerged which gain prominence (Abrahamson & Fairchild, 1999).

On an aggregate level, such an ideal type process of diffusion results in the s-shaped curve of cumulative adoption (see Figure 1) that has been documented by much research on the diffusion of organizational practices (Strang & Soule, 1998) and other diffusing “somethings” (Rogers, 2003; Bass, 1969). This depiction of diffusion phases of course represents an ideal type conception, meaning that concrete assessments of diffusion might illuminate variations of this process as well as overlaps between analytically dividable phases of diffusion. Nevertheless, this ideal type conception of diffusion serves analytical purposes (Weber, 1988), since it both helps to structure important insights of prior research and can serve as a framework for conveying unresolved research questions.

While this ideal type conceptualization of the diffusion of organizational practices might indicate that cultural carriers of diffusion are specifically important in early stages of diffusion while in later stages, structural carriers gain importance, prior research has shown that both aspects are in fact crucial across all phases of diffusion (Zilber, 2008; Suddaby & Greenwood, 2005; Green, Li, & Nohria, 2009). For instance, relational ties between management consultants promoting a practice and early adopters can be crucial during the packaging phase (David & Strang, 2006). At the same time, it has been shown that the work of culturally legitimate others does not cease during phases of rapid diffusion and might still be important to convince new types of adopters and to increase acceptance of a practice (Green, Li, & Nohria, 2009). Finally, the extent to which practices remain attractive topics of discussion or become subject to critical evaluations by culturally legitimate others during saturation phases might affect rejection decisions of prior adopters as well as chances of a practice to become successful in other populations of organizations and/or nation states (Abrahamson & Fairchild, 1999; Guler, Guillén, & Macpherson, 2002; Meyer R. E., 2004). Thus, it has been documented that cultural and structural carriers of diffusion work in parallel in each phase of diffusion, while – as outlined above – interrelations between both aspects

have only seldom been subject to conceptual as well as empirical diffusion research. Unresolved interrelations between structural and cultural aspects of diffusion can thereby be identified at several stages in the ideal type process of practice diffusion just outlined (see Figure 1):

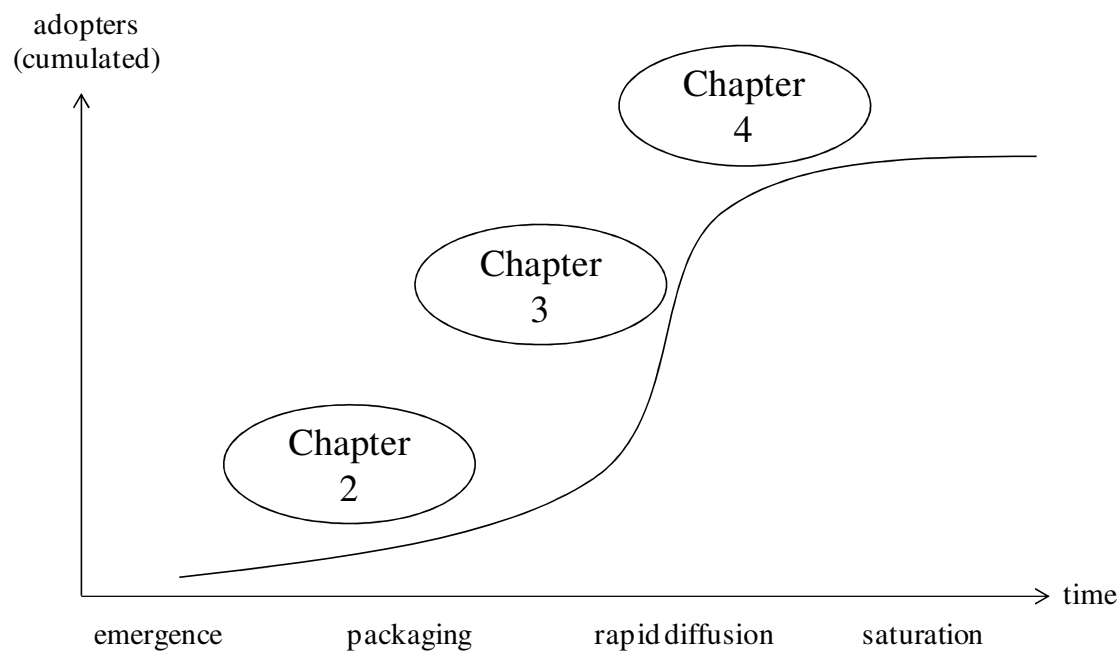
1. *Emergence / packaging*: Existing theoretical arguments indicate that before they can diffuse, management practices need to be “packaged” – i.e. theorized – in a way that makes them meaningful and attractive for larger numbers of organizations within a population which might differ from early adopters – e.g. with respect to core organizational characteristics. Yet prior work has mostly refused to provide empirical evidence for whether and how such processes of meaning making actually translate into measurable patterns of material practice diffusion, but has mostly concentrated on assessing discourses as such, as the examples of existing empirical research above indicate. Put differently, we lack an understanding for how processes of theorization and material diffusion interrelate. This question drives the **second chapter** of this dissertation in which processes of discursive meaning (re)construction evolving around the diffusion of a CSR practice – namely codes of conduct – and patterns of material diffusion of this practice are analyzed in parallel across a time period of 14 years.
2. *Rapid diffusion*: Existing research assessing antecedents of adoption of management practices in later stages of diffusion has mostly concentrated on identifying relational ties between source and adopter that might fuel diffusion. Nevertheless, from a theoretical point of view, it has been argued that also cultural carriers such as mass media might play an important role in later stages of diffusion, since they might “infect” larger numbers of adopters at once (Sahlin & Wedlin, 2008). But how do structural and cultural carriers of diffusion, when assessed *in combination*, affect

adoption decisions of organizations? In the **third chapter** (joint work with Dominika Wruk, Stefan Huppertz, Achim Oberg and Michael Woywode) of this dissertation, I attempt to contribute to answering this question by assessing how adoption of 22 *already established* management practices among 287 small and medium sized enterprises can be explained using both signifiers of relational ties and executive's exposure to managerial discourses.

3. *Rapid diffusion / saturation:* What has largely been neglected by prior research on cultural aspects of diffusion is that adopters themselves often take part in discourses surrounding management practices, especially in late stages of diffusion when practices have gained high degrees of social acceptance in organizations' relevant environments and by this means serve as effective tools for demonstrating conformity with established and "rational" ways to manage an organization (Meyer & Rowan, 1977). In later stages of diffusion, social structures organizations are embedded in might thus influence how and to what extent adopters themselves take part in perpetuating management practices by incorporating them in their self-representations. Yet, in view of existing research, the question remains largely unanswered as to how structural factors influence symbolic adoption activities by organizations. By assessing antecedents of symbolic adoption of 16 established management practices among the 500 largest companies in Germany, the **fourth chapter** (joint work with Dominika Wruk, Achim Oberg and Michael Woywode) of this dissertation aims at contributing to answer this question.



**Figure 1: Ideal type process of practice diffusion and corresponding dissertation chapters**



In the following sections, the three chapters just described are presented as self-contained research papers. Since these three papers are based on different empirical cases, thereby assessing core phenomena that partly speak to differing research communities (e.g. research on the diffusion of CSR practices, SME research), each chapter comes with a motivational and contributions section that eventually comprises a broader scope of gaps in existing research than those outlined in the introductory section of this dissertation that has just been presented. That is why a self-contained final chapter of this dissertation (Chapter 5) will be devoted to fleshing out separate as well as combined contributions of the three chapters to answering the overarching research question as well to existing research.

## **2 THE DIFFUSION OF CODES OF CONDUCT IN THE GERMAN TEXTILE AND APPAREL FIELD 1997 – 2010**

### **2.1 Introduction**

Systems of private self-regulation deemed at providing solutions for problems traditionally solved by states or governments have become a dominant organizational form in capitalist societies (Bartley, 2007; Kaptein, 2004; Kaptein & Wempe, 2002). Especially so called codes of conduct are diffusing extremely rapidly “across industries and regulatory arenas – from garments to shoes, toys, forest products, oil and gas, mining chemicals, coffee, electronics, and even tourism“ (O'Rourke, 2003, pp. 2-3). As Kaptein (2004) finds, more than 50% of the two hundred largest companies in the world have a code of conduct. It has frequently been argued that codes have nowadays become “the principal way both global corporations and labor rights non-governmental organizations (NGOs) address poor working conditions in global supply chain factories” (Locke, Qin, & Brause, 2007, p. 4).

A growing body of research has started to assess the emergence (Bartley, 2007), prevalence (Weaver, Trevino, & Cochran, 1999), content (Kaptein, 2004), effectiveness (Kaptein & Schwartz, 2007) and diffusion (Wetterberg, 2007; Bondy, Matten, & Moon, 2004) of codes of conduct. Especially the latter aspect – diffusion – has gained increasing attention within the last years, both conceptually and empirically (see Chua and Rahman (2011) for an overview). The majority of existing studies thereby assess which functions codes fulfill for adopting organizations (Frankel, 1989; Chuah & Rahman, 2011) and thus – at least implicitly – suggest that code diffusion results from a rather context free matching of organizational and practice characteristics (Deephouse & Heugens, 2009). Nevertheless, as we know from established models of diffusion from organizational theory, diffusion of organizational practices is an

inherently social process “where actors jointly construct an understanding of the appropriateness and worth of some practice” (Strang & Meyer, 1993, p. 489).

Such a social constructionist perspective on diffusion has only recently gained increasing attention in CSR research (Chuah & Rahman, 2011; Haack, Schoeneborn, & Wickert, 2012). As for example Deephouse and Heugens (2009, p. 221) argue, current assessments of the adoption of social issues by organizations have frequently neglected the socially constructed nature of this phenomenon and the role played by actor groups like media “setting the CSR agenda”. The anew interest in a social constructionist’ view on CSR has not least been triggered by the observation that CSR practices nowadays frequently diffuse across parts of organizational fields for which traditional functional explanations for adoption – like reputation or risk management – do not seem to provide satisfactory explanations (Elliot & Freeman, 2001; Wetterberg, 2007; Bondy, Matten, & Moon, 2004). Theoretical models that help to understand how CSR practices become subject to processes of meaning (re)construction and potentially “infused with value beyond the technical requirements of the task at hand” (Selznick, 1957, p. 17) might thus provide important insights when it comes to explaining the massive spread of CSR practices we are witnessing within the last years. This theoretical view complements and details existing findings concerning functional motives of practice adoption, because it helps to understand the *process* by which functional arguments for adoption are *created and reconstructed* and how corresponding processes influence organizations’ adoption decisions. In this study, I intend to contribute to this emerging line of research on the diffusion of CSR practices in general and codes of conduct specifically.

In order to do so, I outline a theoretical framework using arguments on diffusion and meaning construction from institutional theory which rests on the assumption that discourses evolving around organizational practices are not only descriptive reflections of reality but “through the

way they make sense of the world for its inhabitants, giving it meanings that generate particular experiences and practices” (Phillips, Lawrence, & Hardy, 2004, p. 636; Zilber, 2008). In line with prior conceptual work (Deephouse & Heugens, 2009), my framework thereby suggests that business media play a key role in processes of practice diffusion as they both reflect and shape the understanding of the worth of organizational practices within organizational fields. From a diffusion theoretical view, I thereby argue that changes in the way business media construct rationales for practice adoption and connect discussions on codes of conduct to other surrounding discourses should represent an important explanatory factor for temporal heterogeneity in patterns of their material diffusion within organizational fields (Strang & Tuma, 1993; Strang & Soule, 1998).

In order to examine my theoretical arguments empirically, I use a longitudinal case-study design and analyze the emergence, material diffusion and meaning construction process of codes of conduct in the German textile and apparel field across a time period of 14 years (1997-2010). As prior work on the diffusion of codes of conduct indicates, the textile and apparel industry represents a specifically viable industry for studying code diffusion, because it was one of the first industries for which labor rights in globally dispersed supply chains became relevant and potentially shaped similar later developments in other industries (Bartley, 2007). The textile and apparel industry thus allows us to study the emergence and diffusion of codes of conduct across a notably long period of time and might hence hold insights that can yet not be observed in other industries. The German context thereby represents a prototypical case of codes diffusion. Because of the existence of brand name firms like Adidas or Puma, upcoming discussions on labor rights violations in the US context were taken up comparably early within this field and first codes were already created at the end of the 90s. Nevertheless, it took almost ten years until codes – especially one standardized

code that was created by a European industry initiative – started to diffuse on a larger scale. Choosing the diffusion of codes of conduct in the German textile field as a case thus allows us to study code diffusion across a comparably long period of time and to study phases of emergence as well as both stagnant and rapid diffusion in one case study.

Based on a narrative historical case description, a quantitative assessment of adoption patterns and a systematic analysis of business media discourse, I show that the broader material diffusion of the most prominent code of conduct within this field – the one provided by the BSCI (Business Social Compliance Initiative) – was preceded by a time consuming process of discursive meaning (re)construction by business media that both helped to obscure the initial rationales for practice creation and to construct new legitimate justifications for adoption as well as linkages to other prominent discourses. Ironically, I find indications that this process of discursive “dress up” was fostered by powerful early adopters *within the field*. Despite of idiosyncrasies of the context this study is located in, my results contribute to understanding the spread of codes of conduct we are facing today, as they demonstrate how intra industry processes of meaning construction can both hamper and facilitate material practice diffusion. I thereby move beyond prior empirical work (Grafström & Windell, 2011) as I explicitly assess not only processes of meaning construction evolving around a diffusing CSR practice but also how changes in the way the meaning of this practice was reconstructed over time coincided with patterns of its material diffusion. Moreover, my conceptual model and empirical findings comprise contributions beyond the scope of research on the diffusion of CSR practices as they shed light on *interrelations* between “meaning systems and structural indicia of institutional processes” – an understudied area diffusion research has repeatedly been blamed for (Zilber, 2008, p. 164; Green, Li, & Nohria, 2009; Strang & Soule, 1998).

The remainder of this paper is structured as follows. In the next section, I shortly present existing conceptualizations of code diffusion and complement them with arguments on the relationship between processes of meaning construction and material diffusion from institutional theory. In the third section, I detail these arguments by referring to the central role played by business media in processes of meaning creation and practice diffusion and develop preliminary propositions on how changes in business media reporting might influence the material diffusion of codes of conduct. After describing my methods and data, I proceed by presenting the results of my multi-method case study. I conclude by discussing the implications of my findings for current conceptualizations of code dissemination and by suggesting avenues for future research.

## **2.2 Theoretical Background**

### ***2.2.1 Diffusion as a sequence of functional adoption decisions***

Classical conceptual approaches for explaining the diffusion of organizational practices or innovations in more general tend to concentrate on structural bases of diffusion (Strang & Soule, 1998). Diffusion is thereby mostly defined as “the process by which an innovation is communicated through certain channels over time among the members of a social system” (Rogers, 2003, p. 5). Once potential adopters have learned of the existence of a practice, the decision to adopt or reject the practice will – in this view – depend on whether there is a certain ‘technical fit’ between characteristics of the practice and characteristics of the organization. Most existing research that has sought to explain reasons for and mechanisms of the diffusion of codes of conduct has explicitly or implicitly followed this classical “efficient choice perspective” (Abrahamson, 1991, p. 590) on diffusion. Frequently referring to the work by Frankel (1989), various ‘functions’ codes might fulfill for organizations have been discussed and assessed empirically within the last years. Codes have thereby been described

as enabling documents, providing moral guidance for employees, as improving corporate reputation, as tools for appeasing public pressures or as a possibility to resign or relax regulation (see e.g. (Chuah & Rahman, 2011; Elliot & Freeman, 2001; Diller, 1999; Sethi, 1999)). These existing studies provide us with important insights for understanding why firms decide to adopt codes of conduct. Nevertheless, they frequently possess limited explanatory power when it comes to explaining diffusion as a (diachronic) process. Why do some codes exist for years without considerable reception and suddenly start to diffuse on a large scale? In the following, I discuss cultural explanations to diffusion that help to answer this question.

### ***2.2.2 Diffusion as a cultural product***

Cultural approaches to diffusion emphasize that adoption decisions are inherently interpretative processes (Strang & Soule, 1998; Hirsch, 1986). In this view, the decision to adopt or reject an organizational practice will not only depend on the technical fit between practice characteristics and adopter characteristics but also on whether the practice accords with culturally established understandings of appropriateness and rationality that exist in the social context the potential adopter is bound to (Strang & Soule, 1998). As has been shown by prior research, for most organizational practices, this cultural fit does not exist immediately but its establishment requires time consuming processes of meaning (re)construction, often termed “theorization” (Strang & Meyer, 1993), “editing” (Sahlin & Wedlin, 2008) or even a “cultural struggle” (Hoffman & Ocasio, 2001, p. 414; Hoffman, 1999). This cultural notion of diffusion thus implies that “the process underlying diffusion can be seen as an inherently sense-making one, where actors jointly construct an understanding of the appropriateness and worth of some practice” (Strang & Meyer, 1993, p. 489). Thus, “adoption and eventual internalization of once-contentious practices goes hand in hand with a reinterpretation that situates the practice within prevailing, legitimated logics of action” (Briscoe & Safford, 2008,

p. 467). Before a practice can diffuse, it has to make sense for potential adopters within a social context (Green, Li, & Nohria, 2009).

A number of studies within the last years have assessed processes of meaning (re)construction as a means to gain deeper insights into processes of practice diffusion. In his classical study on the diffusion of corporate takeovers, Hirsch (1986) shows that the establishment of this once contentious practice was preceded by remarkable shifts in the way it was rationalized in media discourses. Lawrence and Phillips (2004) demonstrate that the establishment of commercial whale watching was only possible on the basis of entrepreneurial actions of meaning reconstruction by important actors within the emerging industry. Boxenbaum (2006) finds that diversity management practices in Denmark only diffused after their symbolic adaption to the local context. A recent study by Etzion and Ferraro (2010) convincingly demonstrates how variations in analogies articulated by proponents of the Global Reporting Initiative (GRI) helped to connect this practice to established discourses on corporate reporting at its emergence while its further diffusion was paralleled by a discursive shift, strengthening the practices' unique identity. Haack and colleagues (2012) demonstrate how narrative dynamics evolving around the Equator Principles over time created a meaning of this practice shared by both firms and societal observers.

Cultural approaches to diffusion thus suggest that the process of diffusion is more than a sequence of adoption decisions based on the technical fit between practice and adopter (Zilber, 2008). Rather, diffusion is seen as an inherently interpretative process in which this very technical fit between practice and adopter is subject to processes of reinterpretation that might at times prevent or facilitate material practice diffusion among members of an organizational field. In this view, an organization might thus reject a new practice in period  $t_0$  because the prevailing meaning of the practice within the organizational field suggests that



the practice is irrelevant for the organization. This might for example be the case for a small company considering the adoption of a CSR practice. If the dominant understanding of this practice within the field suggests that this practice merely represents a tool for avoiding media campaigns, the small company might not be convinced that adoption makes sense. Nevertheless, the same (unchanged) organization might adopt the (formally unchanged) practice in period t1, because the practice has become subject to processes of meaning reconstruction. The small company might thus, for example, become an adopter, if the dominant consensual understanding of the CSR practice within the field suggests that the practice helps to attract skilled employees.

It is important to note here that this view on diffusion complements rather than contradicts the functional explanations for code diffusion outlined above. Instead of neglecting functional adoption motives, this theoretical view helps to understand the *process* by which functional arguments for adoption are *created*, *(re)constructed* and gain *acceptance* and how this processes might influence adoption decisions and by this means material practice diffusion.

### **2.2.3 Business media as meaning makers and distributors**

In light of the important role of processes of meaning construction for practice diffusion, existing research has pointed to the role of media as carriers of practice interpretations (Hirsch, 1986; Deephouse & Heugens, 2009). Especially business media can thereby be seen as possessing a dual role in the process of meaning construction and practice diffusion: First, business media continuously “seek to maintain or improve their fit with the expectations held by other actors in their organizational field in order to improve their chances at survival and effectiveness” (Deephouse & Heugens, 2009, p. 542). Thus, business media coverage has to be in line with central norms and beliefs of the readership within the field they are bound to, because deviating from consensual positions within the respective field would mean to

deviate from values held by their core readership (Vaara & Tienari, 2009; Bauer, Gaskell, & Allum, 2002). Second, media are frequently more than transmitters or brokers of information within a field (Deephouse & Heugens, 2009). Rather, they are often seen as political actors “doing the cognitive ‘groundwork’” on which actors and organizations within an organizational field – consciously or unconsciously – frequently base their decisions (ibid, 546). Representing “carriers” (Sahlin & Wedlin, 2008) of management knowledge that may have the capacity to “block” or “facilitate” practice diffusion at their “strategic checkpoint” (Hirsch, 1972, p. 649) it has been argued that business media are of key importance when it comes to the dissemination of organizational practices (Strang & Soule, 1998). Taken together, “the media reflects, and at the same time reconstructs, the rational myths prevailing in society by presenting various events and realities as legitimate (or illegitimate) in light of these myths” (Zilber, 2006, p. 285). Nevertheless, as Deephouse and Heugens (2009, p. 550) point out, “the news media are surprisingly absent from the organizational literature as a force to be reckoned with”.

Especially with respect to CSR practices it has been argued that their acceptance within organizational fields can hardly be determined by their measurable outcomes. Rather, these practices are to a high degree open for interpretation (Grafström & Windell, 2011) and the organizational outcomes they produce are at least disputable (Margolis & Walsh, 2003). It thus seems reasonable to argue that the “diffusion success” as well as temporal heterogeneity in diffusion (Strang & Tuma, 1993) of codes of conduct specifically and CSR practices in general will be highly dependent on how these practices are rationalized by relevant business media (Gond & Palazzo, 2008; Deephouse & Heugens, 2009). In the following section, I develop preliminary propositions on how changes business media reporting might influence the diffusion of respective practices.

### ***2.2.4 Business media reporting and material practice diffusion***

Considering their role within organizational fields or industries, it has been argued that business media might influence adoption decisions by organizations and by this means the diffusion of organizational practices in a number of ways. One basic proposition that has been derived from an agenda setting perspective (McCombs & Shaw, 1972) thereby suggests that the mere intensity of reporting on a certain issue or problem and practices that potentially help to deal with this issue might positively influence practice adoption within a field (Carroll & McCombs, 2003; Deephouse & Heugens, 2009). In fact, as for example Burns and Wholey (1993) find, high levels of media coverage supported the diffusion of the matrix form among U.S. hospitals in the 1960s and 70s.

Furthermore it has been argued that media might influence diffusion through the *way* they interpret and frame organizational practices – irrespective of reporting intensity (Hirsch, 1986; Strang, 1997). Taking into account the importance of meaning construction processes for diffusion outlined above, especially this latter influence trajectory of business media reporting represents my core interest in this paper. Existing research has thereby identified two central aspects of meaning construction that might affect adoption decisions by consumers of (media) discourses surrounding the diffusion of an organizational practice. (1) Explanatory accounts which explicate the reasons for why implementation of a practice is advantageous for an adopter and (2) frames of reference that establish connections of discussions on a focal practice to discourses on other topics (e.g. other practices).

#### ***2.2.4.1 Explanatory accounts***

As has been argued before, (media) discourses might influence the diffusion of an organizational practice by (re)constructing explanatory accounts (Zucker, 1977; Lamertz & Baum, 1998) – often also termed “vocabularies of motive” (Mills, 1940, p. 906) – that

establish linkages between a focal practice and previously unaffected organizations through leveraging different “rationalities for adoption” (Etzion & Ferraro, 2010, p. 1093). Especially in situations in which actors (in this case media spokespersons) deviate from institutionalized norms, they provide accounts in order to justify their behavior, whereas only “a limited number of subject positions are understood as meaningful, legitimate and powerful” (Hardy, Lawrence, & Grant, 2005, p. 65) in given periods of time. Consequently, accounts point to the “taken for granted knowledge” that is available within the given context and simultaneously they refer to those actions which are deemed to be incompatible with the prevailing beliefs about appropriateness and rationality (Green, 2004). Two aspects of explanatory accounts rationalizing adoption of an organizational practice provided by business media might thus contribute to explaining patterns of material practice diffusion:

First, the *content* of explanatory accounts articulated in business media might influence diffusion patterns. Potential adopters of an organizational practice will only consider adoption as reasonable if discourses surrounding this practice deliver explanatory accounts for adoption which resonate with their needs (Green, Li, & Nohria, 2009). The creation of new or modified explanatory accounts supporting a practice brought forward by business media can thus significantly alter mechanisms of material practice diffusion because they might resonate with the needs of classes of organizations within a field which beforehand did not deem adoption appropriate. In fact, as Lamertz and Baum (1998) demonstrate, the creation and modification of explanatory accounts for organizational downsizing in Canada between 1988 and 1994 led to an increasing acceptance and institutionalization of this once contentious practice. Conferred to the diffusion of codes of conduct, this theoretical argument would thus suggest that *a direct relationship exists between changes in the content of explanatory accounts*

*supporting codes of conduct articulated in business media and the adoption of this practice by previously uninterested organizations.*

Second, it has been argued that the relative *frequency* of explanatory accounts supporting a practice brought forward in (media) discourses indicates in how far the respective practice is perceived to be in need for a justification and can thus be seen as a proxy for the degree of cognitive institutionalization – or “taken for grantedness” – it enjoys within the given context (Lamertz & Baum, 1998; Green, 2004; Meyer R. E., 2004). As Zucker (1977, p. 726) notes, for “highly institutionalized acts, it is sufficient for one person simply to tell another that this is how things are done“. From an institutional theory perspective, it has been argued that (cognitive) institutionalization is one central explanatory factor influencing practice diffusion: As a practice increasingly becomes part of institutionalized – and thus reciprocal and typified (Berger & Luckmann, 1966) – expectations concerning appropriate organizational behavior within a field, more and more organizations will adopt the practice in order to avoid social or economic sanctions – irrespective of the technical fit between practice and adopter (DiMaggio & Powell, 1983; Meyer & Rowan, 1977). I would thus propose *that a decrease in the relative frequency of explanatory accounts supporting codes of conduct brought forward in business media will be positively related to the adoption of this practice by previously uninterested organizations.*

#### **2.2.4.2 Frames of reference**

Besides explanatory accounts or vocabularies of motive, existing research on meaning construction and diffusion points to the importance of “interdiscursivity” (Phillips, Lawrence, & Hardy, 2004, p. 644) - the way discussions evolving around a focal practice are connected to other surrounding discourses. Whether through analogies (Etzion & Ferraro, 2010) or comparisons (Creed, Langstraat, & Scully, 2002), it has been argued that the way producers

of discourses draw on other (more or less prominent) discourses might heavily influence perceptions among discourse consumers (Fairclough, 1992). Prior empirical work by Rao (1998) shows how proponents of consumer watchdog organizations skillfully drew on previously unconnected discourses (e.g. discussions in the retailing profession) in order to establish this new organizational form. In a recent study, Etzion and Ferraro (2010) find that analogies connecting the Global Reporting Initiative (GRI) to established discourses on corporate financial reporting helped to legitimate this practice at its emergence. Media reporting on an organizational practice might thus alter patterns of its material diffusion through changes in the way discussions on the focal practice are connected to other (more or less prominent/related) discourses. In the following, I will refer to these other discourses as “frames of reference”. In line with prior theorizing, I would thereby propose *that a positive relationship exists between the extent to which business media connect reports on codes of conduct to other well-established as well as prominent discourses (frames of reference) and the adoption of this practice by previously uninterested organizations.*

In the remainder, I will employ the theoretical framework that has been outlined in the previous sections in order to assess the diffusion of codes of conduct in the German textile and apparel field. The theoretical arguments and initial propositions developed thereby serve as a toolkit that shall help to gain a deeper understanding for the relationship between meaning construction processes by business media and the material diffusion of codes of conduct in this field. Empirically, I thereby extend prior research with a similar focus (Grafström & Windell, 2011) as I not only assess processes of meaning construction on the discursive level but also their consequences in terms of material practice diffusion.

## **2.3 Research methods**

In order to assess my theoretical arguments on the relationship between code diffusion and processes of meaning (re)construction empirically, I use a case study approach (Eisenhardt, 1989). This approach has been proven suitable for assessing research questions that imply a combination of multiple data sources and complex diachronic interdependencies on different levels of analysis (Hartley, 2009) as well as a mix of different methods (Yin, 1994). My case study on the dissemination of codes of conduct in the German textile and apparel field and its surrounding meaning construction processes is based on a historical case analysis, a quantitative assessment of adopters' characteristics and a textual analysis of media articles. For the historical case analysis, I use multiple data sources such as topic related articles from the daily press and academia, political disclosures on the EU and (German) national level, WTO reports, publications by NGOs such as the Clean Clothes Campaign (CCC) as well as time authentic archival material from different company and NGO websites from the mid 1990s to 2010. Archives from the website of the German Division of the CCC containing more than 50 single documents (such as newsletters and press releases) are thereby used in order to identify all German companies that became targets of NGO campaigning activities between 1997 and 2010 (see appendix 7).

In order to approach the material diffusion of codes of conduct, I decided to concentrate on assessing diffusion patterns of one standardized code of conduct – the one provided by the Business Social Compliance Initiative (BSCI) – for three reasons: First, I wanted to make sure that the adoption incidents I study are comparable. It has been shown that interpretations of companies adopting individual code of conduct often vary dramatically (O'Rourke, 2003). While some firms claim that they are adopters after having published a simple document describing abstract goals, others only claim to be adopters after having established whole

departments that are responsible for monitoring target achievement. In contrast, the adoption of a standardized code implies certain fixed rules (e.g. an orientation on ILO norms), which makes adoption incidents more comparable. Second, in terms of ex post data gathering, it would be impossible to trace back the publication of individual codes of conduct for a whole industry. Third, as also standardized codes of conduct vary in their consequences for adopters, I chose to analyze the by far most prominent standard in order to make adoption instances comparable and concurrently to gain a proxy for the prominence of codes of conduct per se. The BSCI code has been adopted by more than 700 European and 287 German firms, whereas codes by the FLA (Fair Labor Association, 36 members worldwide) or the ETI (Ethical Trading Initiative, 50 members worldwide) significantly lag behind with respect to membership numbers (BSCI, 2012; FLA, 2011; ETI, 2011).<sup>1</sup>

Material diffusion patterns of the BSCI code of conduct in the German textile and apparel field are analyzed using basic statistical methods like T-tests and Chi-squared tests in Stata 10 (Hamilton, 2008). I thereby analyze whether central organizational characteristics (such as company size or a company's media visibility) of new adopters underwent significant changes over time. I built a unique dataset comprising all 287 German BSCI code adopters from its emergence in 2003 until 2010 with the year of adoption as well as central organizational characteristics such as company size, legal form, listing status, media visibility and supply chain position (B2B vs. B2C). Data on adoption years of companies using the BSCI code of conduct between 2003 and 2007 were – on request – provided by the BSCI itself, adoption years from 2008 to 2010 were obtained by a yearly assessment of the members section of the BSCI website ([www.bsci-intl.org](http://www.bsci-intl.org)).

---

<sup>1</sup> It should be noted here that the BSCI demands less strict standards compared to the FLA or ETI standard (Egels-Zandén & Wahlqvist, 2007).



Organizational characteristics of adopters were obtained by manually assessing various data sources such as the Amadeus, Hoppenstedt and the German Dun & Bradstreet databases as well as company websites and Commercial Registries. I thereby generated four variables that are used in my analyses of BSCI adoption patterns:

- The *size* of adopting companies was measured using data on adopters' annual turnover for the year before they adopted the BSCI code of conduct.
- Data on adopters' *media visibility* were obtained by searching for company names in German press articles between 2003 and 2010 using the Lexis Nexis database which captures most German newspapers (like "Frankfurter Rundschau") as well as magazines (such as "Der Spiegel") (see Fiss and Zajac (2006) for a similar approach). The visibility score for each company was calculated using the arithmetic mean of their visibility for the two years prior to their adoption of the BSCI code of conduct. By this means I avoid to include media articles that might have been published because the company had adopted the BSCI code of conduct.
- I manually assigned companies to the category *B2C (Business to Customer)* or *B2B (Business to Business)* based on their SIC industry code as well as a thorough coding of company websites. Adopters that (1), according to their SIC classification, belong to the retail sector and thus face end-consumer contact as well as adopters (2) that provided the opportunity for direct end-customer purchases on their websites (e.g. through a web-shop) or adopters (3) that, according to their website, carry a brand for end-customers were assigned to the category B2C. All other companies were assigned to the category B2B.
- Based on a matching of adopters with brand-name firm lists provided by four established German media (Schwarzbuch Markenfirmen, BrandZ100, YouGov and TextilWirtschaft) firms were assigned to either carrying a *strong brand* or not.

The analysis of material diffusion patterns based on these four variables and adoption dates provides the basis for a thorough understanding of if and how processes of meaning (re)construction within the field actually yielded measurable consequences for the material diffusion of codes of conduct.

In order to capture potential meaning (re)construction processes within the field, the historical case analysis and the assessment of material diffusion patterns are further complemented by a systematic analysis of business media articles. My first data source is thereby articles from the most widely read trade journal within the German textile and apparel field, the “TextilWirtschaft” (in the following: TW). TW weekly appears in print with a circulation of around 25.000 copies and is “the only journal for the complete German textile and apparel industry within the German-speaking region. [...] readers are the retail industry and the textile and apparel industry”. TW is not an academic journal but a trade journal with authors who are mostly professional journalists instead of researchers or members of firms within the industry. My second data source for textual analysis is annual reports published by the Foreign Trade Association of the German Retail Industry (AVE - Außenhandelsvereinigung des Deutschen Einzelhandels). Although formally representing the foreign trade interests of the whole German retail industry, this trade association focuses on the textile and apparel retail sector. This is also reflected in the configuration of the AVE executive committee, in which five of seven members represent the parts of the textile and apparel industry.<sup>2</sup> Trade associations are said to play a similar role like trade journals as they present consensual industry positions to outside stakeholders while at the same time functioning as arenas of intra-industry dialogue (Greenwood, Suddaby, & Hinings, 2002). As trade association’s existence depends on the

---

<sup>2</sup> Source: <http://www.ave-koeln.de/praesidium/index.htm> [04/19/2011]

willingness of their respective field to provide them with resources, their annual reports can be seen as central instruments to give account within the industry.

I analyze texts from TW and AVE annual reports using a code development approach adapted from discourse analysis (Phillips, Lawrence, & Hardy, 2004) and a coding procedure involving code counts from content analysis (Bauer & Gaskell, 2000). In line with my theoretical framework, I thereby coded and counted recurrent “explanatory accounts” (Lamertz & Baum, 1998) brought forward in order to justify firms’ engagement with codes of conduct as well as connections to other discourses (Fairclough, 1992) – frames of reference – that were used when discussing the topic in order to capture central processes of meaning (re)construction during the diffusion process. The coding unit for explanatory accounts is the text segment, which is – in line with prior work – defined as a “statement that was meaningful and that expressed a basic yet complete idea” (Etzion & Ferraro, 2010, p. 1095). For frames of reference, whole texts represent the coding unit as I was interested in the larger topic discussions evolving around codes of conduct became embedded in over time. The selection of relevant texts and development of coding categories are described in the next sections.

### ***2.3.1 Selection of articles and time period***

By generating a word list which was transferred into a search algorithm, all articles from the trade journal TW were identified which contained single or combinations of “issue markers” (Donati, 1992, p. 146) – such as “code of conduct” and its German translation “Verhaltenskodex” or “Business Social Compliance Initiative” – and were thus concerned with the topic of codes of conduct (for the list of issue markers see Appendix 1). I searched for articles containing any of the issue markers using the online database Lexis Nexis which captures all articles from the trade journal TW for the time period I am interested in. For each identified TW article I then manually checked whether it in fact dealt with the issue. Articles

which did not deal with the topic were sorted out manually. The resulting sample of TW texts contains 158 articles, differing in length from a few lines to several pages. The parts out of the AVE annual reports were selected manually. Parts of each annual report from 1997 to 2010 – except for 1999 where no report was published and 2010 where no report was available at the time of data gathering – dealing with the topic were included into the data set.

The earliest year of the period under study was chosen firstly by considering one central event with respect to code development within the German textile and apparel industry and secondly on the basis of the availability of data. The founding of the German division of the Clean Clothes Campaign (“Kampagne für Saubere Kleidung”) in 1996 can be seen as a central event which triggered the public debate concerning working conditions within the supply chains of German textile and apparel companies. In the same year, several large actors within the industry – like for example Otto GmbH and KarstadtQuelle – decided to publish their first codes of conduct. The above described datasets were available in parallel from 1997 on, which meant that setting the starting point in 1997 was a compromise between data availability and external events. The period under study ends with the year 2010. The sample for the study thus consists of 158 articles from TW and the parts of 12 AVE annual reports between 1997 and 2009 which were chosen based on the procedure just described.

### **2.3.2 Textual analysis**

The sample of 170 texts was analyzed in three stages based on a discourse analysis approach (Phillips, Lawrence, & Hardy, 2004) in order to identify and code “explanatory accounts” (Lamertz & Baum, 1998) as well as recurrent connections to other discourses (Fairclough, 1992; Benford & Snow, 2000) and a content analysis approach in order to count and visualize coding categories. Within a **first** step, the data were open coded using MAX.QDA in order to identify central “explanatory accounts” for the adoption or continuation of voluntary practices

dealing with the problem of poor labor conditions. The first stage of analysis resulted in a total number of 156 explanatory accounts I was able to identify.

In a **second** step, by iterating between the whole set of explanatory accounts and theory, the accounts were subdivided into three categories. One class of accounts could be identified which refer to external pressures as the cause for the adoption of codes of conduct. These justifications were subsumed under the category “**pressure**”. The category was additionally subdivided into the categories “public” and “regulation”. The former subsumes justifications which point to public pressure exerted by NGOs, interest groups or the general public. The latter captures accounts which formulate imminent or existing laws, edicts or trade sanctions (e.g. by the WTO, EU-commission) as a justification for the engagement with codes of conduct. (2) A second category was identified consisting of those justifications which refer to moral/ethical reasoning or to deeply held beliefs that this was “the right thing to do” instead of any kind of external pressure or other argument in order to constitute the engagement with codes of conduct. These accounts were subsumed under the category “**normative**”. (3) The third category (“**business case**”) subsumes those kinds of actors’ statements which justify dealing with or implementing practices of labor standards by reverting to potential economic consequences. These arguments often pointed to the potential of codes of conduct as a marketing instrument, as a means to monitor suppliers more efficiently or as a strategic investment because of the increasing importance of sustainability issues in society. Accounts within this category thus represent typical resource based arguments for CSR practice adoption (Bansal, 2005). Examples for each coding category can be found in Table 1.

In a **third** step, by moving from text segments as the units of analysis to whole texts, all 170 texts in the dataset were coded for two further aspects. First, those texts were identified which

**Table 1: Explanatory accounts**

Account	Example
<p><b>public</b></p> <p><b>pressure</b></p> <p><b>regulative</b></p>	<p>“The pressure exerted on brands towards “clean production” grows constantly. That is why it is increasingly important for vendors to prepare for attacks by implementing Codes of Conduct and controlling production” (TW; June 13, 2002).</p> <p>"Industry and trade can no longer elude from demands of relief organizations to take responsibility for the local conditions" (TW; December 30, 2004).</p> <p>“Textile and apparel retailers have to reckon attacks by social or churchly groups, because they or their suppliers employ children or forced laborers. A recent example was an accusation by the “Clean Clothes Campaign” targeted at Tchibo, stating that the company would “Culpably disregard and ruthlessly violate people and worker’s rights“ at their suppliers. That is why the BTE recommends - especially for larger companies – to join the Business Social Compliance (BSCI) Initiative that was launched in 2003 by the Foreign Trade Association (FTA).” (TW; March 17, 2005)</p> <p>“Because of numerous activities on the European level – e.g. hearings of the [European] Commission – as well as an according passage in the coalition agreement of the [German] federal government, the importing business has identified the necessity to achieve a consensus concerning the activities of the private sector” (AVE; 1999, p. 1).</p> <p>"Trade sanctions would be no viable instrument in order to enforce social minimum standards. Voluntary actions, like the Code of Conduct recently agreed upon by the AVE, would be better, says Reinhard Koep" (TW; December 9, 1999).</p>
<b>normative</b>	<p>„With an own monitoring of the AVE Code of Conduct, the German importing business intends to face the responsibility for the compliance with human rights and social standards in supplier countries“ (AVE; 2001, p. 3).</p> <p>“Together with companies and associations from other European countries, the AVE supports a broad initiative that aims at an improvement of the social conditions in the supply chain and for this reason gives proof of companies’ ethically responsible actions” (AVE; 2003, p. 2).</p> <p>"As a large company, we are aware that we carry a big responsibility. Our customers know that we have a code of conduct and that we are very active in this regard" (TW; October 6, 2005).</p>
<b>business case</b>	<p>"The adherence to social standards could contribute to an increase in productivity and of supplier reliability. Bad working conditions not uncommonly lead to worse work quality, as it says in a brochure of the round table for codes of conduct" (TW; September 2, 2004).</p> <p>"Sustainable trade is already suitable for the mass. The number of labels with ecological and ethical orientation grows constantly. This shows that the demand for ethical fashion brands grows which bet on fair production conditions and ecological raw materials" (TW; December 28, 2006).</p> <p>"A better social performance of suppliers is required under social aspects, but it also contributes to enhancing the competitive position" (AVE; 2002, p. 21).</p>

were explicitly concerned with the adoption or maintenance of a code of conduct *without* delivering any justification. Put differently, every whole text/article was coded for containing

either any kind of explanatory account (as described above) or **no account** at all (for examples illustrating the coding procedure for this category see Appendix 2 and Appendix 3).

Additionally, on the level of whole texts, each of the texts within the dataset was classified according to the larger discourse (frame of reference) it was connected to – referred from the text's headline as well as introductory and concluding sentences. Hereby, six main discourses the articles in the dataset referred to were identified ([1] *codes of conduct as the focal topic*, [2] *situation of the industry*, [3] *natural and social environment*, [4] *CSR/Sustainability concepts in general*, [5] *Tariffs/WTO*, [6] *Ethical Fashion*). For articles coded as dealing with codes of conduct as the focal topic [1], no other frame of reference authors tried to connect their articles to could be identified. In line with my theoretical framework, this coding enables us to understand whether the larger discourse (Fairclough, 1992) or frame (Benford & Snow, 2000) the topic of codes of conduct was embedded in changed over time (see Table 2 for more detailed descriptions of the categories and Appendix 3, Appendix 4, Appendix 5, Appendix 6 for concrete examples).

**Table 2: Frames of reference**

Frame	Description*
Focal Topic	Codes of conduct, social standards or poor working conditions are the main focus of the article.
Industry	The article deals with the situation of the sector as a whole or reports on single companies without an explicit focus on the focal topic.
Eco/social	The article deals with both social and ecological issues as its main topic.
CSR/Sustainability	The topic is discussed under the larger topic of "Corporate Social Responsibility", "Corporate Citizenship" or "Sustainability".
Tariffs	The main focus of the article are discussions around tariffs or WTO rounds.
Ethical Fashion	The article reports on developments within the realm of the ethical fashion "movement".

Taken together, the methods and data just outlined build the basis for the detailed analysis of the diffusion of codes of conduct in the German textile and apparel field between 1997 and 2010 that is presented in the following sections. In line with my theoretical framework, I

thereby especially account for interdependencies between patterns of material diffusion (quantitative analysis of adopters) and processes of meaning (re)construction in articles from business media (textual analysis).

## **2.4 Results**

In this section, I present the results of my longitudinal case study in a narrative and chronological fashion, starting with the period of code emergence and ending with the wide diffusion of codes of conduct in recent years. Based on central events, I split the whole time period into three phases: The first phase (1997-2002) ends before the establishment of the BSCI – the by far most prominent standardized code of conduct in the German textile and apparel field – and the second time period ends in 2006, the year prior to a phase of a rapid diffusion of the BSCI code of conduct. The presentation of my results for these three time periods are structured as follows: For each time period, I first outline relevant findings of my historical case analysis, followed by a quantitative assessment of BSCI adoption patterns (except for the first time period where this code of conduct was not established yet) and – third – by a systematic assessment of meaning construction activities in business media.

### ***2.4.1 Campaigning and code emergence (1997-2002)***

In the early 1990's, several campaigns conducted by NGOs and consumer groups revealed that the treatment of workers within globally fragmented supply chains of western textile and apparel companies strongly violated principal beliefs concerning human rights held within western societies (Elliot & Freeman, 2001). Harmful working conditions, child labor and low wages are just a fraction of accusations companies were facing. Large, image conscious US-based firms like Levi's, Wal-Mart or Nike were among the first to adopt so called codes of conduct in order to repair reputation in the eyes of their consumers and the wider public



(Braun & Gearhart, 2004; Elliot & Freeman, 2001; Bartley, 2007). Although with a certain time-lag, similar campaigns also emerged in the German textile and apparel field, especially led by the 1996 founded German division of the Clean Clothes Campaign (CCC) (Hiss, 2009). From 1996 on, a number of highly visible brand name firms and retailers within the field, like C&A (1996), Adidas (1996), the Otto Group (1997) or KarstadtQuelle (1999), started to introduce first individual codes of conduct.

Within the same time period, the topic additionally received increasing interest by the World Trade Organization (WTO) and the EU government (GTZ, 2002). On the WTO level, possibilities of enforcing binding standards were discussed on the 1996 WTO conference in Singapore as well as the 1999 conference in Seattle, after which respective discussions started to cease and were completely neglected on the 2003 conference in Cancun (Wick, 2005). Nevertheless, on the EU-level, in 1999 the EU-parliament passed a resolution – the so called Howitt-resolution – claiming for a binding code of conduct for EU-based companies with basic labor rights and an independent European monitoring platform as well as frequent public hearings (Gatto, 2011). This initiative, similar to initiatives on the WTO level, failed in 2001 when a memorandum by the European Commission was published which rejected sanction based concepts in favor of voluntary instruments (Greven & Scherrer, 2005).<sup>3</sup> Thus, at least until 2001, where it became clear that voluntary instead of binding solutions would be favored on the WTO and EU level, companies had – besides NGO campaigns and protests – to anticipate upcoming binding standards.

---

<sup>3</sup> It has been argued that these initiatives failed not at least because important players within the industry managed to show their commitment by the implementing codes of conduct (Greven & Scherrer, 2005).

#### **2.4.1.1 Textual analysis**

The results of my textual analysis demonstrate that this historical description of the emergence phase of codes of conduct in Germany corresponds with the way the meaning of this “new” practice was constructed in the business media I analyzed (see Table 3 for a summary of the results of my textual analysis). For this time period (1997-2002), the discourse within business media indicates that external pressures from both the public and actors like the WTO or EU seem to be the driving forces for justifying the development of corporate codes of conduct. 29 (74 percent) out of 39 overall explanatory accounts within this time period justify the engagement with codes of conduct as driven by external pressures. About two thirds of these accounts which were subsumed under the category “pressures” thereby referred to the pressure exerted by NGOs or the public as a whole (subcategory “public”). The following passage from the trade journal TW stands prototypical for public pressure accounts as it connects a report on a recent NGO campaign with the claim that textile and apparel companies should start to deal with the topic:

*“Child labor in preliminary production stages has not sparked the interest of small and medium sized textile retailers yet. Since a couple of months, Hennes & Mauritz, C&A and Otto experience how problematic it can be to neglect this topic. Although conditions of purchasing of all three firms prohibit child labor, they have become targets of the “Clean Clothes Campaign” that was initiated by a churchly and social coalition. Allegedly, H&M has already faced calls for boycotts in Sweden. That means: Also the small and medium sized textile and apparel retail sector should duly – within its means – start to deal with the topic in order to be able to answer customer requests effectively and to avoid unnecessary trouble” (TW; February 5, 1998).*

The following quote from Reinhard Koep, former president of the AVE, stands exemplary for accounts from the category “pressure” which refer to the possibility of binding standards (“regulation”), in this case trade sanctions, as a justification for dealing with the topic:

*“Trade sanctions would be no appropriate instrument to assure the compliance with social minimum standards. A better approach were voluntary activities by*

*the importers like the ‘Code of Conduct’ recently terminated by the AVE” (TW; December 9, 1999).*

In contrast, morally driven justifications (category “normative”) for the implementation of codes of conduct (24 percent of total accounts) are observable whereas justifications referring to potential economic gains (“business case”) are hardly articulated (6 percent). In fact, for the whole time period of 1997 to 2002, only two accounts could be identified which justified an engagement with codes of conduct by referring to potential economic advantages. One of

**Table 3: Accounts and frames of reference**

Explanatory accounts (based on text segments)							
		1997-2002		2003-2006		2007-2010	
		number	percent	number	percent	number	percent
Pressure	aggregate	29	74%	23	45%	20	30%
	Regulation	10	34%	3	13%	0	0%
	Public	19	66%	20	87%	20	100%
Normative		8	21%	14	27%	25	38%
Business case		2	5%	14	27%	21	32%
Sum		39	100%	51	100%	66	100%
Account/no account (based on whole texts)							
		1997-2002		2003-2006		2007-2010	
		number	percent	number	percent	number	percent
Account		29	83%	32	63%	44	52%
No Account		6	17%	19	37%	40	48%
Sum		35	100%	51	100%	84	100%
Frames of reference (based on whole texts)							
		1997-2002		2003-2006		2007-2010	
		number	percent	number	percent	number	percent
Focal Topic		19	54%	19	37%	16	19%
Industry		7	20%	15	29%	23	27%
Eco/social		5	14%	3	6%	8	10%
CSR/Sustainability		0	0%	4	8%	28	33%
Tariffs		4	11%	1	2%	0	0%
Ethical Fashion		0	0%	9	18%	9	11%
Sum		35	100%	51	100%	84	100%

these accounts thereby remains rather vague and refers to a positive link between “*social performance and competitive advantage*” (AVE; 2002, p. 21) without further explanation, whereas the second account alludes to the “*growing sensitivity of young costumers with*

*respect to ecological and socially adequate working conditions in production companies”* (TW; May 13, 1999). This relative vagueness of “business case” arguments for CSR adoption has also been observed by Grafström and Windell (2011), who studied similar arguments in the English speaking business press.

The frames of reference or larger topics of the articles analyzed in this time period either entirely focus on the focal topic of codes of conduct (53 percent), embed the topic in more general reports on the industry (19 percent) or refer to codes of conduct and ecological supply chain topics simultaneously (16 percent). Interestingly, codes of conduct are thus mostly discussed as a relatively isolated phenomenon – e.g. without referring to the larger CSR discourse as a frame of reference that was starting to gain ground after the turn of the millennium. From a discourse analytical point of view, it can be argued that this observation explains the limited attention for the topic until 2004 (see Figure 2 on page 59), because one important precondition for the “success” of a topic related discourse is the ability of its proponents to connect it to other dominant discourses (Phillips, Lawrence, & Hardy, 2004).

The results of the textual analysis of explanatory accounts thus indicate that for the years 1997 to 2002 “classical” (Overdevest, 2004) functional arguments explaining the emergence of codes of conduct seem to be the driving forces of meaning construction activities within the field. The dominant explanatory accounts articulated by the media under study refer to the necessity to deal with the topic because of strong external public pressures. Additionally, the aforementioned initiatives by the US and European government to establish binding standards within the WTO framework or on the EU-level respectively are seen as a legitimate justification for developing and implementing codes of conduct. These observations are in line with theoretical arguments from institutional theory concerning early phases of processes of institutional change (Tolbert & Zucker, 1996). Campaigns by NGOs and interest groups as

well as initiatives on the WTO level seem to function as triggers of a process of institutional change in the form of “external social pressures” (Oliver, 1992, p. 578) which are not directly susceptible by the affected actors. At the same time, the adoption of codes of conduct is hardly ever discussed as a “business case” and most of the authors seem to feel urged to provide some kind of explanatory account for dealing with the topic instead of anticipating that their readership has internalized the importance of the topic (29 out of 35 [83 percent] of texts provide at least one explanatory account).

#### ***2.4.2 Standard creation and slow diffusion (2003-2006)***

Within the U.S. as well as – with a certain time lag – the German textile and apparel field, the early “campaigning” phase just described was subsequently followed by a “solutions phase” (Braun & Gearhart, 2004, p. 183) in the course of which multiple variations of the overall practice “code of conduct” emerged. Besides company individual codes, especially so called multi-stakeholder initiatives like the Fair Labor Association (FLA) in the USA (1999), the Ethical Trading Initiative (ETI) (1998), the Fair Wear Foundation (1999) and the Social Accountability Initiative (SAI, SA8000 standard) (1998) emerged. Additionally, and most influential with respect to the German context, the Business Social Compliance Initiative (BSCI) was founded in 2003 (Wick, 2005; Hiss, 2009). These initiatives are originally characterized by the basic idea that not only companies themselves but also further actors like NGOs, governmental bodies, trade unions or trade associations unite in order to create a standardized code of conduct that can be adopted by firms within the respective sector or field (Egels-Zandén & Wahlqvist, 2007). Although general issues addressed are pretty similar, the influence of single stakeholders as well as the restrictiveness of posed standards varies significantly across single initiatives (O'Rourke, 2003). Compared to initiatives like the FLA or ETI, the BSCI codex which was introduced in 2003 has frequently been criticized for its

rather weak standards (e.g. only promoting minimum wages instead of living wages) and especially because it does not allow for the direct influence by NGOs (Egels-Zandén & Wahlqvist, 2007; Wick, 2005). The BSCI – although officially a multi-stakeholder initiative (its founding resulted from joint efforts of a European industry association [FTA], several corporations [e.g. Otto GmbH] and the GTZ [a German governmental development aid organization] – has thus been termed a “post-cross-sectional partnership” because it excludes direct influence of NGOs and unions (ibid.). Nevertheless, for firms adopting a code of conduct like the BSCI, this involves the commitment of financial resources and the risk to be evaluated against the own promises in case of deviance. Although open to other industries, the BSCI largely consists of textile and apparel retailers, wholesalers and producers (ibid.). With respect to the German textile and apparel field, the BSCI core codex has become the by far most prominent standardized code of conduct in comparison to standards like ETI or FLA.

#### ***2.4.2.1 BSCI adoption patterns***

As my quantitative assessment of BSCI adopters between 2003 and 2006 shows, the emergence of this standardized code of conduct yielded only limited interest in terms of membership numbers within the first years. Between 2003 and 2006, only 11 firms adopted the BSCI codex. Nearly all of these early adopters were highly visible brand name firms like Otto, Adidas, Puma and Kaufhof. These adopters have an average size of 3.8 billion Euros in turnover and an average media visibility of 501 articles in popular media during the two years prior to their adoption. All companies adopting the code in this first period are business to customer companies and the vast majority is brand-name firms (82 percent) (Table 4).

Additionally, my analysis of campaigns conducted by the CCC for the prior period (1997-2003) and the years 2003 to 2006 (compare appendix 7) as well as adoption of codes of conduct by the largest German textile and apparel companies (compare appendix 8) reveal

**Table 4: BSCI adopters' characteristics**

	<b>2003-2006</b>	<b>2007-2008</b>	<b>2009-2010</b>	<b>2007-2010</b>
<b>Number of adopters</b>	11	79	199	278
<b>Average adopter size (T€)</b>	3,822,553	321,488	54,025	102,547
<b>Average adopter visibility</b>	501	23	20	21
<b>Share B2C adopters</b>	100%	22%	23%	22%
<b>Share brand name adopters</b>	82%	9%	4%	5%

that in fact most of the firms that became targets of the CCC actually decided to adopt the BSCI code of conduct or even stronger codes such as the one provided by the Fair Labor Association (FLA). Thus, these first adopters are exactly those firms from the field for which the most prominent argument within the business media discourse of the prior years – external public pressure – truly hold and which actually became exposed to such pressures. During the first four years of its existence, adoption of the standard thus seems to be triggered by motives to avoid or deal with external pressures.

#### **2.4.2.2 Textual analysis**

With respect to the results of the textual analysis for this second time period under study (2003-2006), we become aware that meaning construction processes evolving around codes of conduct in the business media slightly start to change. Expected *pressures* from external stakeholder groups still play an important role (45 percent of overall accounts within the time period) when justifying firms' engagement with codes of conduct. Consistent with the fact that regulatory discussions on the WTO and EU level ceased in 2001 (GTZ, 2002; Bartley, 2007; Braun & Gearhart, 2004), I observe a decrease of accounts referring to external pressures in the form of upcoming binding standards ("regulation"). Rather, external pressures are almost exclusively referred to as stemming from NGOs or the larger public

(“public pressure”), as the following text segment, in which the author directly refers to the Clean Clothes Campaign as “exerting pressure”, illustrates:

*“Whether producers or retailers – enterprises become aware of their responsibility towards suppliers and sub-suppliers. Not at least because Nongovernmental Organizations like the Clean Clothes Campaign (CCC) exert pressure. Single cases of scandalous conditions at supplier factories in countries like Bangladesh, China and Indonesia arouse considerable public attention” (TW; August 17, 2006).*

Nevertheless, I also observe a slight increase in accounts that justify the engagement with codes of conduct by referring to the moral commitment (category “normative”) of the industry (27 percent of overall accounts). The following text segments illustrate such accounts in which authors emphasize that the active will of the field to face its responsibility for human rights:

*“With an own monitoring of the AVE Code of Conduct, the German importing business intends to face the responsibility for the compliance with human rights and social standards in supplier countries“ (AVE; 2001, p. 23).*

*“Social and environmental standards become an increasingly important topic in procurement [...] Textile and apparel retailers can actively contribute to protecting environment, nature and the development of civil society and future perspectives in poor countries” (TW; May 4, 2006).*

Interestingly, at the same time, the amount of accounts referring to the adoption of codes of conduct as a “business case” increases (from 5 to 27 percent of all accounts) and their content becomes more elaborate – e.g. by making clear the relationship between working conditions, quality and productivity or synergy effects resulting from joint supplier monitoring – compared to the two examples of “business case” accounts provided for the prior time period:

*“The adherence to social standards could contribute to an increase in productivity and of supplier reliability. Bad working conditions not uncommonly lead to worse work quality, as it says in a brochure of the round table for codes of conduct” (TW; September 2, 2004).*



*“Monitoring – one system for all? One code of conduct, the same guidelines and a consistent evaluation scheme lead to synergy effects for companies with respect to overlapping supplier relationships. “If we observe a problem with one supplier, we are able to observe which companies have contracts with this supplier. We can then get all parties involved to sit down at a single table and to figure out how to proceed. All parties are comparably interested in finding a solution, because they are all in the same boat” (TW; August 17, 2006).*

At the same time, the proportion of articles delivering no justification for dealing with the topic increases from 17 percent (period 1) to 37 percent in period 2. Moreover, the proportion of articles dealing with codes of conduct as a focal topic decreases to 37 percent (compared to 54 percent in period 1), while the topic is now rather embedded in more general industry reports (29 percent) or other topics like CSR (8 percent) or ethical fashion (18 percent) without a clear dominant frame of reference. This development can be interpreted as a more or less conscious “frame extension” activity – the depiction of “interests and frame(s) as extending beyond its primary interests to include issues and concerns that are presumed to be of importance to potential adherents” (Benford & Snow, 2000, p. 625).

Taken together, this discursive shift points to incipient processes of meaning *reconstruction* that might help to make the topic accessible to parts of the industry (e.g. SMEs, non brand name firms) for which public pressures through campaigns only play a minor role. This observation can be interpreted in at least two slightly different ways: On the one hand, it could be argued that the field as a whole increasingly discovers both its true moral commitment and the potential economic value of implementing codes of conduct. On the other hand, by accounting for the specific characteristics of the media under study and of the early adopters of codes of conduct within the field, a second interpretation should be considered. The trade journal (TW) and the trade association (AVE) are both highly infiltrated by institutions and actors which possess an exposed stance within the field. The journal TW frankly communicates its partnership with the BTE (a trade association from the retail sector),

and can thus be seen as influenced by actors from the (eminently visible) retail sector. The board of the AVE consists of seven members of whom five are delegates from highly visible firms within the field (see above) and has promoted the BSCI code of conduct since its emergence. It can thus be assumed that the media under study are to a large extent infiltrated by the interests of large and visible firms within the field. These firms – as mentioned before – are in turn those actors that were the pioneers with respect to the implementation of codes of conduct (some of them participated in developing the BSCI codex and were the first adopters) and should have a strong interest in affecting further firms within the field to adopt these practices for at least three reasons:

First, it can be assumed that it is beneficial for these important players within the field to now try to impose their (sunk)costs for implementing codes of conduct on the rest of the field (Martin R. L., 2002; Bartley, 2007). Second, the existing practices that were developed or adopted by these players are in strong need for legitimation outside the industry (NGOs, government). With an increasing number of further actors employing these practices (e.g. the BSCI codex), the legitimacy of these practices will increase in the eyes of external observers.<sup>4</sup> Third, the creation of rationalized accounts (business case) and the connection to prominent topics such as CSR may help to provide early adopters with more legitimate claims towards industry internal and external stakeholders (e.g. shareholders, corporate customers) when justifying the commitment of organizational resources to respective practices. Taken these arguments together, the second interpretation for the observable discursive shift rests on the assumption of incipient mechanisms of intra-field pressure/persuasion. This would mean that visible actors within the field – with a certain time delay – attempt to infiltrate processes of

---

<sup>4</sup> It could also be argued that adopters have an interest in preventing further adoptions because of market differentiation. Nevertheless this argument seems to be weaker, because nearly all large players have already adopted at this point in time, meaning that in their competitive subfield, a code of conduct has lost its potential value as a tool for market differentiation.

meaning (re)construction evolving around codes of conduct with new rationalizations or “theorizations” (Strang & Meyer, 1993) that appeal to less visible firms within the field (risk/reputation management arguments diverge for such an attempt).

Similar mechanisms have been observed in other settings, for example with respect to systems of private self-regulation in the US apparel industry (Bartley, 2007). An observation from my textual analysis supporting this interpretation is that “normative” and “business case” accounts in later periods are often direct statements from brand-name company representatives (e.g. in interviews) and that these statements are frequently formulated in an arrogating way:

*„I always state that we can compete for prices and fashion, but when it comes to social standards and the natural environment, we have to cooperate”  
(TW; March 30, 2006, statement of Dr. Michael Otto, CEO of the Otto group).*

*“It is not only a moral question, but also a plain economic necessity that companies adhere to social and environmental standards”  
(TW; June 30, 2005, statement of Inditex CEO Castellano)*

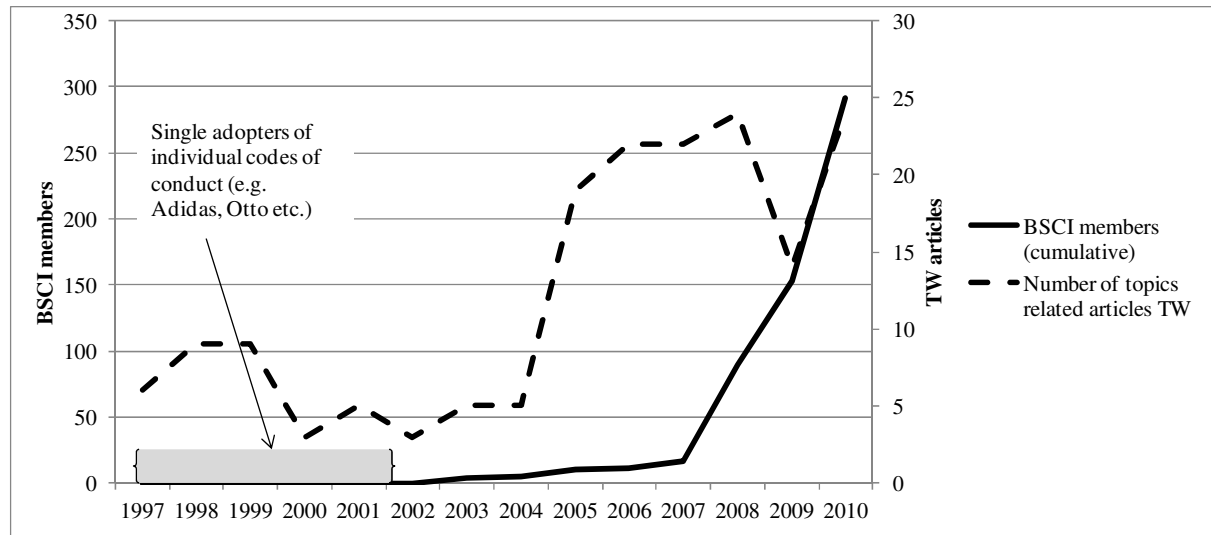
Nevertheless, in view of the limited number of adopters of the BSCI, the incipient discursive shift I observe does not seem to have an immediate effect on adoption decisions of smaller and less visible firms within the field.

### **2.4.3 Discursive redefinition, new classes of adopters and rapid diffusion (2007-2010)**

The time period from 2007 to 2010 is marked by a considerable increase in membership numbers of the BSCI code of conduct. At the same time, proponents of this code of conduct reacted to the criticism of prior years by creating a voluntary SA8000 certification and stricter rules for monitoring (BSCI, 2012). The overall attention for the topic within the industry

remains at a high level – seemingly only interrupted by the financial crisis in 2008/2009 (see Figure 2 for the development of BSCI membership numbers and topics related TW articles).

**Figure 2: Topic related articles TW (business press) and BSCI adopters**



Campaigns conducted by the CCC are still almost exclusively targeted at large brand name firms (see Appendix 7). Interestingly, nearly all of these firms have already implemented a code of conduct (compare Appendix 8) and NGO attacks now rather point to a violation of respective code's principles than on claims to adopt a code. Nevertheless, this observation is not surprising because "since the major stick behind the campaigns is the threat to corporate reputations or brand names, activist campaigns target well-known firms, rather than producers of generic and unbranded products" (Elliot & Freeman, 2001, p. 38).

#### **2.4.3.1 BSCI adopters**

My analysis of BSCI adoption patterns reveals that despite of the fact that NGOs still concentrate on large firms and that discussions around binding labor standards on the WTO and EU-level completely died down, especially smaller companies with a low visibility are responsible for the rapid diffusion of the code from 2007 to 2010. From 2007 to 2010, 287

textile and apparel companies adopt the BSCI code (compared to 11 from 2003-2006 – compare Table 5).

The results of my statistical analysis reveal significant differences between early and later adopters (Table 5). New adopters for the years 2007 to 2010 have a significantly lower ( $p < 0.01$ ) average size in terms of yearly revenues (102 million Euros) compared to adopters between 2003 and 2006 (3.8 billion Euros) and a significantly lower ( $p < 0.01$ ) average visibility in the press of 21 articles in the two years prior to their adoption (compared to 501 articles for adopters between 2003 and 2006). Only 22 percent of these later adopters are business to customer companies (compared to 100 percent in the prior period) and only 5 percent are brand name firms (compared to 82 percent in the prior period). The Chi-squared tests reveal that both of these differences are significant ( $p < 0.01$ ). In order to get a more precise picture of adoption patterns within this last time period, I additionally split the period in two sub-periods (2007-2008 and 2009-2010).

Here I observe that over time, especially the average size of new adopters reduced drastically (from 321 million (2007-2008) to 54 million (2009-2010) Euros in turnover). Nevertheless, the t-test on differences of average sizes is slightly insignificant on a 10 percent confidence level ( $p < 0.11$ ). In terms of visibility and adopters that are business to customer firms, we rather see stability on a low level (around 20 press articles and 20 percent B2C adopters for both periods). With respect to the share of new adopters that are brand name firms, it becomes obvious that in the last period (2009-2010) only four percent of new adopters were brand name firms (compared to nine percent between 2007 and 2008 and 100 percent between 2003 and 2006). Nevertheless, this decrease in brand name adopters between 2007/2008 and 2009/2010 is slightly insignificant ( $p < .11$ ).

**Table 5: T-tests and Chi-squared tests of adopters' characteristics over time**

Variable	2003- 2006	2007- 2008	2009- 2010	2007- 2010	2003-2006 vs. 2007-2008	2007-2008 vs. 2009-2010	2003-2006 vs. 2007-2010
Number of adopters	11	79	199	278	<b>p-values of two-sample mean value T-Tests</b>		
Average adopter size (T€)	3,822,553	321,488	54,025	102,547	< 0.01	< 0.11	< 0.01
Average adopter visibility	501	23	20	21	< 0.01	< 0.87	< 0.01
					<b>pr-values of Pearson Chi2 tests</b>		
Share B2C adopters	100%	22%	23%	22%	< 0.01	< 0.80	< 0.01
Share brand name adopters	82%	9%	4%	5%	< 0.01	< 0.11	< 0.01

In light of the fact that within this time period NGO campaigns exclusively targeted large brand name firms within the industry and that discussions evolving around codes rather concentrated on refinements that make implementation more complex and costly (e.g. possibilities for stricter monitoring and/or a SA8000 certification), the question arises why so many small companies with a low media visibility that are mostly non business to customer and non brand-name companies decided to adopt the BSCI codex in recent years. In other words, why did the code of conduct exist for years without considerable attention among these firms and suddenly starts to diffuse among previously uninterested organizations?

#### 2.4.3.2 Textual analysis

A potential answer to this question arises in view of the results of my textual analysis. Looking at the results of textual analysis for the *third time period* (2007-2010), we become aware that justifications referring to external pressures are increasingly replaced by different explanatory accounts. Now, the proportion of accounts referring to pressures decreases from 47 percent (period 2) to 30 percent. “Normative” justifications now account for 38 percent of all coded categories. At the same time, I find more statements which refer to practices of labor standards by pointing to economic consequences of (non)adoption (“business case”) (32 percent). The following text segments stand prototypical for this development:

*“The constant growth in membership numbers [of the BSCI code of conduct, author’s comment] reveals that more and more companies become aware of their social responsibility within the international supply chain and its importance for business success” (AVE 2008, p. 20).*

*“There is no alternative to a sustainable development, because the consequences of non sustainable behavior catch up on us faster and faster. It is important that we secure our livelihood now. Delaying climate protection means to increase the burden for subsequent generations. And also in view of social aspects, we have to act now: It is about complying to global social standards” (TW; December 24, 2008).*

In 2007-2010, roughly half (48 percent) of the articles dealing with the topic do so without providing any potential account (category “no account”) for the industry to deal with the topic. At the same time, we observe that the topic of codes of conduct is increasingly discussed either by articles dealing with the topic of CSR and sustainability as the frame of reference (33 percent) or including the topics in reports on general industry issues (27 percent), rather than exclusively focusing on the topic itself (19 percent).

Taken together, the results of my textual analysis for the last period under study (2007-2010) thus indicate that the incipient process of meaning reconstruction that became observable for the prior period further intensifies. Accounts referring to “moral” or “business case” justifications for dealing with code of conduct now constitute 70 percent of all accounts brought forward and thus finally seem to have displaced “pressure” arguments as the dominant justification. Every other business media text now refuses to provide any kind of account for dealing with codes of conduct, pointing to an increasing anticipated awareness of authors that their readership is well aware of the topic’s relevance. Finally, articles dealing with codes of conduct are increasingly connected to prominent discourses on topics such as CSR and sustainability.

The intensification of this discursive shift that emerged in the prior period corresponds to and provides an explanation for the significant change in material diffusion patterns of the BSCI

code of conduct during this last period. In line with my theoretical propositions, (1) the replacement of explanatory accounts referring to external public pressures by accounts pointing to the industry's moral obligations and codes of conduct as a "business case", (2) the increasing refusal of media articles to provide any kind of explanatory account and (3) the connection of discourses on codes of conduct to other well-established discourses seems to be – although with a certain time-lag – an important precondition for the attraction of these new (previously uninterested) adopters.<sup>5</sup> At least, as my analysis shows, the acutely hesitant adoption behavior within the first years only turned into a rapid diffusion and the emergence of new classes of adopters after a time consuming process of discursive meaning reconstruction which contributed to obscuring the initial reasons for practice creation, to circulate new reasons for adoption which resonated with the needs of previously uninterested organizations and to reveal that codes of conduct are increasingly gaining ground as an established organizational practice within the field.

#### ***2.4.4 Integration of results across time periods***

The goal of this study was to gain a deeper understanding for the role of meaning (re)construction processes in the diffusion of codes of conduct. In line with prior conceptual work, I thereby started with the theoretical proposition that the way business media construct the meaning of codes of conduct should influence patterns of its material diffusion. More specifically, I argued that by (re)constructing explanatory accounts and frames of reference, business media reporting should be both able to hamper and to accelerate code diffusion across different parts of an organizational field.

---

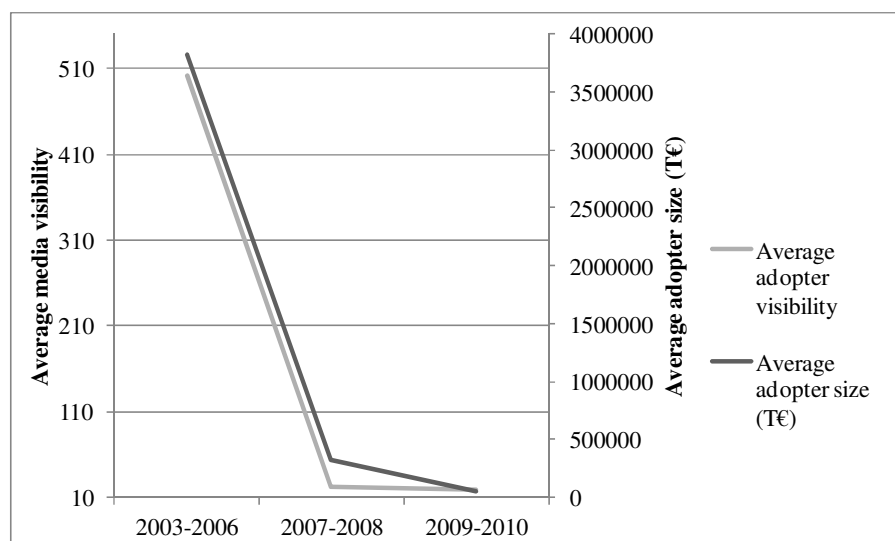
<sup>5</sup> It could also be argued that the decreasing importance of accounts referring to external pressure results from a shift in NGO activities from campaigning to cooperation. For the period under study, this argument does not seem to hold because there are no indications of decreasing campaigning activities by the CCC and the very few cooperation projects that have been undertaken between the CCC and private firms (especially between Puma and the CCC) were mostly abandoned premature.



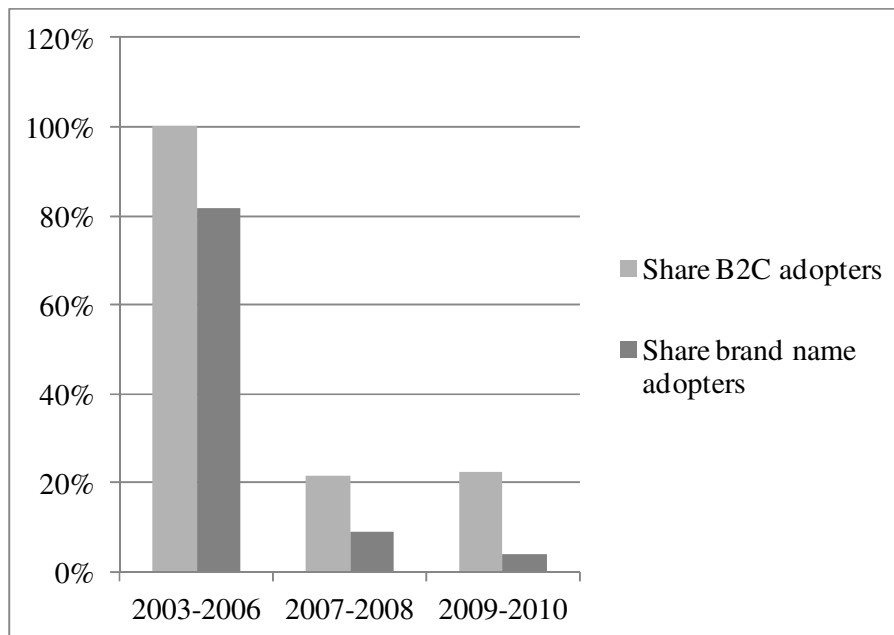
My core results can be summarized as follows: My *event history analysis* shows that the emergence of codes of conduct was triggered by both intense campaigning activities of NGOs and considerations concerning the development of binding standards on the WTO and EU-level. While respective initiatives failed around the turn of the millennium, NGO campaigns accompanied the whole diffusion process between 1997 and 2010, but where almost exclusively targeted at large brand name firms. After a phase in which companies mostly developed individual codes of conduct in order to react to campaigns, the standardized BSCI code of conduct was developed by an industry association and single companies in 2003. Until 2010, this code of conduct became the by far most successful code within this field – at least with respect to membership numbers.

Nevertheless, as my *quantitative assessment of BSCI adoption patterns* illustrates, the BSCI code went through a long phase of acutely slow diffusion after its emergence – between 2003 and 2006, only 11 companies adopted the code. This picture changed dramatically between 2007 and 2010, where 276 companies decided for adoption. My assessment of new adopters' characteristics over time thereby seems puzzling at first sight (see Figure 3, Figure 4).

**Figure 3: New adopters' average visibility and size across time periods**



**Figure 4: B2C and brand name adopters across time periods**



Although NGO campaigns were still exclusively targeted at large brand name firms and discussions around BSCI code of conduct evolved around more complex certification and monitoring mechanisms, rapid diffusion of the code in recent years was mainly caused by adoption of small companies with low media visibility that had not become subject to NGO campaigns.

The results of my *textual analysis of business media articles* contribute to clarifying this development. Over time, I thereby observe a process of discursive meaning reconstruction on three levels (compare Figure 5 and Figure 6):

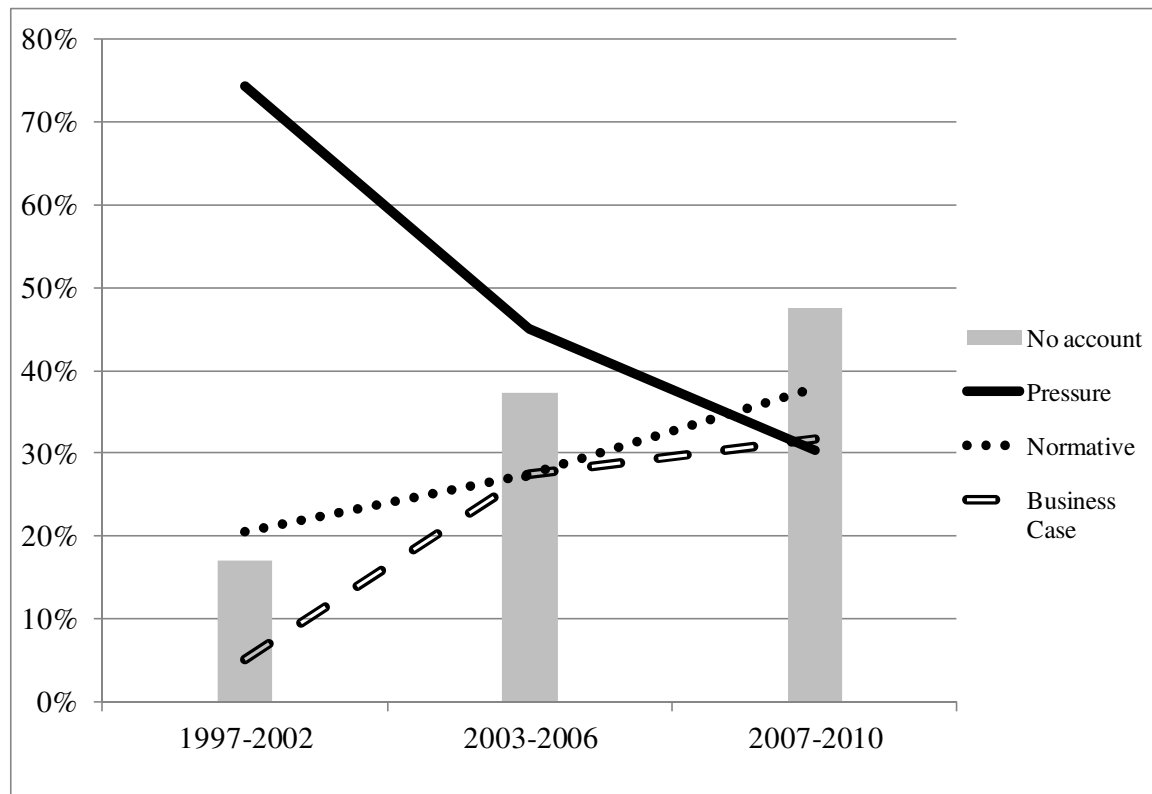
- (1) Arguments referring to external pressures (by NGOs or through upcoming binding standards) as a justification for dealing with codes of conduct were over time increasingly replaced by accounts that point to the moral responsibility of the industry and to potential positive economic consequences (business case) of code adoption. In contrast to justifications referring to external pressures, these newly created accounts potentially

resonated not only with large and highly visible brand name firms' demands and needs, but also with those of smaller, less visible firms.

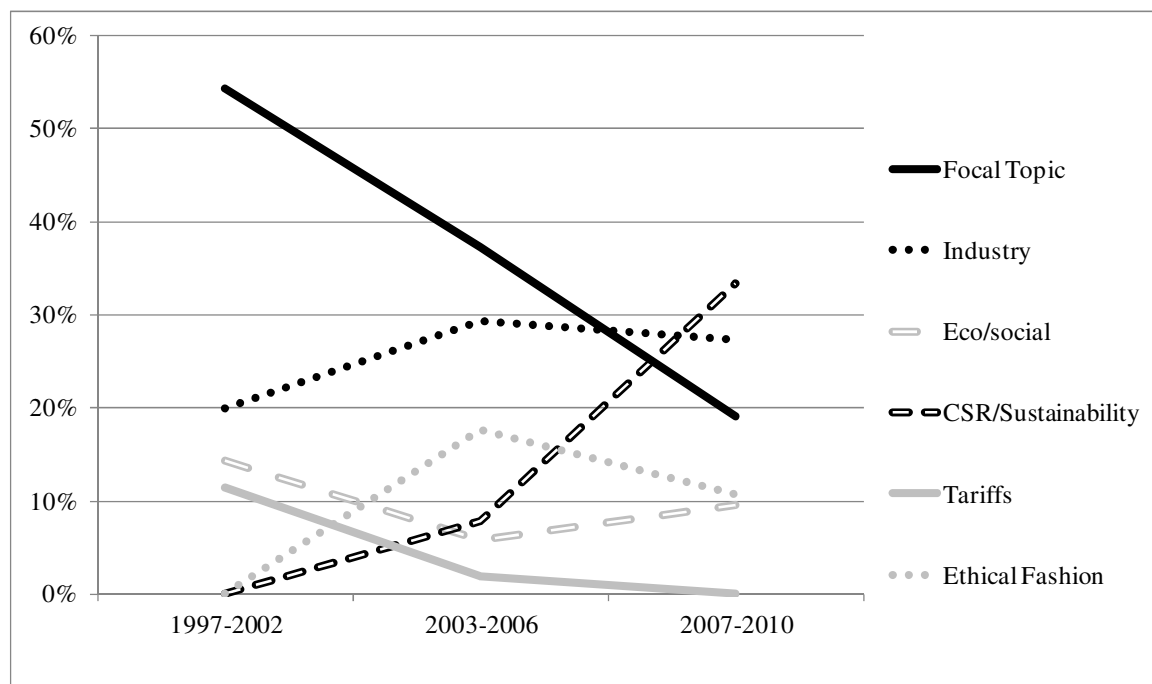
- (2) Authors of business media articles increasingly refuse to provide any kind of justification for why firms should start to deal with the topic – potentially anticipating that their readership is well aware of the importance of the topic. When actors increasingly assume that a justification of their actions within a social context is superfluous, this observation points to an increasing degree of cognitive institutionalization of those practices (Lamertz & Baum, 1998; Green, 2004). In combination with an increasing reporting intensity on the topic, this development contributes to evoking the impression among potential adopters that codes of conduct have become a well accepted, legitimate practice within the field and that ignoring the topic might yield negative social and/or economic consequences.
- (3) Articles dealing with codes of conduct increasingly become subject to frame extension activities, linking the topic of codes of conduct to more general (established) industry topics as well as other popular discourses on CSR and ethical fashion instead of discussing them as an isolated phenomenon. The expansion of frames of reference discussions around codes of conduct are embedded in per se increase the chances that respective articles reach a larger readership (Phillips, Lawrence, & Hardy, 2004). Additionally, through its increasing connection to larger discourses on CSR, sustainability and ethical fashion, the business media discourse on codes of conduct contributes to learning effects among potential adopters, for instance making clear that codes of conduct have the potential to constitute a viable component of a larger “CSR/sustainability (communication) strategy” or an economic opportunity in the growing ethical fashion market.

Taken together, these three meaning reconstruction processes on a discursive level should have

**Figure 5: Results of explanatory account analysis**



**Figure 6: Results of frames of reference analysis**



contributed to generating an understanding for codes of conduct among potential adopters that emphasizes the ‘fit’ of this practice not only for large, brand name firms but also for smaller, less visible and previously uninterested companies within the field. Combined with the results of my quantitative assessment of BSCI adopters between 2003 and 2010 it is striking to see that – in line with my theoretically derived propositions – the rapid material diffusion of this code of conduct in recent years among small and largely invisible firms only took off after the business media within the field had started to attach new meanings to this practice that resonate with the needs of this new class of previously uninterested adopters. This result can be seen as a strong indicator for the validity of my basic theoretical proposition that business media possess a prominent role when it comes to defining the meaning and worth of CSR practices in general and codes of conduct specifically and – most importantly – that indicators capturing changes in these meaning construction processes are systematically related to adoption decisions of firms.

## **2.5 Discussion**

Over the last decade, we have witnessed a rapid diffusion of corporate codes of conduct across and within varying industries and geographic areas. Current research that aims at understanding this phenomenon has mainly concentrated on identifying functional motives for the adoption of codes of conduct and thus the technical fit between practice and adopter characteristics. However, as we know from organizational diffusion theory, the decision to adopt an organizational practice is seldom solely driven by a matching of practice and organizational characteristics. Rather, diffusion has frequently been described as a highly interpretative process in which the socially constructed value of a diffusing organizational practice undergoes significant changes over time. In this view – irrespective of the technical fit between practice and adopter – potential adopters might only deem adoption as viable if a

certain consensus concerning the worth of a practice in their respective organizational field has been reached. This theoretical lens has so far only scarcely been applied in studies assessing the diffusion of codes of conduct specifically and CSR practices in general. Based on the findings of my case study assessing diffusion and meaning construction processes of codes of conduct in the German textile and apparel field, I am thus able to provide a number of contributions to different strands of existing literature that I outline in the following sections.

### **2.5.1 Contributions**

#### **2.5.1.1 Diffusion of codes of conduct**

First, I contribute to current research on the diffusion of codes of conduct as a specific phenomenon. Recent work by Long and Driscoll (2008) as well as Chua and Rahman (2011) has used institutional theory in order to conceptualize the emergence and diffusion of codes of conduct as a sequence of institutional pressures, followed by a developing consensus on the value of codes and wide adoption led by imitation. Although, with my empirical study, I am not able to sketch the complete conceptual models developed by the authors, my results provide – to my knowledge – the first empirical assessment of some of their implicit propositions, especially with regards to “capturing a temporal quality to this process” (Long & Driscoll, 2008, p. 186). My findings thereby support the theoretical proposition that codes of conduct mainly emerge as responses to external social pressures – coercive pressures in institutional theory terminology (DiMaggio & Powell, 1983). At the same time, I find support for the assumption that for their wider diffusion, a certain field level consensus concerning the value of codes of conduct for firms that are not affected by the initial social pressures, and thus normative pressures, have to develop. More specifically, I find that the meaning that business media attached to codes of conduct over time, stabilized around both moral and

business case justifications. Additionally, in my depiction of the meaning reconstruction process in business media, I found qualitative evidence that the observable shift in the way codes of conduct were rationalized was backed by early adopters within the field. This result suggests that adopting organizations themselves take a more active stance in the diffusion and eventual institutionalization process of codes of conduct than existing conceptual models in which adopters have often been described as rather passive respondents to external pressures (Wetterberg, 2007) would suggest. Ironically, this indicates that early adopters of codes of conduct might frequently start to translate the external societal pressure that induced them to adopt codes of conduct into field internal normative pressures for conformance. Prominent early adopters might thus not only passively influence code diffusion in later periods through the fact that other firms start to mimic their behavior (Chuah & Rahman, 2011; DiMaggio & Powell, 1983), but also through actively promoting codes of conduct.

In sum, these findings also raise intriguing questions concerning the sustainability of codes of conduct. The changing focus of discourses on codes of conduct I observe, on the one hand, seems to have the potential to resonate with the values and beliefs of a broad spectrum of firms within a field and by this means to motivate firms to adopt codes of conduct. On the other hand, this discursive shift also seems to imply that the focus of interest becomes increasingly detached from the very core of the problem codes of conduct in this field address – namely exploitative working conditions, child labor etc. As I have observed in the early periods of diffusion, the way these topics made their way into business media articles was often through reports on NGO campaigns and protests (classified as social pressures) which uncovered scandals in firms' global supply chains. The success of codes of conduct in terms of membership numbers we observe today may thus yield disputable consequences: While a growth in the number of western companies adopting codes might lead to improved working

conditions for a larger scope of production plants, the attachment of a “business case” logic to this practice might concurrently imply that codes become part of firms’ portfolio of other “regular” management practices – such as customer relationship management or balanced scorecard – especially for firms that do not face pressures by NGOs. It should thereby be kept in mind what we know from a long tradition of research in organizational theory: such management practices are frequently adopted and abandoned like regular short-lived fashions (Kieser, 1997; Abrahamson, 1996). Future work could examine this proposition on the consequences of an attachment of “not problem related” meanings to codes of conduct.

#### ***2.5.1.2 Diffusion of CSR practices***

In terms of broader contributions, my results speak to recent work on the role of business media in the development of CSR as a larger phenomenon. In a recent conceptual paper, Deephouse and Heugens (2009) have suggested that business media play a key role with respect to the adoption of social issues by organizations. They have thereby proposed that in their decision to adopt certain social issues, firms will be influenced by the intensity as well as content of media coverage, because media can be seen as doing the “cognitive ‘groundwork’ on which these participants base their decisions” (p. 546). This model has recently been taken up by Grafström and Windell (2011) in an empirical study on the way prominent business media report on CSR. Nevertheless, to my knowledge, we still lack empirical work that directly connects diachronically changing media coverage intensity and content on a CSR practice to actual patterns of its material diffusion. With my study, I am able to demonstrate that the basic proposition on a direct relationship between the way business media construct the meaning of CSR practices and adoption dynamics within organizational fields seems to hold.



In this regard, the results of my systematic assessment of business media content and adoption patterns additionally provide detailing insights on specific mechanisms meaning reconstruction processes potentially influencing the adoption of CSR practices are driven by. Besides assessing accounts brought forward for justifying the engagement with codes of conduct, which has been done in a similar vein by prior work (Grafström & Windell, 2011), I identified two further indicators that can be used when assessing processes of meaning reconstruction. First, In line with theoretical arguments on the relationship between language and processes of institutionalization (Green, 2004; Green, Li, & Nohria, 2009), I explicitly accounted for the *absence* of certain arguments. This assessment of what is *not said*, to *silences*, often recommended as one step within discourse analysis (Bauer & Gaskell, 2000), could provide important insights in assessments of discourses evolving around the diffusion of CSR practices. This study highlights that a thorough assessment of the meanings (e.g. strategic vs. ethical (Long & Driscoll, 2008)) that become attached to CSR practices *before* the perceived necessity to provide accounts ceases helps to understand which conceptions of corporate responsibility eventually gain a status of “taken for grantedness” within organizational fields or even whole societies. Second, my results demonstrate the importance of assessing how the connectedness or “interdiscursivity” (Phillips, Lawrence, & Hardy, 2004) of different discourses on CSR practices evolve over time. According to my findings, the chances for producers of discourses on certain CSR topics to gain attention – and more important – to evoke substantial reactions by affected organizations, seem to be positively related to their ability to connect “their” specific topic to larger, eventually more prominent discourses. Both aspects of meaning (re)construction processes evolving around the diffusion of CSR practices might thus represent interesting conceptual as well as empirical starting points for future research that aims at assessing and understanding factors predicting outcomes of discussions on appropriate levels of corporate responsibility.

### **2.5.1.3 Diffusion research**

Finally, my findings contribute to existing conceptual and empirical assessments of diffusion, especially from institutional theory. As has repeatedly been indicated by researchers like Strang and Meyer (1993), Strang and Soule (1998) and only recently Zilber (2008, p. 164), within this research a “conceptual as well as methodological dichotomy” exists between studies that assess diffusion as a material phenomenon (and thus concrete adoption patterns) and studies that assess meanings underlying diffusion (and thus mostly discourses). It has thereby been argued that studies that concentrate on assessing material diffusion from an institutional perspective (e.g. (Tolbert & Zucker, 1996)) are in fact often only able to speculate about changes in the meanings ascribed to the diffusing practice, although the theoretical explanations they employ suggest that substantive changes in the ascription of meaning have occurred and influenced diffusion (Green, Li, & Nohria, 2009; Strang & Meyer, 1993). Conversely, studies that concentrate on assessing processes of meaning (re)construction evolving around diffusing practices have been criticized for ignoring measurable material consequences of changes in ascribed meanings and thus “meaning in action” (Zilber, 2008, p. 164). Only a few conceptual studies within the last years have started to contribute to closing this research gap (e.g., Green (2004), Phillips, Lawrence and Hardy (2004)), resulting in calls to find “ways to bridge this conceptual as well as methodological dichotomy, and explore the interrelations between practices/structures and meanings” (Zilber, 2008, p. 164). The study at hand attempts to bridge this divide in diffusion research – both conceptually and empirically – and thus comprises both theoretical and methodological contributions.

Theoretically, I intended to bring together the two streams of research described above by formulating propositions that explicitly account for the understudied relationship between

meanings ascribed to organizational practices and patterns of their material diffusion. These propositions on the relationship between changes in explanatory accounts as well as frames of reference and patterns of material diffusion might thereby provide a conceptual starting point for future research that intends to conceptually bind together the two approaches to studying diffusion outlined above. Future work assessing material diffusion patterns might for example profit from complementing classical conceptual arguments and hypotheses from diffusion research – e.g. on the influence of social and spatial proximity or interlocking directorates (Strang & Soule, 1998) – by accounting for the parallel and potentially conflicting direct or indirect effect of changes in meaning (re)construction by relevant media.

Such a combination of ‘classical’ arguments on predictors for practice adoption with propositions on the influence of changes in field level (media) discourses also represents a methodological challenge. I believe that my approach to quantifying changes in meaning (re)construction might thereby contribute to bridging the gap between research on material versus discursive processes of diffusion, because it facilitates attempts to integrate both views using one conceptual and eventually even formal diffusion model (e.g. the one provided by Strang and Tuma (1993)). Such a methodological integration could help to account for competing “adopter-centric” (Strang & Soule, 1998, p. 268) and cultural explanations for diffusion in one empirical setting. The methodological approach to identifying, quantifying and interpreting changes in media meaning construction based on definable indicators (content and relative frequency of explanatory accounts as well as frames of reference) developed in this paper might thereby serve as a first blueprint for studies assessing similar phenomena in other fields or with respect to other practices.

### ***2.5.2 Limitations and conclusion***

The presented results are constrained in their explanatory power in at least two ways. First, by analyzing solely publicly available discourses the study is not able to assess the – potentially differing – discourses evolving around the codes of conduct taking place via non public communication channels. Thus, especially intra-field mechanisms like lobbying, power struggles or individual agreements between actors operating “underneath the surface” which could provide additional insights with respect to the research question were not taken into consideration. Second, the methodological layout of my study as a case study implies certain limitations in terms of the generalization of my implications. Our study is located in a European institutional context that has been described to differ from, for instance, Anglo-American contexts in terms of the role of governmental influences. As I have outlined, the standardized BSCI code of conduct has, at its emergence, been indirectly supported by a governmental organization (the former GTZ). Indirect governmental support can have created some kind of ‘baseline legitimacy’ for this practice that we might not find in other institutional contexts such as the United States. Comparative case studies could clarify whether this idiosyncratic feature of my case might imply specific limits in terms of generalization.

In spite of these limitations, my study contributes to generating a deeper understanding for the establishment of systems of private self-regulation specifically and CSR practices in general. Taken together, my findings emphasize the usefulness of supplementing existing explanations for the emergence and diffusion of CSR practices with conceptual arguments from organizational diffusion theory. My findings highlight that in order to explain the recent spread of practices relating to the social responsibility of profit oriented firms, it is necessary to assess and understand the underlying cultural processes through which individual and

organizational actors come to accept certain ideas about the relationship between corporations and society as a social reality (Gond & Palazzo, 2008). Interest-driven actors thereby partake in a “cultural struggle” (Hoffman & Ocasio, 2001, p. 414) and by this means influence how corresponding ideas develop. Although such ways of exercising influence by certain societal groups are more subtle and harder to decipher than direct power driven interventions, they might yield considerable societal impacts (Berger & Luckmann, 1966). The results of my study help to understand the way media as social actors partake in shaping a socially constructed reality in which certain practices and underlying ideas about the relationship between societal and corporate sectors can establish and ‘stick’ while others are sorted out.

## 2.6 Appendix for chapter 2

### Appendix 1: Issue Markers

(bsci OR ave OR (code\* I/2 conduct) OR sozialstandard\* OR arbeitsbedingungen OR (dritte\* I/1 welt) OR (3. I/1 welt) OR ngo OR nro OR nongovernmental OR NOTregierungs\* OR ccc OR (clean AND clothes AND campaign) OR (kampagne AND für AND saubere AND kleidung) OR (selbstverpflichtung\* AND freiwillig\*) OR (ilo NOT ifw@ilo.de) OR sai OR sa8000 OR socam OR (business AND social AND compliance) OR kodex OR verhaltenskodex OR kernarbeitsnorm\*)

### Appendix 2: Example for category “account” [pressure]

**Please note:** The examples of coded texts and text units in appendices 2-6 are presented in their original German form, in order to guarantee for a genuine presentation of coded material. English translations of respective text examples can – on request – be provided by the authors.

TextilWirtschaft  
2. August 2001

**Einkauf: Kinder- und Zwangsarbeit ausschliessen; BTE-Order-Aufkleber**

RUBRIK: Pg. 30  
LÄNGE: 302 words

**Topic:**  
Report on a call by an industry association for prompting compliance to social standards vis a vis their suppliers.

**Text:**  
Explicit warnings that ignoring the topic may result in negative media attention and activist' campaigns.

Vor allem in der sommerlichen Saure-Gurken-Zeit berichten die Medien immer wieder gerne ueber "Kinder- und Zwangsarbeit bei Lieferanten aus Drittweltlaendern". Auch die Textilbranche steht dann regelmaessig am Pranger. Dass Kinder- und Zwangsarbeit kein Problem allein der selbst importierenden Grossbetriebe des Handels ist, beweisen einzelne Aktionen in der Vergangenheit, bei denen auch mittelstaendische Textilfachgeschaeft von Aktivisten **gefordert** wurden zu belegen, dass die von ihnen verkaufte Ware nicht von Kindern oder unter Zwang hergestellt wurde. Vor diesem Hintergrund hat das Praesidium des BTE im letzten Jahr einstimmig eine "Erklaerung betreffend Beschaffungs- und Verhaltensregeln zur Gewaehrleistung von **Sozialstandards**" der Aussenhandelsvereinigung des Deutschen Einzelhandels (AHE) befuertwortet. Darin ist bei Nicht-Einhaltung der Vorgaben die Beendung der Geschäftsbeziehung mit dem Lieferanten vorgesehen. Die wichtigsten Punkte sind im Internet unter [www.bte.de](http://www.bte.de) (Stichwort Fachthemen) aufgefuehrt.

BTE-Empfehlung: Auch der mittelstaendische Textileinzelhandel sollte sich rechtzeitig im Rahmen seiner Moeglichkeiten mit diesem Thema auseinander setzen, um Kundenfragen wirksam begegnen zu koennen und unnoetigen Aerger zu vermeiden. Lassen Sie sich dazu von Ihren Lieferanten schriftlich bestaetigen, dass die Ware nicht durch ausbeuterische Kinder- oder Zwangsarbeit hergestellt worden ist.

Hinweis: Der BTE-Order-Aufkleber fuehrt die zentrale Forderung in vier Sprachen auf. Er kann bestellt werden beim ITE-Verlag, Postfach 29 02 63, 50524 Koeln, Fax: 0221/92 15 09 10, E-Mail: [itebestellungen@bte.de](mailto:itebestellungen@bte.de). Staffelpreise: 100 Stueck 20 DM, 500 Stueck 60 DM, 1000 Stueck 100 DM, jeweils zzgl. Versand und MwSt...

UPDATE: August 21, 2001  
SPRACHE: GERMAN; DEUTSCH  
GRAFIK: 1 Foto  
PUBLIKATION-TYP: Magazine

### Appendix 3: Example for category „no account”

<p>TextilWirtschaft</p> <p>4. Mai 2006</p> <p><b>Fair&amp;Human setzt auf Sozialstandard; Gewerkschaftliche Zusammenschlüsse als Voraussetzung</b></p> <p>AUTOR: Kern, Jana</p> <p>RUBRIK: Business Industrie; S. 42</p> <p>LÄNGE: 164 words</p> <p>"Wir unterstützen Firmen darin, humane <b>Arbeitsbedingungen</b> in ihrem eigenen Unternehmen und bei den Zulieferern im Ausland sicher zu stellen", so beschreibt Managing Director Gerhard Schaeuble die Arbeit seiner neu gegründeten Fair&amp;Human AG in Herbolzheim.</p> <p>Um dies zu gewährleisten, hat die Fair&amp;Human AG unter dem gleichen Namen einen neuen <b>Sozialstandard</b> entwickelt. Unternehmen, die sich nach Fair&amp;Human zertifizieren lassen, erfüllen die Richtlinien des Standards <b>SA8000</b>, darüber hinaus werden sie einmal jährlich durch eine aussenstehende Kontrollinstanz auf menschenwürdige <b>Arbeitsbedingungen</b> überprüft.</p> <p>Fair&amp;Human legt grossen Wert darauf, dass in Unternehmen gewerkschaftliche Zusammenschlüsse existieren. Häufig seien diese aber in Ländern wie China oder Indien nicht vorhanden. Deshalb hat Fair&amp;Human ein Ombudssystem entwickelt: Mitarbeiter wählen Vertrauensleute vor Ort, die in regelmässigen Abständen an die Herbolzheimer berichten. jk</p> <p>UPDATE: 18. Mai 2006</p>	<p>Topic:</p> <p>Report on a startup that offers support (e.g. a code of conduct) for firms that aim at improving working conditions.</p> <p>Text:</p> <p>Background information without explanatory accounts. No consideration of why it could be advantageous for firms to adopt the standard.</p>
--	--

### Appendix 4: Example focal topic frame

<p>TextilWirtschaft</p> <p>20. Oktober 1997</p> <p><b>Sozialstandards: Vorwürfe gegen deutsche Konzerne</b></p> <p>AUTOR: ba</p> <p>RUBRIK: Diese Woche; Pg. 8</p> <p>LÄNGE: 453 words</p> <p>Frankfurt Massive Vorwürfe gegen Handels- und Industrieunternehmen der Branche erhebt die Menschenrechtsorganisation Suedwind auf der Grundlage einer Studie über die <b>Arbeitsbedingungen</b> in der chinesischen und philippinischen Bekleidungsindustrie. Neufügloche, extreme Arbeitszeiten, Kinderarbeit und eine starke Vernachlässigung von Sicherheits- und Gesundheitsmassnahmen sind unter anderem die Vorwürfe. Recherchiert wurde von Mitte 1996 bis Anfang 1997 bei 15 philippinischen und acht chinesischen Zulieferbetrieben deutscher Unternehmen namentlich genannt sind Otto, C&amp;A, Quelle, Karstadt, Tchibo, Klingel, Adidas und Triumph. "Ich bin doch etwas ueberrascht darüber, dass 15 von insgesamt 15220 philippinischen Zulieferbetrieben ein repraesentatives Bild abgeben sollen", so kommentiert ein Sprecher von Quelle. Mit der in der Suedwind-Studie angeprangerten Quelle Naeherei Camy Appa arbeite man seit einem Jahr nicht mehr. Um eine Stellungnahme zu den gegen sie erhobenen Vorwürfen gebeten, reagierte immerhin ein Grossteil der oben genannten Unternehmen prompt moeglichweise ein Zeichen dafuer, dass die Thematik, in den USA schon seit laengerem auf groesserer Flamme gekocht, auch hierzulande zunehmend fuer Nervositaet sorgt. "Ich finde es unerhoert, was die Leute von Suedwind sich erdreisten. Wir lassen lediglich in eigenen Betrieben in China und auf den Philippinen naehen, und ich wuerde mein Hand dafuer ins Feuer legen, dass die Gesetzgebungen der jeweiligen Laender befolgt werden", so Triumph-Geschaefsfuehrer Wolgar Spiesshofer. Auch Adidas, Otto und C&amp;A verweisen darauf, dass sie ihre Zuliefer-Firmen vertraglich auf <b>Sozialstandards</b> festnageln, d die Suedwind-Vorwürfe ausschliessen. Ein C&amp;A Sprecher verweist darauf, dass man speziell zur Kontrolle der vertraglich festgelegten <b>Sozialstandards</b> 1996 eine eigene Gesellschaft namens <b>Socam</b> gruendete habe. Direkt-Lieferanten, die nicht bereit waren, ihre gesamte Zulieferkette bis zur Naeherei offenzulegen, wurden ausgesiebt. Fuer eine unabhængige Organisation, die "wie ein TUEV" international einheitliche <b>Sozialstandards</b> in Textilbetrieben kontrolliert, macht sich auch der Otto stark. Auf die aktuellen Suedwind-Vorwürfe reagiert der Versender abwartend: "Wir muessen erst mal recherchieren. Angesichts unserer Geschaeftsbedingungen kann es sich jedoch nur u einen Fall aus der Vergangenheit handeln, bei dem ohne unser Wissen Subunternehmer eingeschaltet wurden." Auf das allgemein gros Interesse an dem Thema <b>Arbeitsbedingungen</b> koennen sich die Hamburger durchaus einen Reim machen: "Das Thema wird in der Branche instrumentalisiert, nicht zuletzt unter dem Gesichtspunkt eines neu erwachten Protektionismus."</p> <p>UPDATE: Oktober 31, 1997</p> <p>SPRACHE: GERMAN; DEUTSCH</p>	<p>Headline</p> <p>Introduction</p>
--	-------------------------------------

## Appendix 5: Example industry article frame

TextilWirtschaft	
13. Juni 2002	Headline
<b>Globale Marken, nationale Maerkte; 18. World Apparel Convention der IAF bot Zukunfts-Szenarien fuer die Branche</b>	
AUTOR: Ott, Martin	
RUBRIK: Business Industrie, Pg. 72	
LÄNGE: 844 words	
Introduction	
<p>"Die Kollektionen der italienischen Marke Gucci mit Firmensitz in den Niederlanden werden von einem Amerikaner kreiert, der in London lebt." Nicholas Coleridge glaubt fest daran, dass die Globalisierung der Modemarken weiter gehen wird. "Die Tendenz geht eindeutig in Richtung weniger, aber dafür immer grösserer Marken." Als Managing Director von Conde Nast Publications in London kennt Coleridge die internationalen Modemaerkte, denn der Verlag ist weltweit mit zahlreichen Mode- und Lifestyle-Magazinen präsent, darunter Vogue, Glamour und Vanity Fair.</p> <p>Nationale Unterschiede. Andererseits kennt der 45-Jährige, der bei der 18. World Apparel Convention der International Apparel Federation (IAF) im Amsterdam referierte, auch die Besonderheiten nationaler Maerkte. Denn Coleridge fungiert seit zwei Jahren zusätzlich als Chairman des British Fashion Council. Das ist aus deutscher Sicht zwar eine sehr ungewöhnliche Konstellation - etwa so, als wenn Hubert Burda gleichzeitig Hauptgeschäftsführer des BBI wäre - aber es prädestiniert Coleridge für eine Prognose über die Entwicklung der Mode auf den nationalen und internationalen Märkten. Seine Meinung: "Die Modemarken werden immer globaler, aber die Märkte bleiben national." Wenn er und sein Verlag nicht dieser Überzeugung wären, müsste Conde Nast ja nicht für jedes Land eine eigene Vogue produzieren. "Was wir dann sparen könnten." Aber die Erfahrung zeige eben, dass bei aller Globalisierung der Marken das Stilempfinden in den nationalen Märkten nach wie vor sehr unterschiedlich sei. So gebe es in Deutschland viele Marken-Fans, die sich gern von Kopf bis Fuss in Produkte des gleichen Labels kleiden. Das sei in England ganz anders: "Bei uns trägt keiner komplette Outfits von Prada oder Gucci. Engländer lieben den Mix aus verschiedenen Marken." Erfolg werden laut Coleridge in der Zukunft vor allem die Marken haben, die ein globales Marketing mit auf nationale Bedürfnisse zugeschnittenen Produkten verbinden.</p> <p>Wo diese Produkte künftig gefertigt werden, stand im Mittelpunkt des Referats von Prof. Gary Gereffi von der Duke University in Durham, USA. Er ist überzeugt, dass sich spätestens nach dem endgültigen Wegfall der Quoten und der meisten Zölle im Jahr 2005 dramatische Veränderungen in der weltweiten Bekleidungs-Produktion vollziehen werden. "Das globale Sourcing für die Fertigung von Bekleidung wird sich dann auf wenige grosse Länder mit niedrigem Lohnniveau konzentrieren." China und Hongkong werden dabei eine dominante Position in der globalen Mode-Fertigung haben, ist Gereffi überzeugt. Er glaubt, dass die weitere Entwicklung der Informations- und Kommunikations-Technologie grosse Möglichkeiten eröffnen wird - und zwar sowohl in der Vereinfachung der Produktions-Abläufe (B2B) als auch auf der Absatzseite (B2C). Ähnlich wie Coleridge sieht auch Gereffi eine weitere Konzentration des internationalen Mode-Geschäfts auf einige global agierende Marken.</p> <p>Sozialer Druck. Allerdings mache die weltweite Präsenz ein Label auch anfälliger für Kritik, warnt der auf Marken-Marketing spezialisierte Professor. Zahlreiche Beispiele der jüngeren Vergangenheit zeigten, dass die Konsumenten zunehmend sensibler auf Berichte über Sweat-Shops und menschenunwürdige Bedingungen in Fertigungsstätten reagierten. Der Druck auf die Marken in Richtung "saubere Produktion" wachse ständig. Deshalb werde es für die Anbieter immer wichtiger, sich durch Codes of Conduct und Kontrolle der Fertigung gegenüber solchen Angriffen zu wappnen.</p>	
Martin Ott	
IAF	

Codes of conduct



## Appendix 6: Example CSR/sustainability frame

TextilWirtschaft

8. November 2007

Headline

### "Die Leute gehen nicht einkaufen, um die Welt zu retten"; TW-Round-Table zum Thema Corporate **Social** Responsibility (CSR)

AUTOR: Nowicki, Jörg; Kern, Jana

RUBRIK: **BUSINESS**; S. 36; Ausg. 45

LÄNGE: 3758 Wörter

Introduction

TW: Das Thema Nachhaltigkeit gewinnt immer mehr an Bedeutung. Handelt es sich dabei um einen kurzfristigen Trend oder um eine langfristige Entwicklung?

Heimann: Vielleicht sollte man erstmal darauf hinweisen, dass es Mitte der 90er in der Mode ja schon mal eine Öko-Bewegung gegeben hat. Ich glaube heute, dass die Zeit damals noch nicht reif war. Es gab sehr wenig Bio-Baumwolle und noch jede Menge Optimierungsbefehl in der Veredlung.

Lohrie: Wenn ich an die Öko-Textilien der vergangenen Tage zurück denke, erinnere ich mich auch daran, dass der Müsli-Look bei den meisten Kunden nicht ankam. Ökomode muss in jeder Hinsicht ansprechend sein. Das gibt der Stand der Technik heute auch her.

Overath: Man muss sich eines ganz klar vor Augen führen: Die Leute gehen nicht einkaufen, um die Welt zu retten. Das ist im Modebereich noch stärker ausgeprägt als beim Kaffee.

Wenn es in den 90ern nicht geklappt hat, warum sollte es jetzt anders sein?

Hoendervangers: Jetzt sind wir bei C&A dreizehn Jahre weiter. Das Bewusstsein hat sich geändert. Der Verbraucher ist mündiger geworden und interessiert sich viel mehr für den Bereich Corporate **Social** Responsibility als früher. Es gibt Nachfrage und sie wird sich weiter steigern.

...

Codes of conduct

Damit wären wir beim Thema **Arbeitsbedingungen** und **Sozialstandards**. Auf diesem Feld sind Sie ja sicherlich auch alle unterwegs.

Hoendervangers: Da ist ein großer Prozess im Gange. ~~Am Anfang waren wir~~ noch recht einsam, heute haben sämtliche Unternehmen nicht nur einen **Code of Conduct**, sondern führen auch Überprüfungen durch. Nach der Kontrolle kommt dann die Korrektur. Hier sollte man Hilfestellung leisten, damit die Lieferanten wissen, wie es geht. Das ist möglicherweise eine Ausbildung oder ein Training zur Bewusstseinsbildung. Es gibt immer noch Produktionsbedingungen, die nicht akzeptabel sind, aber es gibt auch immer mehr Unternehmen, die sehen, dass wir hier eine Verbesserung hinkriegen müssen.

Nicht akzeptable **Arbeitsbedingungen** kommen letztlich durch den Preisdruck in der Branche zustande. Daran sind Sie alle nicht ganz unbeteiligt.

Overath: Das Bewusstsein ist gestiegen, die **Sozialstandards** sind gestiegen, aber der Preisdruck in der Branche ist noch enorm. Und das ist weiterhin der Grund für die Verwerfungen, die wir in der langen Produktionskette haben. Insofern ist die Entwicklung von **Sozialstandards** ein Tool, aber noch nicht die Lösung.

Heimann: Wenn ein Einkäufer einen extrem sportlichen Ehrgeiz entwickelt, das billigste T-Shirt auf der Welt zu entwickeln, dann wird das irgendwo in Bangladesch genäht, von einer Dame, die für 12 Dollar im Monat 70 oder 80 Stunden die Woche arbeitet. Bewusstsein muss auf allen Stufen entlang der Wertschöpfungskette entstehen.

Kann man überhaupt jemals die volle Kontrolle haben?

Streubig: Es gibt keine 100-prozentige Garantie, denn man ist vor persönlichem Versagen Einzelner - wie hier im Fall des Lieferanten - nie geschützt. Entscheidend ist es, beständig und konsequent und vor allem branchenübergreifend an einer weiteren Optimierung der Wertschöpfungskette im Hinblick auf Umwelt- und **Sozialstandards** zu arbeiten. Die **Business Social Compliance Initiative (BSCI)**, in der wir sehr aktiv mitarbeiten, ist ein gutes Beispiel hierfür. Es gibt sicherlich auch viele andere gute Standards und gute Modelle, die am Ende ungefähr das gleiche Ziel haben.

...

## Appendix 7: German companies that became subject to campaigns by the Clean Clothes Campaign

Company	Top 100 suppliers and retailers*	CCC Campaigns**														Campaign years
		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Adidas	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	14
Puma	x				x	x	x	x	x	x	x	x	x	x	x	11
Karstadt/Arcandor	x	x			x	x	x	x	x	x	x	x	x			10
Otto GmbH	x	x	x	x		x	x	x		x			x			8
H&M	x		x			x		x	x	x	x					6
C&A	x	x	x	x				x					x			5
Tchibo	x	x							x	x	x	x				5
Steilmann				x					x	x	x	x				5
Aldi	x									x		x	x	x	x	5
Zara (Inditex)	x								x	x	x	x				4
Lidl	x									x			x	x	x	4
Metro	x							x						x	x	3
Triumph		x													x	2
New Yorker	x										x	x				2
KiK (Tengelmann)	x												x	x		2
Klingel	x	x														1
Hertie (Karstadt)	x				x											1
Wehmeyer (Adler)	x				x											1
Globetrotter						x										1
Tom Tailor	x							x								1
S.Oliver	x							x								1
Olsen	x							x								1
Lerros	x							x								1
Jack Wolfskin															x	1

\* Indicates whether the company belongs to the top 100 German textile and apparel retailers and suppliers (compare appendix 6)

\*\* Indicates whether the company name has been mentioned in a report by the German division of the Clean Clothes Campaign within the given year (archival material from <http://www.saubere-kleidung.de>)

# Appendix 8: Code of conduct adoption by the 100 largest apparel suppliers and retailers in 2010

Apparel Suppliers				Retailers			
Nr.	Name	Revenue 2010 (Mill. €)	Code of Conduct*	Nr.	Name	Revenue 2010 (Mill. €)	Code of Conduct*
1	Adidas Group	5.380	FLA	1	Otto	4.158	BSCI
2	Esprit	3.018	BSCI	2	H&M	3.211	FLA
3	Hugo Boss	1.729	CoC	3	C&A	3.011	ETI
4	Multiline Textil	1.328	BSCI	4	Metro	2.418	BSCI
5	S.Oliver Group	827	FLA	5	Karstadt	1.973	BSCI
6	Puma	941	FLA	6	P&C Düsseldorf	1.334	BSCI
7	Miro Radici Gruppe	840	BSCI	7	Tengelmann	1.195	CoC
8	CBR Fashion	710		8	Lidl	1.049	BSCI
9	Gerry Weber	622	BSCI	9	Aldi-Gruppe	1.034	BSCI
10	JCK Holding	464	BSCI	10	Tchibo	945	ETI
11	Holy-Gruppe	400	BSCI	11	Esprit	915	BSCI
12	Tom Tailor	348	BSCI	12	Ernsting's Family	845	BSCI
13	Marc O'Polo	315	BSCI	13	Takko	738	VFI
14	Escada	280		14	Primondo	730	
15	Brax/Leineweber	258	BSCI	15	New Yorker	689	
16	Ahlers Gruppe	251		16	Klingel	546	
17	Gelco	245		17	NKD	483	VFI
18	Mac Mode	241	CoC	18	Inditex	467	ETI
19	Sahinler Group Europe	240		19	Breuninger	437	
20	Falke-Gruppe	230	BSCI	20	P&C Hamburg	435	BSCI
21	Bugatti Holding	210	CoC	21	Adler	433	BSCI
22	Winter Holding	210	CoC	22	Dänisches Bettenlager	427	
23	Seidensticker-Gruppe	202	BSCI	23	Wöhrle	346	
24	Willy Bogner	194	CoC	24	Vögele	327	BSCI
25	Dr. Rehfeld Holding	191	VFI	25	SinnLeffers	325	
26	Marc Cain	185	CoC	26	Rewe	318	BSCI
27	Basler Fashion	170		27	Bonita	312	
28	Olymp	142	BSCI	28	Neckermann.de	311	BSCI
29	Schiesser Group	142	CoC	29	Ikea	302	CoC
30	Schmidt-Gruppe	135	BSCI	30	QVC	300	
31	Miles Fashion	126	BSCI	31	AWG	295	CoC
32	Ospig	125	VFI	32	Walbusch	276	
33	Mustang-Gruppe	118	VFI	33	S. Oliver	252	FLA
34	Olsen	117	BSCI	34	Bader	240	
35	Lebek	110		35	TK Maxx	230	CoC
36	Topaz	107		36	Görgens	227	
37	Gardeur	96	CoC	37	K&L Ruppert	221	CoC
38	Eterna	96		38	Poco-Domäne	220	
39	LE-GO	95		39	Anson's	205	
40	Büttel	92	CoC	40	Edeka	192	BSCI
41	Lerros	90	VFI	41	Tristyle	188	
42	Schöffel	84	CoC	42	Orsay	180	CoC
43	Anita	84		43	Hirmer	173	
44	Hauber-Gruppe	77		44	Ulla Popken	162	BSCI
45	V. Fraas	75		45	Gerry Weber	162	BSCI
46	Rabe Moden	72		46	Strauss Innovation	158	CoC
47	Frankenwälder	70		47	Engelhorn	157	
48	Miltenberger	70		48	HSE24	152	
49	Strenesse	69		49	Jeans Fritz	151	
50	Mey	67		50	MisterLady	148	VFI
	Sum		32				31
	Percent		64%				62%

\* CoC = company individual code of conduct

Sources: <http://www.twnetwork.de> [5.1.10]; [www.bsci-eu.com](http://www.bsci-eu.com); company websites

### **3 THE DIFFUSION OF MODERN MANAGEMENT PRACTICES AMONG SMALL AND MEDIUM SIZED ENTERPRISES IN GERMANY<sup>6</sup>**

#### **3.1 Introduction**

Within the past decades, a number of management practices such as Business Process Reengineering, Balanced Scorecard, Corporate Social Responsibility, Lean Management or Shareholder Value Management have widely diffused among organizations (Rigby & Bilodeau, 2007; 2010). At the same time, an increasing amount of scientific work has been devoted to this phenomenon (Süß, 2009a; Kieser, 1997; Abrahamson, 1996). Existing studies assessing the diffusion of modern management practices thereby mostly concentrate on large corporations (Süß & Kleiner, 2008; Abrahamson & Fairchild, 1999; Fiss & Zajac, 2004; Fligstein, 1985), not at least because larger companies frequently represent early adopters of respective practices (Davies, 1979). What is frequently neglected in view of existing research is the fact that – in the course of their diffusion – management practices increasingly gain ground among small and medium-sized enterprises (SMEs) (Larson, Gobeli, & Clifford, 1991; Ghobadian & Galleary, 1995; Lay, Schat, & Jäger, 2009).

The few existing studies assessing diffusion of management practices among SME frequently do so by applying a comparative lens: When assessing the diffusion of management practices, adoption behavior of large corporations is compared to adoption behavior of SMEs and the findings show that (comparatively) few SME adopt a (comparatively) few number of modern management practices and they mostly do so significantly later than large firms (Khalifa & Davison, 2006; Voss, Blackmon, Cagliano, Hanson, & Wilson, 1998; Lay, Schat, & Jäger,

---

<sup>6</sup> This chapter represents joint work with Dominika Wruk, Stefan Huppertz, Achim Oberg and Michael Woywode. The first author (Florian Scheiber) contributed more than 50 percent. A prior version of this paper in German language has been published in a special issue on “Management of SME” in the journal “Zeitschrift für Betriebswirtschaft” (Springer Verlag) in March 2012. The original publication is available at [www.springerlink.com](http://www.springerlink.com).

2009). The question why considerable differences with respect to adoption behavior of modern management practices *within* the group of SMEs exist can thus not be answered based on existing studies because of their mostly comparative scientific objective.

Besides their comparative orientation, the existing studies just mentioned have mostly employed the argument that SME's limited resource endowment represents the central explanatory factor the (non-)adoption of modern management practices. From this *resource based view* it has been argued that, on the one hand, adoption of modern management practices represents a highly resource intensive task (e.g. monetary, temporal, knowledge) and is thus not considered by the majority of SMEs because of economically driven reasons (Rodwell & Shadur, 1997). On the other hand, it has been argued that modern management practices frequently provide solutions to organizational problems that precisely result from an increasing organizational complexity which in turn results from an increasing company size (Kieser & Walgenbach, 2008). Accordingly, work from this resource based view explicitly or implicitly indicates that among SMEs there is simply no need to consider modern management practices, because of a lacking fit between practice and adopter and thus limited intrinsic adoption propensities.

Nevertheless, this resource based view on modern management practices neglects a number of important aspects. Existing research from organizational sociology has convincingly shown that adoption behavior of organizations is – irrespective of their resource endowment – significantly influenced by their embedment in different social environments (Strang & Soule, 1998): On the one hand, organizations are confronted with expectations concerning rational and appropriate management which stem from these environments and which can – at least partly – be met by adopting modern management practices (Meyer & Rowan, 1977). On the other hand, these environments provide organizations with possibilities for acquiring

knowledge and know how, also with regards to modern management practices (Yli-Renko, Autio, & Sapienza, 2001). In this theoretical view, the likelihood of adopting a modern management practice thus increases – irrespective of an organizations internal resource endowment – with the existence of specific expectations and the availability of relevant knowledge and know-how within an organizations social environment. In support of this theoretical view, Nooteboom (1994) has argued that when assessing diffusion and adoption of (administrative) innovations among SMEs, especially those theoretical approaches should provide additional explanatory power which – besides a mere resource based assessment – account for the social environments organizations are embedded in.

In this paper, we combine both theoretical perspectives just outlined – resource based and social embedment – in order to develop a novel conceptualization which shall help to explain diffusion and adoption of modern management practices *among* SMEs. We thereby both assess which factors influence practice knowledge among SMEs and which factors help to explain practice implementation. By combining both theoretical viewpoints outlined above, we are thereby able to contribute to existing research on the diffusion and adoption of modern management practices among SMEs in a number of ways. In contrast to most existing work in this area, our model allows for compensation effects between resource endowment (intrinsic adoption propensity) and social embedment (relational influences). For instance, a limited resource endowment of a SME (e.g. with respect to executive's expert knowledge) might be compensated through available know-how available in a firm's external environment (e.g. existing contacts to industry associations or consultants). Furthermore, the model allows for explaining differences in adoption of modern management practices between SMEs that exhibit more or less identical resource endowments but which face differing expectations concerning rational and appropriate management from stakeholders in their relevant social environment (e.g. customers, competitors).

In order to test our theoretical model empirically, we employ data from an online survey among 272 executives of German SMEs from different industries. Executives were asked for their knowledge about and implementation of 22 modern management practices as well as central company characteristics (such as size, ownership, industry), embedment of the respective company in different local environments (e.g. membership in industry associations, commissioning of consultancies) and their exposure to global discourses on state of the art management knowledge (e.g. their consumption of management books). We test our theoretically derived expectations using multivariate statistical methods.

The remainder of this paper is structured as follows. After defining both SMEs and modern management practices as well as providing a review of existing research on the diffusion of modern management practices among SMEs, we proceed by developing our theoretical framework as well as testable hypotheses. In the subsequent sections, we present our data and methods in greater detail and provide empirical tests of our theoretical model. Finally, we discuss our conceptual model as well as the results of our empirical investigation in light of existing research.

## **3.2 Diffusion of modern management practices among SMEs**

### ***3.2.1 Definitions***

In view of existing research on the diffusion of management practices, a high number of partly varying definitions of the term management practice – often also termed management concept – exist (Süß, 2009b). In this paper, we will employ a definition following Süß (Süß, 2009b): According to Süß, management practices<sup>7</sup> can be defined as combinations of rules for

---

<sup>7</sup> We will use the term “management practice” throughout this paper since it is more established among English speaking researchers than the direct translation of the German term “Managementkonzept” which would be “management concept”.

solving management problems that are based on premises and assumptions of their developers and that are available to potential users in a codified form (e.g. books). Such rules for solving management problems are not necessarily scientifically substantiated. Rules can also be principles that have developed and established in day to day business operations and that have subsequently been codified in the form of applicable rules that are subsumed under a recognizable label. In the following, we will resort to management practices as codified and labeled knowledge objects that contain rules and symbols intended for advising decision makers in organizations on ways to organize the transformation of inputs into outputs (Süß, 2009b; Woywode, 2002; Sahlin & Wedlin, 2008). Following this definition, we do not only define well known practices such as Lean Management, Shareholder Value Management or Business Process Reengineering as management practices, but also practices like Joint Ventures (Child & Faulkner, 2005), Outsourcing (Contractor, Kumar, Kundu, & Pedersen, 2010) or Corporate Social Responsibility (Kotler & Lee, 2005).

Modern management practices thereby constitute a sub-class of all principally available management practices. In the following, we will denote those management practices as modern, which either currently or within the past years have gained an above average scope of dissemination among companies compared to other management practices that are or were available at the same point in time. As an empirical basis for such a classification of management practices with regards to their modernity, we will use a number of prominent studies on the global dissemination of management practices (Rigby, 2003; Rigby & Bilodeau, 2010).

With regards defining SMEs, we also find a high number of more or less popular qualitative and quantitative definitions. At the same time, it has been argued that the decision for an adequate definition and/or its modification in empirical studies should be guided by the



respective research question (Nooteboom, 1994). In order to guarantee for comparability of our results both in a national and international context, we will use a hybrid approach for defining SMEs. In order to guarantee for comparability, we initially follow the popular EU definition of small and medium size enterprises (Europäische Kommission, 2005). According to the EU definition, a medium sized enterprise engages less than 250 employees and generates a sales volume below 50 million Euros per year or has an annual balance of less than 43 million Euros. A small enterprise is defined as engaging less than 50 but more than 10 employees and which generates a sales volume or annual balance of not more than 10 million Euros and more than 2 million Euros. In our empirical analysis, we will gradually extend this definition (up to 1,000 employees) for a number of reasons. Our extension makes it possible to gather insights concerning observations that specifically hold for SME falling into the EU definition compared to larger companies and it guarantees the comparability of our results with studies from an international context (especially in the U.S.) in which we frequently find differing SME definitions (U.S. Small Business Administration, 2010). By using independent variables which correspond to classes in the EU definition (small, medium sized) in our empirical analysis, we are nevertheless able to control whether our results are applicable to firms that fall into the aforementioned EU SME definition and to compare their adoption behavior to the behavior of slightly larger firms.

### ***3.2.2 Existing research***

Existing research suggests that SMEs exhibit a hesitant adoption behavior with regards to modern management practices – both with respect to time of adoption and the number of adopted practices. Accordingly, it has frequently been shown empirically that a positive relationship exists between company size and implementation of modern management practices (Süß & Kleiner, 2008; Fligstein, 1985; 1990). In their empirical study among SMEs

from the manufacturing industry, Briscoe, Fawcett and Todd (2005) find that especially small firms experienced implementation of ISO 9000 quality management practices as challenging. Rodwell und Shadur (1997) demonstrate that among Australian SMEs in the IT-sector both human resource management and quality management practices were more widely diffused among medium sized companies than among small companies. Similar results exist with respect to practices such as Strategic Planning (Clark D. N., 1997; Frost, 2003), Just-In-Time (White, Pearson, & Wilson, 1999), project management (Larson, Gobeli, & Clifford, 1991) or Total Quality Management (Kuratko, Goodale, & Hornsby, 2001; Ghobadian & Gallear, 1995; Lay, Schat, & Jäger, 2009).

More recent studies find that – irrespective of company size – company specific capabilities for absorbing knowledge on administrative or technological innovations play a central role (Liao, Welsh, & Stoica, 2003). Spanos and Voudouris (2009) show that existing capabilities with respect to the optimal arrangement of administrative and decision making processes among Greek SMEs from the manufacturing sector played a crucial role for their decision (not) to adopt new production technologies. Kumar and Antony (2008) find that besides limited financial resources scarce implementation knowledge within companies constituted a major reason for the non-adoption of quality management practices among British SMEs. Nevertheless, taken together, existing research does not find that SMEs do not adopt modern management practices. Rather, existing research points to the fact that among SMEs a high heterogeneity of adoption behaviors can be observed (Clark D. N., 1997). At the same time, because existing empirical as well as conceptual work is mostly coined by a comparative character, we lack explanations for differences in adoption behavior among SMEs that exhibit an identical or similar (material or immaterial) resource endowment (Rogers, 2003; Nooteboom, 1994).

A recent study by Darnall et al. (2010) on the diffusion of sustainability practices represents a rare exception to this rule. The authors are able to demonstrate that not necessarily company size determines whether SMEs decide to adopt such practices but rather the intensity of environmental expectations they face. In a similar vein, Nooteboom (1994) has argued that understanding diffusion of innovations among SMEs presupposes assessing not only their resource endowments and capabilities, but also their social embedment, because deficits in resource endowments are frequently *compensated* through an employment of external knowledge and know-how which stems from the social environment (e.g. partner firms, customers, industry associations etc.) SMEs are embedded in. Existing research on the diffusion of management practices among SMEs has – as outlined above – mostly concentrated on theoretical arguments and empirical assessments which are concerned with SMEs internal resource endowment.

Nevertheless, already early work on diffusion organizational sociology has demonstrated that – irrespective of adopter characteristics and their fit with diffusing practices – relationships of adopters to actors from their social environment play a crucial role for the diffusion of innovative social practices. In their seminal study on the diffusion of hybrid corn, Ryan and Gross (1943) find that crucial drivers of diffusion were relationships between spatially adjacent farmers and merchants as well as the availability of sales information through radio broadcasting and farm journals. Similar results are reported by Coleman et al. (1966) in their study on the diffusion of new medicine among medical doctors. They identify media as well as existing relationships between doctors as central channels of diffusion. In a more recent study, Davis (1991) demonstrates that strategic decisions – among them the adoption of innovative management practices – are often made based on information that has been gathered through personal contacts and other kinds of social relations.

A further result from classical diffusion research, which has so far not been taken up by research on the diffusion of management practices among SME, stresses the importance of distinguishing between different types of practice adoption. Both Ryan and Gross (1943) and Coleman et al. (1966) differentiate between two types of adoption: knowledge and implementation. These studies demonstrate that diffusion patterns significantly differ, depending on the type of adoption that is assessed. While the acquisition of knowledge on innovations by potential adopters is frequently triggered by mass media, implementation decisions are strongly influenced by relational ties to actors in organizations' relevant social environments. Ryan and Gross (1943, p. 21) summarize this insight: *"The spread of knowledge and the spread of "conviction" are, analytically at least, distinct processes, and in this case have appeared to operate in part through different although complementary channels"*. Rogers (2003) makes a similar point when arguing that thoroughly understanding diffusion requires a differentiation between knowledge and implementation. In the style of Rogers' (2003) "innovation-decision process", we will conceptually and empirically differentiate between *knowledge of management practices* and *implementation of management practices*, which we define as follows:

*„**Knowledge** occurs when an individual (or other decision making unit) learns of the innovation's existence and gains some understanding of how it functions.  
[...]*

***Implementation** occurs when an individual (or other decision making unit) puts an innovation into use“ (Rogers, 2003, p. 20, italics added).*

In summary, these insights of existing research just presented allow for two conclusions: **First**, complementing existing theoretical arguments on the fit between organizational characteristics and diffusing management practices with insights on diffusion mechanisms from organizational sociology should enable us to gain more differentiated explanations for heterogeneity in management practice adoption behavior among SMEs compared to existing

research. **Second**, a differentiation between at least two types of adoption – namely knowledge and implementation – seems to be appropriate when it comes to understanding the social processes underlying the diffusion of management practices (Valente, 1993; Rogers, 2003).

### 3.3 Hypotheses development

As indicated above, prior studies have mostly developed explanations for the (non-)diffusion of management practices among SMEs that are based on classical arguments from business administration research on the fit between organizational characteristics of potential adopters and characteristics of the diffusing practice (Mohr, 1969; Rogers, 2003). From this *resource based view*, it has been argued that an organization will adopt a certain management practice, if both the resources and capabilities (e.g. material resources, management know how) as well as the necessity (e.g. dealing with organizational complexity) for adopting the practice are prevalent. At the same time, prior research from *organizational sociology* has emphasized the importance of understanding the embedment of organizations in their social environments for understanding adoption decisions. In the following, we will employ arguments from both streams of prior research in order to develop hypotheses on management practice adoption behavior of SMEs. The subsequent empirical test of these hypotheses will allow us to gain insights on the separate as well as combined explanatory strength of each theoretical position. In line with the prior section, we will thereby differentiate between hypothesized explanatory factors for knowledge (Hxa) and implementation (Hxb) of modern management practices among SMEs.

### **3.3.1 Resource endowment and necessity**

Implementation of modern management practices as well as other administrative innovations frequently involves high costs and risks (Teece, 1980) and absorbs significant parts of managerial time and attention (Ghobadian & Galleary, 1995). Larger companies – because of their equipment with financial and personnel resources – are typically better able to afford necessary resources and to absorb implementation risks (Briscoe, Fawcett, & Todd, 2005). Consequently, large companies represent the main target group for promoters of new organizational practices and should thus be better informed about the current supply of management practices compared to smaller companies (Abrahamson & Fairchild, 1999). Furthermore, many management practices, such as Customer Relationship Management, Business Intelligence or Enterprise Resource Planning, were created with the promise of practice promoters that they enable organizations to deal with the increasing complexity which follows from a growing organizational size – e.g. through growing amounts of delegation and specialization or the increasing demand for formal coordination instruments (Stern & Stalk, 1998; Hutchinson & Quintas, 2008; Pfohl, 1997). Management practices are thus often explicitly developed for larger organizations and their specific demands, indicating that they exhibit a higher a priori relevance and fit with characteristics of these firms. Accordingly, it has been shown that adoption of management practices by smaller companies often requires considerable amounts of adaption and translation of the respective practice to the local firm context (Czarniawska & Joerges, 1996). These extra costs for translation should be lower for larger companies. Larger companies should thus not only be better informed about modern management practices, but they should also exhibit a higher implementation propensity. Accordingly, we hypothesize:

*Hypothesis 1a: The larger a SME, the more modern management practices will be known in the executive board.*

*Hypothesis 1b: The larger a SME, the more modern management practices will be implemented in the company.*

Management practices frequently contain knowledge that has been gathered by management researchers (e.g. Shareholder Value Management (Rappaport, 1986)) and which – with a certain time lag – has become part of higher education at universities and business schools. Knowledge about modern management practices is thus often gained by executives through higher education and potentially influences their subsequent adoption behavior. As a study by Palmer et al. (1993) shows, executives which had obtained a MBA degree were central drivers for the diffusion of the multidivisional form among U.S. companies in the 1960ies. Especially among SMEs which are often strongly coined by their executives (Miller & Toulouse, 1986), we would thus expect that prior knowledge that has been acquired through higher education will heavily influence operations of the respective company. We thereby expect that executives who possess a higher education background in the area of business administration or economics should have learned about the existence as well as respective implementation strategies of a higher number of modern management practices than executives with a different educational background. We thus propose:

*Hypothesis 2a: In SMEs that are led by executives with a higher education background in business sciences, more modern management practices will be known among members of the executive board than in SMEs that are led by executives with a different educational background.*

*Hypothesis 2b: In SMEs that are led by executives with a higher education background in business sciences, more modern management practices will be implemented than in SMEs that are by executives with a different educational background.*

Yet another explanatory factor for managerial decisions in SMEs that has been identified by prior research is ownership structure, especially the question whether families or individuals hold considerable shares in the company. In this regard, it has been argued that a high amount of family ownership is often accompanied by a higher risk aversion among managers since

managerial decisions in family owned firms often heavily affect the (private) economic wellbeing of the company owners (Nooteboom, 1994). Implementing new management practices often presupposes radical changes of elementary firm structures and processes (Kieser & Walgenbach, 2008) and is this accompanied by higher risk than incremental changes and advancements of existing practices (Teece, 1980). Furthermore, a lower degree of formalization and professionalization of management has been documented for family owned firms – e.g. with respect to formal control mechanisms (Daily & Dollinger, 1992) – making the implementation of modern management practices among family owned firms less likely, since these modern management practices frequently represent highly formalized solutions to organizational problems (Kieser & Walgenbach, 2008). This lacking “fit” between modern management practices and family owned firms might also lead to a less active information gathering behavior with regards to new management knowledge of family owned firms’ executives compared to executives of non-family firms. Based on these arguments, we propose:

*Hypothesis 3a: The higher a SME’s ownership by families, the fewer modern management practices will be known among members of the executive board.*

*Hypothesis 3b: The higher a SME’s ownership by families, the fewer modern management practices will be implemented in the company.*

### **3.3.2 Embedment in relational environments and media consumption**

Diffusion research from organizational sociology emphasizes that organizations do not represent entities that can be reduced to characteristics such as size or ownership structures. Instead, theoretical approaches from organizational sociology emphasize that organizations operate in social environments in which certain beliefs about rational and appropriate organizational behavior exist (DiMaggio & Powell, 1983; Meyer & Rowan, 1977) and which constitute important sources for managerial knowledge and know-how (Yli-Renko, Autio, &



Sapienza, 2001). Within this area of research, three complementary approaches towards investigating the relationship between the social embedment of organizations and their propensity to adopt diffusing management practices have developed. In this view, organizations differ with regards to (1) the availability of role models and know-how, (2) the complexity of relevant environmental demands and with respect to (3) their access to arenas for modern management knowledge. In the following, these three complementary approaches are employed in order to derive testable hypotheses on the relationship between different aspects of social embedment and the propensity of SMEs to adopt modern management practices.

#### ***3.3.2.1 Availability of role-models and know-how***

Already early diffusion research has conceptualized diffusion as a process of social interaction. Ryan and Gross (1943) were able to show that farmers tended to decide for introducing a new form of seed, if they had social relationships to other farmers which had previously introduced this seed. The decision to adopt or reject an innovation thus frequently seems to be driven by the availability of more or less reliable information, e.g. in the form of direct recommendations from organizations which have already adopted the innovation (social learning) (Yli-Renko, Autio, & Sapienza, 2001) or through observation of successful role-models in an organizations relevant environment (mimesis) (DiMaggio & Powell, 1983; Strang & Soule, 1998). Conversely, it has been argued that non-existent relationships (so called „disconnectedness“) to potential carriers of know-how about administrative innovations significantly reduces the probability that the innovation will be adopted by the focal organization. „*Disconnected organizations should learn less from adopters and should be more immune to imitating the adopters' decisions*“ (Abrahamson, 1991, p. 598). At the same time, it has been shown that relationships to prior adopters are mainly used for the

transmission of implementation know-how, while knowledge about the mere existence of an innovation spreads through other channels, in this case especially media (Coleman, Katz, & Menzel, 1966). Taken together, prior theoretical arguments and empirical insights suggest that decisions concerning the implementation of organizational practices are mainly triggered by availability of know-how through prior adopters, while such social relations do not affect knowledge about organizational practices.

*Hypothesis 4a: The intensity of experience exchange between SMEs and adopters of modern management practices (e.g. competitors, partner firms) will not affect the number of modern management practices that are known among members of the executive board.*

*Hypothesis 4b: The higher the intensity of experience exchange between SMEs and adopters of modern management practices (e.g. competitors, partner firms), the more modern management practices will be implemented in the company.*

Interestingly, insights from social network research (Granovetter, 1974; Burt, Staw, & Sutton, 2000) show that those social actors are able to acquire more relevant and innovative information which possess more „weak ties“. Along these lines, prior diffusion research has shown that so called interlocking directorates – relations that result from overlapping mandates in boards of directors – represent important channels for the diffusion of management practices (Mizruchi, 1996; Davis, 1991; Davis & Greve, 1997). In the SME context, industry associations can possess a similar role. Here, contemporary industry- and management knowledge is generated, collected and provided for a larger number of members. Associations inform their members about new developments in their relevant environment, offer possibilities for advanced training, produce and publish studies and articles concerning new work- and management practices and organize association meetings for their members. In this manner, associations both serve as processors and diffusers of relevant management knowledge and as platforms for exchange between their members (Swan & Newell, 1995).

For members of industry associations, both information about the existence of new management practices and implementation know-how should thus be available faster and in higher quantity than for non members.

*Hypothesis 5a: The higher the number of industry associations SMEs are members of, the more modern management practices will be known among members of the executive board.*

*Hypothesis 5b: The higher the number of industry associations SMEs are members of, the more modern management practices will be implemented in the company.*

### **3.3.2.2 Complexity of environmental demands**

In an organizations environment, expectations concerning appropriate management exist which organizations are not fully able to detract from, because in order to survive, they are dependent on the acquisition of legitimacy from different actors in this environment (Suchman, 1995). Meyer and Rowan (1977) demonstrate that frequently it is not strict efficiency criteria but institutionalized expectations from organizations' relevant environment which trigger the emergence of certain organizational structures and implementation of organizational practices. Adopting established and well-known management practices can help organizations when it comes to satisfy expectations by relevant stakeholders (such as customers, employees, suppliers, owners, outside creditors, competitors), if these practices are perceived as legitimate (Suchman, 1995) solutions to typical organizational problems from the point of view of these constituents. Nevertheless, expectations organizations are confronted with are not necessarily homogenous, but often multifaceted or even contradictory (Scott & Meyer, 1991; Duncan, 1972; Meyer & Rowan, 1977). Employees hold different expectations towards firms than owners, external creditors, competitors, customers or suppliers. Adopting a practice like Outsourcing might contribute to displaying conformity with demands for efficiency and effectiveness towards competitors and customers; adopting

certain Corporate Social Responsibility practices might help organizations to satisfy the needs of customers and employees; the implementation of practices like Just-In-Time or Quality Management is often even explicitly demanded by certain stakeholders within the supply chain (e.g. suppliers, customers). Companies that consider demands from a high number of stakeholders when it comes to important strategic decisions should thus – on the one hand – be better informed about new management practices since stakeholders often submit information on new practices directly (Briscoe, Fawcett, & Todd, 2005). On the other hand, the probability of implementation increases, because modern management practices often have a higher signaling effect with respect to satisfying stakeholder's demands for conformity than idiosyncratic practices that have been developed within the organization (Staw & Epstein, 2000). Accordingly, we propose:

*Hypothesis 6a: The more stakeholder groups (customers, employees, suppliers, owners, external creditors, competitors) SMEs account for when it comes to important strategic decisions, the more modern management practices will be known among members of the executive board.*

*Hypothesis 6b: The more stakeholder groups (customers, employees, suppliers, owners, external creditors, competitors) SMEs account for when it comes to important strategic decisions, the more modern management practices will be implemented in the company.*

### **3.3.2.3 Access to arenas for modern management knowledge**

A number of prominent studies assessing the diffusion of management practices have employed the argument that shared beliefs concerning appropriateness and rationality that exist in organizations' external environments are mainly coined by norms of modernity and progress (Abrahamson, 1996; Meyer & Rowan, 1977). In order to cope with these norms, managers constantly search for new management practices. In this manner – when following central arguments from research in this area – so called arenas für management knowledge (Kieser, 1997) have established, in which different actor groups produce and market ever new

management knowledge: Researchers are often able to gain prominence through developing management practices (e.g. Porter, Norton & Kaplan, Womack & Jones), publishers and organizers of management seminars profit from marketing new practices and business consultancies are highly dependent on a continuous renewal of their product portfolio (Kieser, 1997; Abrahamson, 1996). Companies that have cultivated frequent contacts to actors from these arenas or whose decision makers are consumers of corresponding media should thus have acquired above average knowledge concerning modern management practices. Furthermore, they should tend to resort to solutions for organizational problems that are offered in these arenas (Abrahamson, 1996).

Business consultancies have frequently been described as important actors within such arenas for management knowledge since they have a vital interest in marketing new management knowledge (Engwall & Kipping, 2003). An important part of consultancies' business model is based on the identification and editing of new management practices (Ernst & Kieser, 2002; Clark & Greatbatch, 2003; Faust, 2003). Furthermore, consultancies often collect implementation know-how concerning existing management practices at their clients which they can then use for further customer projects (Abrahamson, 1996; Kieser, 1997; Werr, 2003). Business consultancies can thus be seen as both diffusers of existing and creators of new management practices. Additionally, it can be assumed that consultancies will try to market new "products" during ongoing consultancy projects (e.g. for solving problems in other parts of the organization), because acquiring follow-up projects is less costly than acquiring new customers (Armbrüster & Kipping, 2002/2003). Frequent interactions with business consultancies should thus also increase the probability for executives of a company to gain knowledge concerning new management practices that are not subject to the ongoing consultancy project. Based on these arguments, we hypothesize:

*Hypothesis 7a: The more frequently SMEs mandate business consultancies, the more modern management practices will be known among members of the executive board.*

*Hypothesis 7b: The more frequently SMEs mandate business consultancies, the more modern management practices will be implemented in the company.*

Irrespective of their formal educational background, executives may gain access to modern management knowledge through advanced training courses (Kieser, 1997). Instructors of respective courses are often business consultants or so called management gurus (Huczynski, 1993; Clark & Salaman, 1998), for whom these courses offer a platform for introducing new practices and success stories of their implementation (Sturdy, 2002). In this manner, executives may encounter new management practices and potentially also implementation know-how – irrespective of their formal education. In contrast to the acquisition of knowledge and know-how through an educational background in business administration or economics, this type knowledge acquisition is mostly passive and concentrated on single practices, because respective courses normally do not offer formal degrees and do not require assignments. Furthermore, management seminars frequently involve direct contacts with promoters of management practices. Knowledge transfer thus occurs without the typical degree of editing, filtering and critical assessment of these practices through per definition independent broadcasters of knowledge – such as professors or lecturers (Huczynski, 1993). We would thus expect that frequent participation in management seminars will positively influence both knowledge and implementation of modern management practices in SMEs.

*Hypothesis 8a: The more frequently executives of SMEs participate in management seminars, the more modern management practices will be known among members of the executive board.*

*Hypothesis 8b: The more frequently executives of SMEs participate in management seminars, the more modern management practices will be implemented in the company.*

Reports on the successful implementation of new management practices – especially concerning successful companies – often become published in newspapers and magazines; insights from academic research in the area of business administration are translated for a mass audience and by this means become available in the form of articles (Abrahamson, 1991); so called management gurus author books in which they make certain standardized solutions to organizational problems available for a large audience (Huczynski, 1993; Clark & Salaman, 1998). Directed towards a broad readership, publications in such media can contribute to generating a high degree of attention for management practices, thereby increasing both knowledge about their existence and about ways of implementation (Hirsch, 1986). We would thus expect that executives of SMEs who are exposed to such discourses possess greater knowledge concerning modern management practices. Results of prior research by Burns and Wholey (1993) on the diffusion of the matrix form as well as by Haunschild and Beckman (1998) on the Mergers and Acquisitions wave in the U.S. suggests that the degree of attention practices achieve through certain media often coevolves with an increasing tendency by organizations to actually implement the respective practices. Prior research would thus suggest that access of executives to respective discourses can be employed not only as an explanatory factor for practice knowledge, but also for implementation propensity:

*Hypothesis 9a: The more frequently executives of SMEs consume pertinent management literature and business magazines, the more modern management practices will be known among members of the executive board.*

*Hypothesis 9b: The more frequently executives of SMEs consume pertinent management literature and business magazines, the more modern management practices will be implemented in the company.*

### **3.4 Data and methods**

#### ***3.4.1 Data collection and sample***

In order to empirically test the hypothesized correlations, an internet based survey among SMEs in Germany was conducted. Therefore, an online questionnaire was developed and the link to this questionnaire was sent via e-mail to executives of a random sample of 6,000 SMEs which was stratified according to company size and industry.<sup>8</sup> In order to draw this sample, the database Amadeus was used which covers address data of 1.5 million firms in Germany and which pictures the basic population of SMEs in Germany to a satisfactory degree. Out of the basic population, all companies engaging 10 to 1,000 employees that are listed by Amadeus were considered. The decision to include companies with more than 250 employees was – as outlined above – made in order to be able to compare results for SMEs according to the EU definition with larger companies and to make the results of the study at hand comparable in an international context. If possible, names and personalized e-mail contacts of all executives were determined manually, in order to guarantee for a personalized designation. In order to validate the questionnaire in terms of comprehensibility, a pretest with 10 executives of SMEs was conducted. All firms which took part in our pretest were commensurate with the final sample of firms – in line with recommendations by prior research (Atteslander, 2008). In the scope of this pretest, content and usability of the online questionnaire was tested and gradual adjustments were made (Evans & Mathur, 2005).

In total, 313 single questionnaires were filled in completely. On the basis of a thorough analysis of all e-mails that were sent back to the sender, it was found that 1,153 (about 19

---

<sup>8</sup> We excluded business consultancies and financial service firms from the basic population, because the former are not only adopters but also developers and marketers of management practices. The latter were excluded, because they frequently employ specific management practices that are hardly comparable to those of other firms.



percent) of all 6,000 e-mail addresses were not contactable („Undelivered Mails Returned to Sender“). When accounting for these 1,153 companies which never received our e-mail, we arrive at a response rate of 6.5 percent. Although this response rate does not seem unusual in the context of online surveys (Baruch & Holtom, 2008), a telephone based non-response analysis among 60 randomly chosen companies in our sample was conducted. We thereby found no evidence for a systematic non-response behavior. Rather, we found that in about 60 percent of the cases, our e-mail had not reached the addressee. This high amount of undelivered e-mails can – on the one hand – be traced back to the partly unsatisfactory quality of contact data in company databases. On the other hand, qualitative evidence from our non-response analysis suggests that many offices regularly delete requests for survey participation or automatic e-mail filter systems are used which sort out mails with certain contents (such as „survey“) before they reach the desired addressee. In spite of these limitations, we would argue that the sampling and designation chosen in this study provides a number of advantages compared to more targeted sampling strategies (e.g. through databases of industry associations, industry registers or manual selective search). For instance, we would assume that our sampling strategy should be less biased by self-representation effects which often occur when sampling on the basis of industry registers or internet self-representations (some firms might explicitly decide not to be mentioned in certain registers or decide not to establish an internet self-representation). Furthermore, we expect less pre-selection biases concerning central independent variables (such as size or executive's educational background) compared to other sampling strategies.

Questionnaires which had not been completed by an executive (we asked for the position of the respondent within the company) as well as answers from companies with more than 1,000 employees were sorted out, resulting in a final sample of 272 companies. In this sample, 18 percent of companies engage between 10 and 49 employees, 27 percent fall into the category

“50-99 employees” and 37 percent engage 100 to 249 employees. 18 percent fall into the category “250-1,000 employees”.

### ***3.4.2 Definition of variables***

#### ***3.4.2.1 Dependent variables***

The aim of this study is to assess the diffusion of knowledge and implementation of modern management practices among SMEs. In order to identify relevant management practices, we followed a multiple-step approach and used the following criteria for choosing management practices: (1) Modernity: Only those management practices should be included that have exhibited a comparably high degree of attention and dissemination among organizations, because central theoretical arguments we have used especially apply to management practices that are principally available on a global level. (2) Heterogeneity of organizational areas. We aimed to choose practices that apply to different areas of organizational activity, because we are mainly interested in the “penetration” of companies with these practices and not in the degree of management professionalization in single areas of the organization, such as operations, marketing or human resources. (3) Applicability: Only those practices should be considered which are not confined to certain industries or technological domains, but are principally applicable to a wide range of heterogeneous organizations.

In order to identify management practices that correspond to these criteria, we started by generating a list of 82 management practices, thereby relying on all studies on the global diffusion of management practices which has been conducted in two year intervals by Bain & Company since 1992 (Rigby & Bilodeau, 2010; 2007; 2005; 2003). On the basis of a thorough content analysis of central publications concerning the respective practice (e.g. (Child & Faulkner, 2005; Contractor, Kumar, Kundu, & Pedersen, 2010; Rappaport, 1986; Womack, Jones, & Roos, 1991), these management practices were classified according to

eight areas of organizational activity (see Table 6). Subsequently, all practices were assessed in a print-media indicator analysis (Abrahamson, 1996) using Google Scholar, in order to obtain a ranking of their popularity in discourses throughout the past ten years and by this means to select “modern” (see our definition for modern above) practices only. After an elimination of those practices which were seen as too specific with respect to applicability in different industries, we arrived at a list of 22 management practices from eight different areas of organizational activity. These 22 management practices that we use for our further investigation are displayed in Table 6.<sup>9</sup>

**Table 6: Management practices according to area of organizational activity**

Quality	General organization	Production	Human Resources
ISO 9000 Quality Management Six Sigma Quality Circles	Balanced Scorecard Business Process Reengineering Change Management	Just-in-Time Lean Management	Management by Objectives Work-Life Balance Knowledge Management
Marketing	IT	Stakeholder relations	Partner relations
Customer Relationship Management Key Account Management	Enterprise Resource Planning System Business Intelligence System	Corporate Social Responsibility Shareholder Value	Strategic Alliances Joint Venture Outsourcing Benchmarking

In order to operationalize knowledge and implementation of these 22 management practices, we asked the addressees of our survey to indicate whether they knew the respective management practice and whether the practice was implemented in their company. Besides the name of each management practice, we thereby also provided a short, multiline description of the respective practice that was generated based on pertinent publications concerning each practice. Examples for these practice descriptions that were used in the questionnaire are displayed in Appendix 9. Specifically with respect to the construct “knowledge”, these descriptions should contribute to avoiding biases that might result from a deviant understanding of respondents for what the respective practice label stands for.

<sup>9</sup> In the questionnaire, a list of all 22 practices was presented without this classification displayed here. We randomized this list in order to avoid primacy effects (Dillman, 2007).

Additionally, this description accounts for the definition of “knowledge” according to Rogers (2003) which was presented above and which conceives of knowledge not just as the knowledge by a person concerning the mere existence of a practice but also a basic understanding of core contents of a management practice.

In order to generate the two dependent variables “knowledge of modern management practices” and “implementation of modern management practices”, we calculated the sum of areas of organizational activity from which practices were known by the responding executive or implemented by the companies in our sample. Counting areas of organizational activity instead of single practices has a number of advantages, especially with respect to measuring practice implementation. It can be assumed that practices stemming from the same area of organizational activity are substitutable to a certain extent (such as Lean Management versus Just-In-Time (Womack, Jones, & Roos, 1991)). Since practice implementation can be highly resource intensive, we would thus assume that implementation of two practices from the same area of organizational activity is less probable than implementation of two practices from different areas. Furthermore, it has been argued that management practices are frequently not defined precisely, but that they exhibit a certain degree of ambiguity, leaving room for interpretation for potential adopters. This „interpretative viability“ or „pragmatic ambiguity“ (Benders & Van Veen, 2001; Giroux, 2006) means that single practices are not necessarily selective, but exhibit overlaps with respect to the rules for organizing they provide. For instance, this bears the risk that some respondents indicate that they have implemented Customer Relationship Management and others declare that they have implemented Key Account Management, while both respondents might in fact follow very similar rules for organizing their marketing activities. Assessing practice groups that correspond to areas of organizational activity helps to counter this potential bias.

Finally, it should be considered that – based on the theoretical background outlined above – we are mainly interested in explaining to what extent companies are „penetrated“ by modern management practices throughout all areas of organizational activity rather than explaining the use of specific practices in specific areas. Against this background, when comparing two companies that have both implemented four management practices, while one of these companies has implemented four quality management practices and the other has implemented four practices from four different areas of organizational activity, we would argue that “penetration” with management practices is higher for the latter company. The dependent variables *knowledge* and *implementation* thus measure the number of areas of organizational activity from which at least one management practice is known or implemented. Both variables are – according to our classification of areas of organizational activity provide above – restricted to a range from 0 to 8.<sup>10</sup>

### **3.4.2.2 Independent variables**

#### **3.4.2.2.1 Resource endowment and necessity**

- *Company size* was operationalized using both the number of employees and annual sales volumes of companies in our sample. In the questionnaire, both variables were captured on an ordinal scale (employees: [1] <20, [2] 20-49, [3] 50-99, [4] 100-249, [5] 250-1.000; annual sales: [1] < 5 mill. Euros, [2] 5 to < 10 mill. Euros, [3] 10 to < 25 mill. Euros, [4] 25 to < 50 mill. Euros, [5] 50 to 100 mill. Euros, [6] > 100 mill. Euros). In order to be able to control for different size classes according to the EU SME definition, these ordinally scaled variables were then transformed into dummy variables: The variable “EU definition small enterprise” takes the value 1, if a

---

<sup>10</sup> Nevertheless, when estimating the number of known or implemented practices instead of the number of groups (areas of organizational activity) from which practices are known or implemented, analogue effects are observable in the regression models presented throughout the following sections.

company has less than 50 employees and annual sales of less than 10 and more than 2 million Euros (0 otherwise). The variable “EU definition medium sized enterprise” takes the value 1, if a company has less than 250 employees and less than 50 million Euros of annual sales and does not fall into the category “EU definition small enterprise” (0 otherwise). The variable “Larger EU definition” takes the value 1, if a company has between 250 and 1,000 employees and/or generates more than 50 million Euros in annual sales (0 otherwise).

- *Family ownership* was captured using an ordinally scaled measure on the amount of company shares that are owned by a family ([1] 0%, [2] 1% to <25%, [3] 25% to <50%, [4] 50% to <75%, [5] 100%). The variable “*family ownership*” that is used in our regression models is thus ordinal scaled and restricted to values from 1 to 5.
- The educational background of the responding executive was measured based on a number of questions concerning his/her educational history (university degree, discipline). Based on this information, we calculated the binary variable “*executive with business sciences degree*”, which takes the value 1, if the executive has absolved academic studies in the area of business sciences (e.g. business administration, economics, industrial engineering and management) and 0 otherwise.

#### 3.4.2.2.2 Embedment in relational environments and media exposure

##### 3.4.2.2.2.1 Availability of role models and know-how

- *Interaction with prior adopters* was operationalized based on a question asking how well the respective company was informed about the implementation of modern management practices in other companies in its environment (e.g. competitors, partner companies). This assessment was captured using a five-point Likert scale. In our

regression models, we thus use an ordinally scaled variable with the five values 1 (“do not agree at all”) to 5 (“strongly agree”).

- The *number of industry associations* a company is member of was operationalized using a count variable. In our regression models, we use an ordinally scaled variable (1-5 and 6 [more than five memberships]) in order to capture membership in industry associations.

#### 3.4.2.2.2.2 *Environmental expectations*

- In order to capture the *complexity of environmental demands*, we asked respondents to indicate on five point Likert scale how intensely they account for expectations of different concretely named stakeholder groups (customers, suppliers, employees, owners, external creditors and competitors) when making important corporate strategic decisions. In order to generate the independent variable *complexity of environmental demands*, we counted the number of stakeholders for which the highest value (5) of this scale was declared. The range of values for this variable lies between 0 (no stakeholder group strongly accounted for) and 6 (all stakeholder groups strongly accounted for). This way of operationalizing environmental complexity has – in a similar vein – been developed by Duncan (1972). We only gradually deviate from this prior conception since we asked for concrete stakeholders instead of environmental complexity across all stakeholder groups.

#### 3.4.2.2.2.3 *Access to arenas for modern management knowledge*

- In order to operationalize the intensity of interaction with *business consultancies*, we asked the respondents to indicate how often their company is supported by business consultants when it comes to strategic decisions. The variable *business consultancies*

that we use in our regression models is thus ordinally scaled and restricted to a value range from 1 (“not at all”) to 5 (“very often”).

- The variable *management seminars* is ordinally scaled as well. This variable indicates how often the responding executive takes part in management seminars as well as congresses and is restricted to a value range from 1 (“never, practically never”) to 5 (“more often than six times per year”).
- Consumption of management discourse was operationalized based on a question asking how often the responding executive reads *management books* and *business magazines*. The resulting variable is ordinally scaled and has a value range from 1 (“never, practically never”) to 5 (“daily”).

#### **3.4.2.3 Control variables**

In all models, we control for potential effects of *industry* and *legal form*. Since SMEs frequently receive support by *tax accountants and lawyers* when making decisions that not directly relate to the areas of advice these professions are typically responsible for (Vohl, 2004), we also asked the respondents whether they demanded support by these actors with respect to *strategic* corporate decisions. All questions, variables and scales that were just described can also be found in Appendix 10.

### **3.5 Results**

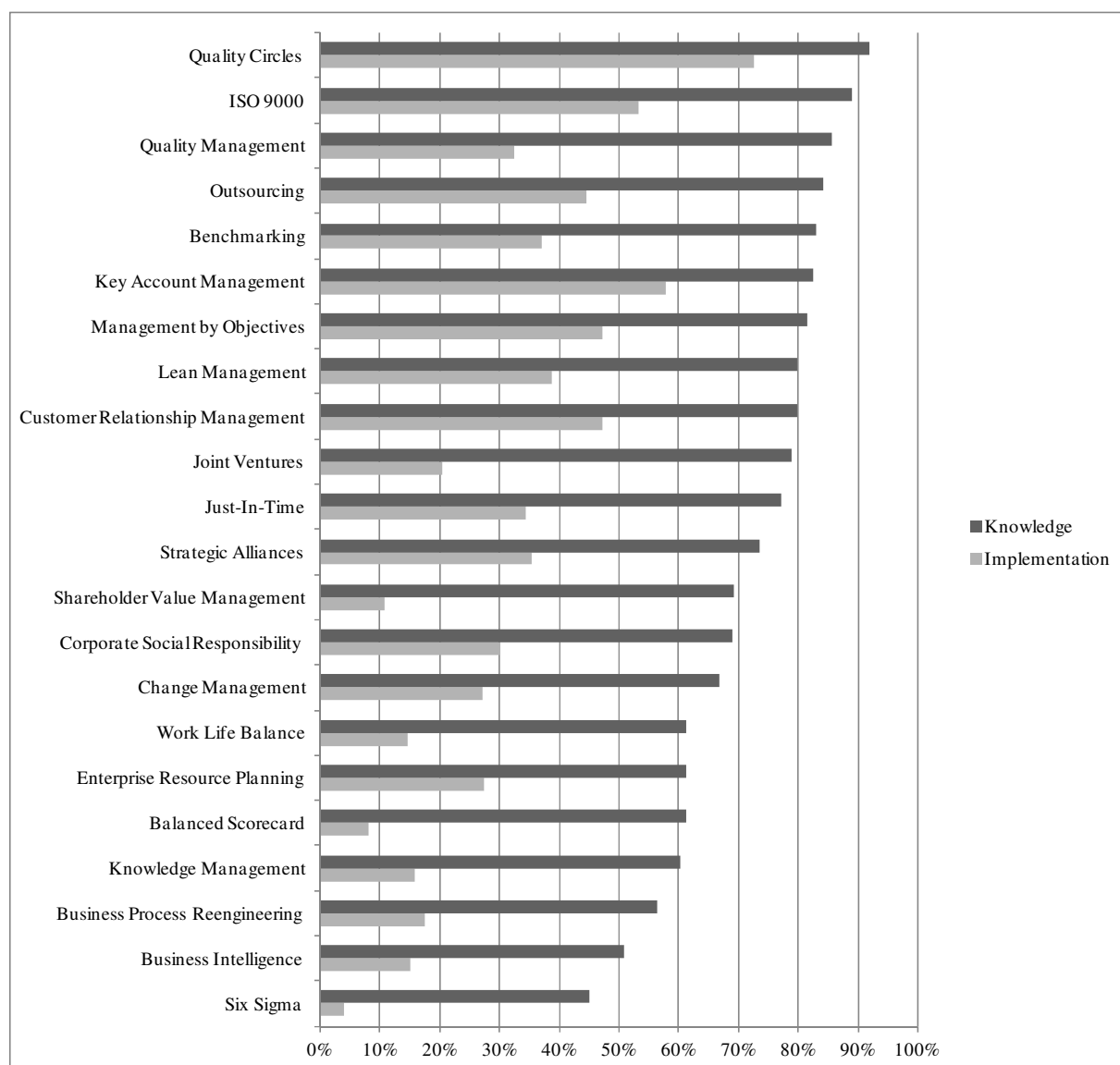
#### **3.5.1 Descriptive statistics and correlations**

In view of the descriptive statistics concerning knowledge and implementation of all 22 management practices we assess here, it becomes clear that especially practices from the area of organizational activity “quality” (e.g. quality circles, ISO 9000) exhibit extraordinarily high amounts of knowledge and implementation. Similarly, the management practice Key



Account Management seems to be rather popular among the companies assessed here, indicating that these companies strive for a high degree of professionalization with respect to their collaboration with important customers and suppliers. This observation is consistent with the often made observation that SMEs exhibit high degrees of dependence towards single larger companies. At the same time, we find strong differences between practices with respect to knowledge and implementation (see Figure 7).

**Figure 7: Knowledge and implementation of 22 modern management practices**



Especially practices like Outsourcing, Benchmarking, Management by Objectives, Shareholder Value and Joint Venture seem to be well known among executives, while they are only seldom also implemented in respective SMEs. The least well known and implemented practices are Business Process Reengineering, Business Intelligence and Six Sigma.

With respect to the analyses that follow, it should be noted that the two dependent variables *knowledge* and *implementation* of modern management practices exhibit a logical as well as simultaneous dependence. A company can only implement management practices that are also known by the executive and the executive knows at least those practices that are also implemented. This means that the range of values for the variable *implementation* for a certain company has an upper limit which is determined by the value of the variable *knowledge* of that same company. Conversely, the variable *knowledge* has a lower limit which is determined by the variable *implementation*. When assessing factors which affect implementation of management practices, we thus have to account for the degree of knowledge. Nevertheless, because of the logical and simultaneous dependence of the two variables as well as the resulting high correlation (0,612), it does not seem appropriate to include *knowledge* as a control variable when predicting the number of areas of organizational activity in which practices are *implemented* (see Table 7). In order to account for the dependence of both variables anyhow, we will assess *implementation* only for a subsample of firms – namely for firms that exhibit the same amount of *knowledge*. In principle, it would thereby be possible to assess implementation for nine groups of companies (nine values for knowledge). Nevertheless, the group of companies whose executives know practices from all eight practice groups is the only one which exhibits a number of observations (153) that allows for valid statistical assessments. The group next in size (knowledge = 7) comprises only 32 companies.

**Table 7: Descriptive statistics and bivariate correlations**

	Complete sample (n=272)				Only "well informed" companies (n=153)				-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12	-13	-14	-15	-16	-17	-18	-19	-20	-21	-22	-23
	Mean 6,777	S.D. 1,890	Min 0,000	Max 8,000	Mean 8,000	S.D. 0,000	Min 8,000	Max 8,000																							
-1 Knowledge									1,000																						
-2 Implementation	4,504	2,134	0,000	8,000	5,430	1,780	0,000	8,000	0,612 (0,000)	1,000	-0,000 (0,998)	-0,182 (0,025)	0,189 (0,020)	0,121 (0,137)	0,101 (0,215)	0,145 (0,077)	0,161 (0,048)	0,223 (0,006)	0,166 (0,042)	0,121 (0,138)	0,161 (0,049)	0,196 (0,016)	-0,084 (0,308)	0,144 (0,078)	-0,041 (0,619)	0,084 (0,303)	-0,133 (0,104)	0,083 (0,312)	0,076 (0,352)	0,062 (0,449)	-0,077 (0,348)
-3 EU definition small enterprise	0,076	0,265	0,000	1,000	0,046	0,211	0,000	1,000	-0,141 (0,022)	-0,249 (0,000)	-0,309 (0,000)	-0,141 (0,083)	-0,007 (0,935)	-0,088 (0,282)	0,092 (0,262)	-0,074 (0,369)	-0,007 (0,932)	0,066 (0,421)	0,076 (0,355)	0,152 (0,063)	0,066 (0,422)	-0,018 (0,828)	-0,056 (0,498)	0,086 (0,295)	0,278 (0,001)	-0,076 (0,355)	0,082 (0,318)	-0,036 (0,658)	-0,076 (0,354)	-0,056 (0,498)	
-4 EU definition medium sized enterprise	0,674	0,470	0,000	1,000	0,662	0,475	0,000	1,000	-0,061 (0,324)	-0,037 (0,553)	-0,412 (0,000)	-0,898 (0,000)	-0,010 (0,899)	0,052 (0,523)	-0,013 (0,875)	-0,115 (0,161)	-0,060 (0,466)	-0,127 (0,120)	-0,159 (0,051)	-0,061 (0,460)	-0,162 (0,047)	-0,079 (0,334)	0,002 (0,977)	-0,250 (0,002)	-0,141 (0,083)	-0,048 (0,561)	-0,079 (0,335)	0,031 (0,709)	0,155 (0,058)	0,061 (0,453)	
-5 Larger EU definition	0,250	0,434	0,000	1,000	0,291	0,456	0,000	1,000	0,152 (0,014)	0,192 (0,002)	-0,165 (0,007)	-0,831 (0,000)	1,000	0,014 (0,865)	-0,014 (0,867)	-0,029 (0,723)	0,153 (0,060)	0,065 (0,424)	0,102 (0,213)	0,131 (0,110)	-0,007 (0,930)	0,138 (0,092)	0,091 (0,269)	0,023 (0,777)	0,221 (0,006)	0,019 (0,819)	0,085 (0,301)	0,044 (0,588)	-0,015 (0,855)	-0,126 (0,123)	-0,038 (0,640)
-6 Executive with business sciences degree	0,379	0,486	0,000	1,000	0,444	0,498	0,000	1,000	0,233 (0,000)	0,219 (0,000)	-0,017 (0,783)	-0,024 (0,701)	0,036 (0,560)	1,000	0,008 (0,919)	-0,144 (0,078)	0,158 (0,052)	0,004 (0,958)	0,149 (0,068)	0,096 (0,240)	-0,012 (0,881)	-0,070 (0,395)	0,047 (0,565)	-0,112 (0,170)	0,173 (0,033)	-0,182 (0,026)	-0,097 (0,237)	0,068 (0,407)	0,102 (0,214)	-0,004 (0,958)	0,057 (0,489)
-7 Family ownership	4,723	0,904	1,000	5,000	4,768	0,852	1,000	5,000	0,050 (0,414)	0,019 (0,755)	0,008 (0,892)	-0,025 (0,687)	0,022 (0,724)	0,066 (0,284)	1,000	-0,053 (0,515)	0,098 (0,234)	-0,040 (0,627)	0,168 (0,040)	-0,085 (0,301)	-0,009 (0,917)	-0,004 (0,960)	0,054 (0,511)	0,069 (0,402)	0,036 (0,658)	0,056 (0,498)	-0,016 (0,848)	0,075 (0,357)	0,045 (0,583)	0,069 (0,402)	-0,063 (0,442)
-8 Interaction with prior adopters	2,470	1,130	1,000	5,000	2,570	1,036	1,000	5,000	0,035 (0,570)	0,105 (0,089)	-0,018 (0,775)	0,053 (0,391)	-0,047 (0,451)	-0,090 (0,146)	-0,073 (0,235)	1,000	-0,080 (0,331)	0,140 (0,087)	-0,035 (0,667)	0,165 (0,043)	0,089 (0,276)	0,052 (0,527)	0,065 (0,427)	-0,058 (0,482)	-0,062 (0,452)	-0,014 (0,817)	-0,030 (0,718)	-0,040 (0,622)	0,109 (0,184)	0,081 (0,323)	-0,247 (0,027)
-9 Number of industry association memberships	3811	1,252	1,000	6,000	3841	1,239	1,000	6,000	0,131 (0,033)	0,187 (0,002)	-0,117 (0,058)	-0,079 (0,198)	0,157 (0,010)	0,093 (0,130)	0,027 (0,657)	-0,085 (0,170)	1,000	0,292 (0,000)	0,095 (0,248)	0,258 (0,001)	0,101 (0,218)	0,135 (0,098)	0,015 (0,857)	-0,036 (0,665)	0,113 (0,168)	0,163 (0,045)	-0,119 (0,146)	0,065 (0,427)	-0,012 (0,882)	-0,130 (0,112)	0,168 (0,039)
-10 Complexity of environmental demands	2,731	1,293	0,000	6,000	2,755	1,291	0,000	6,000	0,050 (0,419)	0,148 (0,016)	-0,129 (0,036)	0,005 (0,930)	0,073 (0,238)	0,018 (0,777)	-0,074 (0,233)	0,118 (0,056)	0,173 (0,005)	1,000	0,064 (0,437)	0,038 (0,642)	0,209 (0,916)	0,044 (0,593)	0,124 (0,128)	-0,083 (0,314)	0,159 (0,051)	-0,067 (0,416)	-0,051 (0,536)	-0,096 (0,243)	0,031 (0,702)	0,116 (0,157)	-0,083 (0,314)
-11 Business consultants	2,053	1,172	1,000	5,000	2,225	1,161	1,000	5,000	0,083 (0,181)	0,156 (0,011)	-0,013 (0,834)	-0,100 (0,106)	0,116 (0,060)	0,118 (0,055)	0,136 (0,027)	0,001 (0,984)	0,110 (0,073)	1,000	0,068 (0,408)	0,243 (0,003)	0,211 (0,009)	0,338 (0,000)	0,072 (0,381)	0,134 (0,102)	0,019 (0,817)	0,005 (0,948)	0,143 (0,081)	-0,032 (0,696)	-0,067 (0,414)	-0,001 (0,994)	
-12 Management seminars	2,723	0,937	1,000	5,000	2,848	0,862	1,000	5,000	0,158 (0,010)	0,195 (0,001)	-0,084 (0,175)	-0,015 (0,803)	0,068 (0,272)	0,089 (0,149)	-0,046 (0,459)	0,127 (0,040)	0,260 (0,000)	0,058 (0,351)	0,058 (0,344)	1,000	0,209 (0,010)	0,151 (0,063)	-0,149 (0,068)	-0,020 (0,803)	0,034 (0,677)	0,154 (0,058)	-0,131 (0,108)	-0,121 (0,140)	0,221 (0,006)	0,036 (0,661)	0,045 (0,586)
-13 Management books	1,981	0,797	1,000	5,000	2,146	0,828	1,000	5,000	0,224 (0,000)	0,254 (0,000)	0,025 (0,688)	-0,027 (0,666)	0,014 (0,824)	0,058 (0,349)	-0,013 (0,839)	0,124 (0,044)	0,145 (0,018)	0,013 (0,827)	0,217 (0,000)	0,192 (0,002)	1,000	0,596 (0,000)	0,182 (0,025)	0,057 (0,485)	0,079 (0,334)	0,211 (0,009)	-0,146 (0,074)	0,130 (0,110)	-0,029 (0,723)	-0,035 (0,672)	0,023 (0,776)
-14 Business magazines	2,386	1,037	1,000	5,000	2,556	1,011	1,000	5,000	0,201 (0,001)	0,247 (0,000)	-0,010 (0,871)	-0,084 (0,173)	0,097 (0,115)	-0,005 (0,938)	0,041 (0,503)	0,091 (0,139)	0,180 (0,003)	0,013 (0,839)	0,174 (0,005)	0,118 (0,055)	0,603 (0,000)	1,000	0,170 (0,037)	0,111 (0,175)	0,095 (0,248)	0,191 (0,019)	-0,084 (0,304)	0,130 (0,111)	-0,009 (0,911)	-0,126 (0,123)	0,055 (0,500)
-15 Tax accountants and lawyers	3,110	1,195	1,000	5,000	3,099	1,232	1,000	5,000	-0,055 (0,376)	-0,047 (0,446)	0,010 (0,876)	-0,031 (0,618)	0,027 (0,657)	-0,013 (0,834)	-0,056 (0,363)	0,139 (0,024)	0,027 (0,666)	0,127 (0,039)	0,311 (0,000)	0,020 (0,741)	0,134 (0,030)	0,039 (0,525)	1,000	0,048 (0,558)	0,088 (0,284)	-0,044 (0,591)	-0,063 (0,439)	0,110 (0,177)	0,054 (0,511)	-0,045 (0,580)	-0,020 (0,804)
-16 Stock company ("Aktiengesellschaft")	0,049	0,217	0,000	1,000	0,060	0,238	0,000	1,000	0,092 (0,136)	0,152 (0,014)	-0,065 (0,292)	-0,029 (0,644)	0,071 (0,252)	-0,069 (0,261)	0,070 (0,259)	-0,017 (0,781)	0,034 (0,577)	-0,061 (0,323)	0,124 (0,043)	0,030 (0,629)	0,049 (0,424)	0,084 (0,172)	0,038 (0,542)	1,000	-0,149 (0,069)	-0,051 (0,532)	-0,062 (0,446)	-0,088 (0,284)	-0,042 (0,613)	0,095 (0,245)	0,173 (0,034)
-17 Limited liability company (GmbH & Co. KG)	0,273	0,446	0,000	1,000	0,258	0,439	0,000	1,000	0,055 (0,378)	-0,041 (0,507)	0,018 (0,777)	-0,155 (0,012)	0,157 (0,011)	0,188 (0,002)	0,065 (0,292)	-0,051 (0,405)	0,079 (0,200)	0,121 (0,050)	0,074 (0,231)	0,090 (0,144)	0,057 (0,353)	0,067 (0,276)	0,015 (0,810)	-0,139 (0,024)	1,000	-0,120 (0,142)	0,005 (0,947)	0,023 (0,780)	-0,003 (0,970)	-0,105 (0,200)	0,043 (0,599)
-18 Private company	0,061	0,239	0,000	1,000	0,040	0,196	0,000	1,000	-0,096 (0,119)	-0,053 (0,395)	0,227 (0,000)	-0,094 (0,126)	-0,037 (0,553)	-0,166 (0,007)	0,078 (0,207)	0,049 (0,427)	0,064 (0,301)	-0,021 (0,736)	0,029 (0,637)	-0,027 (0,665)	0,066 (0,286)	0,059 (0,343)	-0,037 (0,553)	-0,058 (0,350)	-0,156 (0,011)	1,000	-0,119 (0,147)	0,185 (0,023)	-0,034 (0,683)	-0,070 (0,393)	0,092 (0,261)
-19 Processing trade	0,379	0,486	0,000	1,000	0,457	0,500	0,000	1,000	0,175 (0,004)	0,087 (0,161)	-0,047 (0,452)	0,010 (0,877)	0,018 (0,771)	-0,046 (0,453)	0,006 (0,927)	-0,062 (0,315)	-0,094 (0,127)	-0,025 (0,688)	-0,015 (0,804)	-0,120 (0,052)	-0,080 (0,197)	-0,027 (0,657)	-0,144 (0,019)	-0,069 (0,261)	-0,075 (0,225)	-0,133 (0,031)	1,000	-0,551 (0,000)	-0,151 (0,064)	-0,316 (0,000)	-0,231 (0,004)
-20 Trade	0,273	0,446	0,000	1,000	0,265	0,443	0,000	1,000	-0,040 (0,516)	-0,045 (0,466)	0,082 (0,185)	-0,082 (0,181)	0,039 (0,525)	0,065 (0,290)	0,065 (0,292)	0,024 (0,698)	-0,002 (0,968)	0,016 (0,801)	0,110 (0,073)	-0,092 (0,137)	0,036 (0,561)	0,010 (0,875)	0,129 (0,036)	-0,061 (0,325)	0,045 (0,465)	0,201 (0,001)	-0,478 (0,000)	1,000	-0,099 (0,226)	-0,207 (0,011)	-0,151 (0,064)
-21 Transport	0,030	0,172	0,000	1,000	0,026	0,161	0,000	1,000	0,044 (0,473)	0,072 (0,242)	-0,051 (0,413)	-0,029 (0,644)	-0,000 (1,000)	0,090 (0,146)	0,054 (0,381)	0,044 (0,477)	0,027 (0,665)	-0,002 (0,750)	-0,046 (0,459)	0,123 (0,046)	0,076 (0,406)	-0,040 (0,975)	-0,040 (0,216)	-0,009 (0,515)	0,048 (0,884)	-0,138 (0,040)	-0,108 (0,025)	-0,087 (0,079)	1,000	-0,057 (0,489)	-0,042 (0,613)
-22 Services	0,117	0,323	0,000	1,000	0,106	0,309	0,000	1,000	-0,007 (0,914)	0,041 (0,509)	0,029 (0,639)	-0,023 (0,714)	0,007 (0,913)	0,031 (0,622)	0,034 (0,587)	0,057 (0,358)	-0,058 (0,350)	-0,094 (0,127)	-0,006 (0,917)	-0,045 (0,467)	-0,021 (0,735)	-0,045 (0,464)	-0,080 (0,948)	-0,012 (0,194)	-0,093 (0,846)	-0,285 (0,133)	-0,223 (0,000)	-0,064 (0,000)	1,000	-0,087 (0,290)	
-23 Other industries	0,064	0,246	0,000	1,000	0,060	0,238	0,000	1,000	0,031 (0,615)	-0,011 (0,855)	-0,075 (0,224)	0,051 (0,413)	-0,009 (0,885)	0,018 (0,773)	-0,108 (0,081)	-0,123 (0,046)	0,114 (0,065)	-0,101 (0,102)	-0,025 (0,685)	0,078 (0,209)	0,064 (0,297)	-0,001 (0,917)	0,154 (0,856)	0,082 (0,012)	-0,002 (0,185)	-0,205 (0,975)	-0,161 (0,001)	-0,097 (0,009)	-0,096 (0,121)	1,000	

In order to guarantee for a conservative test of our hypotheses, we assess *implementation* only for those 153 (56 percent of the whole sample) companies whose executives indicated that they know at least one management practice from each of the eight areas of organizational activity that have been outlined above. In the following, we will refer to this sub-sample as “well informed” companies.

In the following section, we empirically test the theoretically derived hypotheses outlined above. We checked for potential biases through multicollinearity effects between independent variables by calculating variation inflation factors (VIF). VIF values were found to be below 2 for all independent variables and thus below the critical value of 10 (Hoang & Rothaermel, 2005).

### **3.5.2 Regression models**

Since both dependent variables (*knowledge* and *implementation*) are restricted to a value range from 0 to 8, we assess hypothesized correlations using Tobit regression models (Tobin, 1958). Since McFadden’s  $R^2$ , the standard measure for the model quality of Tobit regressions provided by Stata, can only be interpreted in a comparable manner, we additionally calculate  $r(\rho)^2$  as a measure for model quality. In line with prior work, this measure is calculated as the squared correlation coefficient of observed and predicted values (Long & Freese, 2006). Results of Tobit regression estimations are displayed in Table 8.

#### **3.5.2.1 Knowledge of modern management practices**

In models 1 to 5 of Table 8, Tobit regression results for the dependent variable *knowledge* are reported. Here, we test correlations between all independent variables as well as control variables listed above and the dependent variable *knowledge of management practices*, which measures the number of practice groups (0-8) from which the responding executive knows at least one practice.

In models 1 and 2, we include all control variables as well as independent variables concerning resource endowment and necessity (compare hypotheses 1-3). In view of the control variables, it becomes obvious that neither assignment of *tax accountants and lawyers* with respect to strategic decisions nor *legal form* has a significant effect on executives' knowledge concerning modern management practices. Furthermore, in model 1 we observe that executives leading firms from the processing trade industry, trade industry and service sector know significantly more modern management practices than those from the construction industry, which represents the reference category here.

Effects of our dummy variables indicating *company size* indicate that executives of small companies (< 50 employees and < 10 million Euros in sales) and medium sized companies (< 250 employees and < 50 million Euros in sales) know significantly less modern management practices than executives of larger (> 250 employees and/or > 50 million Euros in sales) companies (reference category). At the same time, we observe that executives of small companies know significantly less modern management practices than executives of medium sized companies (see model 2). These results are in line with hypothesis 1a, indicating that executives of SMEs only start to gather information on modern management practices, if the company has reached a certain level of resource endowment. Besides company size, we find a positive and significant effect of executive's educational background in *business sciences*. This result corresponds to hypothesis 2a. We also tested for more differentiated effects of educational backgrounds in the natural sciences as well as more technically oriented degrees (engineering) but found no significant differences – i.e. an educational background in business sciences constitutes the only factor that is significantly related to executive's knowledge concerning modern management practices. In hypothesis 3a, we proposed that increasing amounts *family ownership* should negatively influence knowledge of modern management practices, because of risk aversion and a tendency towards informal

**Table 8: Tobit regression models for knowledge (models 1-5) and implementation (models 6-10)**

Variables		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Knowledge	Knowledge	Knowledge	Knowledge	Knowledge	Implementation	Implementation	Implementation	Implementation	Implementation
<b>Resource endowment and necessity</b>	<i>Company size</i>										
	EU definition small enterprise	-2.406*** (0.006)	-1.367* (0.077)	-2.124** (0.016)	-2.106** (0.019)	-1.891** (0.028)	-1.264* (0.073)	-0.418 (0.541)	-1.083 (0.124)	-1.219* (0.075)	-1.306** (0.049)
	EU definition medium sized enterprise	-1.040* (0.074)		-1.000* (0.085)	-0.999* (0.086)	-0.960* (0.089)	-0.846** (0.014)		-0.776** (0.021)	-0.788** (0.016)	-0.768** (0.017)
	Larger EU definition (up to 1,000 employees)		1.040* (0.074)					0.846** (0.014)			
	<i>Executive's educational background</i>										
<b>Embedment in relational environments and media influence</b>	Executive with business sciences degree	1.640*** (0.001)	1.640*** (0.001)	1.654*** (0.001)	1.654*** (0.001)	1.415*** (0.004)	0.664** (0.032)	0.664** (0.032)	0.669** (0.031)	0.755** (0.012)	0.735** (0.013)
	<i>Ownership</i>										
	Family ownership	0.158 (0.493)	0.158 (0.493)	0.165 (0.468)	0.167 (0.464)	0.149 (0.497)	0.175 (0.298)	0.175 (0.298)	0.160 (0.332)	0.212 (0.187)	0.161 (0.307)
	<i>Availability of role models and know-how</i>										
	Interaction with prior adopters			0.508** (0.030)	0.505** (0.032)	0.305 (0.182)			0.375** (0.028)	0.308* (0.063)	0.301* (0.065)
<b>Control variables</b>	Number of industry association memberships			0.350 (0.149)	0.345 (0.159)	0.035 (0.885)			0.285* (0.075)	0.073 (0.664)	0.044 (0.790)
	<i>Environmental expectations</i>										
	Complexity of environmental demands				0.023 (0.899)	0.043 (0.807)				0.386*** (0.002)	0.372*** (0.002)
	<i>Access to arenas of management knowledge</i>										
	Business consultants					0.246 (0.316)					0.364** (0.022)
<b>Control variables</b>	Management seminars					0.577** (0.015)					-0.179 (0.315)
	Management books					0.803*** (0.008)					0.112 (0.515)
	Business magazines					0.322 (0.236)					0.271 (0.120)
	Tax accountants and lawyers	-0.060 (0.799)	-0.060 (0.799)	-0.135 (0.568)	-0.137 (0.562)	-0.306 (0.208)	-0.206 (0.150)	-0.206 (0.150)	-0.231* (0.100)	-0.285** (0.039)	-0.464*** (0.002)
	<i>Legal form (reference: GmbH)</i>										
<b>Control variables</b>	Stock company ("Aktiengesellschaft")	1.733 (0.155)	1.733 (0.155)	1.641 (0.169)	1.647 (0.168)	1.270 (0.277)	1.314** (0.045)	1.314** (0.045)	1.426** (0.026)	1.539** (0.013)	1.210** (0.045)
	Limited liability company (GmbH & Co. KG)	-0.150 (0.787)	-0.150 (0.787)	-0.178 (0.745)	-0.186 (0.736)	-0.434 (0.416)	-0.230 (0.523)	-0.230 (0.523)	-0.239 (0.498)	-0.378 (0.273)	-0.507 (0.130)
	Private company	-0.199 (0.836)	-0.199 (0.836)	-0.432 (0.652)	-0.436 (0.649)	-0.781 (0.401)	0.816 (0.307)	0.816 (0.307)	0.609 (0.438)	0.922 (0.230)	0.865 (0.254)
	<i>Industry (reference: Construction)</i>										
	Processing trade	2.782*** (0.000)	2.782*** (0.000)	2.964*** (0.000)	2.961*** (0.000)	3.331*** (0.000)	-0.797 (0.150)	-0.797 (0.150)	-0.423 (0.446)	-0.666 (0.222)	-0.876 (0.108)
<b>Control variables</b>	Trade	1.513** (0.040)	1.513** (0.040)	1.622** (0.027)	1.616** (0.028)	2.145*** (0.003)	-0.421 (0.475)	-0.421 (0.475)	-0.065 (0.912)	-0.158 (0.782)	-0.494 (0.390)
	Transport	1.608 (0.270)	1.608 (0.270)	1.641 (0.257)	1.639 (0.257)	2.229 (0.115)	0.404 (0.703)	0.404 (0.703)	0.545 (0.601)	0.274 (0.787)	0.435 (0.659)
	Services	1.433 (0.104)	1.433 (0.104)	1.488* (0.089)	1.476* (0.094)	1.721** (0.041)	-0.282 (0.675)	-0.282 (0.675)	0.051 (0.940)	-0.425 (0.524)	-0.457 (0.481)
	Other industries	1.598 (0.142)	1.598 (0.142)	1.783* (0.098)	1.796* (0.097)	1.830* (0.075)	-1.320 (0.101)	-1.320 (0.101)	-0.852 (0.295)	-0.849 (0.281)	-1.047 (0.173)
	Constant	6.953*** (0.000)	5.913*** (0.000)	6.820*** (0.000)	6.760*** (0.000)	6.584*** (0.000)	6.296*** (0.000)	5.450*** (0.000)	5.886*** (0.000)	5.018*** (0.000)	5.232*** (0.000)
<b>Control variables</b>	Number of observations (N)	272	272	272	272	272	153	153	153	153	153
	McFadden's R <sup>2</sup>	0.050	0.050	0.057	0.057	0.091	0.036	0.036	0.049	0.065	0.086
	r(rho) <sup>2</sup>	0.177	0.180	0.216	0.217	0.278	0.102	0.106	0.163	0.167	0.210

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

management. With respect to executive's knowledge, we thereby find no significant effect, indicating that hypothesis 3a cannot be confirmed.

In models 3 – 5, variables concerning the availability of role models and know-how (see hypotheses 4 and 5) are included into the estimation. While in models 3 and 4, we observe a positive and significant effect of the variable *interaction with prior adopters*, this effect vanishes when including variables concerning access to arenas for management knowledge (model 5). In view of our variable measuring *memberships in industry associations*, no significant effect on executive's knowledge concerning modern management practices is observable. This non significant effect does not correspond to our expectations formulated in hypothesis 5a. One explanation for this observation could be that our variable measuring industry association membership does not account for specific types of industry associations in certain sectors, which might hinder us from identifying specific associations that contribute to the flow of new management knowledge in certain industries. The non significant effect of interactions with prior adopters is both in line with hypothesis 4a and insights from prior research. Here, it has been shown that processes of information acquisition concerning new organizational practices are often decoupled from direct social ties. In turn, as will be shown in the following section, social ties seem to influence implementation decisions.

Effects of our independent variable measuring *complexity of environmental demands* are tested in model 4. In contrast to our theoretically derived expectation formulated in hypothesis 6a, demands from diverse stakeholder groups do not seem to be correlated with executive's knowledge concerning modern management practices. In the same vein, model 5 shows that frequent contacts to *business consultancies* do not seem to influence executive's knowledge concerning modern management practices – in contrast to hypothesis 7a. Thus, business consultancies do not necessarily seem to actively market information on their product

portfolio or management practices in general. In contrast, we observe that executive's knowledge of modern management practices is significantly correlated with the number of *management seminars* they attend. This result indicates that besides an educational background in economic sciences, advanced trainings seem to be an important factor when it comes to the spread of knowledge concerning modern management practices.

In line with our expectations formulated in hypothesis 8a, consumption of pertinent media seems to positively influence executive's knowledge of modern management practices. We thereby observe that especially *management books* seem to constitute an important source of information on management practices. In the next section, we discuss results concerning factors that help to explain implementation of modern management practices by SMEs.

### **3.5.2.2 Implementation of management practices**

In models 6 to 10, correlations between all independent variables and the dependent variable *implementation of modern management practices* are tested. As outlined above, the dependent variable implementation thereby measures the number of practice groups (0-8) from which the respective company has implemented at least one management practice. This assessment of practice implementation is – as has been explained in more detail in the prior section – limited to a subsample of firms in our sample in which responding executives exhibit the same state of knowledge concerning modern management practices – i.e. know at least one management practice from all eight practice groups described above.

In view of our control variables introduced in models 6 to 10, we become aware that no significant correlation is observable between *industry* and practice implementation. Furthermore, we find that *stock companies* (“*Aktiengesellschaften*”) have implemented significantly more management practices compared to *limited liability companies* (“*GmbH*”, reference category) – irrespective of company size. The fact that this effect remains



significant after adding all further independent variables indicates that stock corporations are confronted with especially high expectations from their stockholders concerning modern and professional management, an observation that is in line with arguments and results of prior research (Julian, Ofori-Dankwa, & Justis, 2008). Interestingly, these results deviate from our observations concerning executive's knowledge of management practices and point to the fact that implementation decisions are driven by other factors than knowledge acquisition – when comparing results for executives that all have the same knowledge state.

Models 6 and 7 also indicate that small and medium sized companies (< 250 employees) implement significantly less management practices than their larger counterparts with more than 250 employees. As has been outlined in the theory section, this result can be explained by the better resource endowment of larger firms as well as their higher organizational complexity which calls for problem solutions that are often provided by modern management practices (compare hypothesis 1b). At the same time, we find no significant differences between small and medium sized companies with respect to practice implementation (model 7). Further results demonstrate that besides variables measuring material resource endowment, additional factors help to explain implementation propensity among SMEs. We find that companies which are lead by executives with an educational background in *business sciences* tend to implement significantly more modern management practices than companies that are lead by executives with differing educational backgrounds. This result might point to the importance of immaterial resources in the form of management know-how for practice implementation (hypothesis 2b). Same as for our estimations concerning knowledge, we find no additional or divergent effects when adding more detailed variables concerning educational background (e.g. natural or engineering sciences). In contrast to our expectation formulated in hypothesis 3b, we do not find a significant effect of *family ownership* on the tendency to implement modern management practices. One explanation for this unexpected effect might

be the increasing professionalization of management in family firms that has been observed during the past years.

Model 8 shows that a significant and positive relationship exists between *interaction with prior adopters* and the number of groups from which modern management practices are implemented. Companies which report that they are well informed about the implementation of management practices among their partner companies, competitors or other firms in their environment, implement significantly more modern management practices than firms which do not possess or establish such contacts. This effect remains stable after adding all other independent variables, supporting hypothesis 4b. Furthermore, model 8 initially displays a positive and significant effect for *industry association membership* which is in line with our expectations formulated in hypothesis 5b. Nevertheless, when adding the variable measuring *complexity of environmental demands* (model 9), this effect vanishes in favor of a highly significant and positive effect of the complexity of environmental demands. This observation can be explained based on the fact that companies which report that they are members of a larger number of industry associations also tend to exhibit high degrees of environmental complexity (see correlation table above). Nevertheless, when trying to separate effects of industry association membership and environmental complexity, it becomes obvious that environmental complexity has the stronger effect on firms' tendency to implement modern management practices. This latter observation is in line with hypothesis 6b and indicates that management practices are frequently implemented, because they are seen as serving expectations of important stakeholder groups (e.g. customers, suppliers) better than firm specific individual practices.

In model 10, the influence of *business consultancies* is tested and the results show that a positive and significant correlation exists between the frequency of consultant assignment and

the implementation of modern management practices – in line with hypothesis 7b. Interestingly, we do not observe a significant effect for executive's participation in management seminars. Thus, knowledge that has been acquired through higher education in the area of business sciences seems to be more influential with respect to implementation decisions than knowledge that has been acquired through management seminars and related types of advanced training.

Our control variables display another significant effect. The more often companies are advised by *tax accountants and lawyers* with respect to strategic decisions, the less modern management practices are implemented in the company. The influence of this profession thus seems to have an opposing effect on implementation propensity compared to business consultants. This observation could thus indicate that tax accountants and lawyers represent some kind of a corrective when it comes to implementation decisions. A more detailed discussion of this result will be provided in the discussion section.

Contrary to our expectation formulated in hypothesis 8b, consumption of pertinent management discourses does not seem to be directly related to implementation decisions. While we found that media consumption – especially management books – positively and significantly influences executive's knowledge on modern management practices, executives do not seem to fully rely on these sources when it comes to concrete implementation decisions.

## **3.6 Discussion**

### **3.6.1 Summary**

In this paper, we have developed a conceptualization of the diffusion of modern management practices among SMEs that connects two theoretical streams of prior diffusion research that

have – in combination – not been applied by prior research in this area. On the one hand, we have thereby relied on theoretical arguments that are often employed by work from business administration research and which propose that the “technical fit” between management practices and potential adopters represents the central explanatory factor for adoption decisions and diffusion (Rogers, 2003). From this perspective, it has been argued that adoption decisions are mainly based on considerations concerning firms’ resource endowments. On the other hand, we have employed arguments from diffusion research that is inspired by organizational sociology and which employs the argument that resource and necessity based explanations need to be complemented by explanations which account for the fact that organizations do not operate in a vacuum, but are embedded in diverse social environments (Nooteboom, 1994). We have thereby argued that social environments organizations are embedded in should represent sources of role models, of know-how and of expectations concerning appropriate ways of organizing which companies are not fully able to detract from. Based on arguments from both theoretical streams just outlined, we have developed hypotheses on the relationship between central organizational as well as environmental characteristics which should presumably affect knowledge about and implementation of modern management practices among SMEs. The subsequent empirical test of these hypotheses was performed using primary data which were gathered through an online survey among executives of 272 companies in Germany and which yielded the following core results:

We found that executives of SMEs – irrespective of company size – get into contact with – i.e. gain substantive *knowledge* of – modern management practices primarily through consumption of pertinent media, participation in management seminars and an educational background in business sciences. In turn, decisions to *implement* modern management practices seem to be mainly driven by interactions with prior adopters and the complexity of

environmental demands a company is willing to account for when making strategic decisions. Additionally, our results indicate that assignment of business consultancies is positively and significantly related to implementation propensity. The tendency to implement modern management practices is furthermore positively related to executive's educational background in business sciences, while we find no such effect for frequent participation in management seminars. Our theoretically derived expectations could thus be confirmed to a large extent. In more abstract terms, our results indicate that the two theoretical streams described above can be seen as complementary when trying to explain knowledge and implementation of modern management practices among SMEs.

### **3.6.2 Contributions**

In view of existing work on the diffusion of modern management practices, the results of this study hold a number of deepening insights and contributions which will be outlined in the following.

*First*, the results of this study emphasize that an examination of SMEs as a homogeneous group of organizations with a similar size and thus similar behavior with regards to the adoption of modern management practices does not seem adequate. The hesitant adoption behavior of SMEs with regards to modern management practices is – according to the results of this investigation – do not only a result from scarce (material and immaterial) resources. Instead, as our results concerning interactions with prior adopters and consideration of environmental expectations indicate, implementation decisions frequently result from time consuming processes of expectation and experience interchange with relevant actors in organizations' relevant environments. It seems that SMEs by this means at least partly try to compensate for limited organizational resources through careful practice selection, thereby relying on knowledge and expectations of relevant stakeholders in their social environment.

*Second*, our results shed light on factors explaining different types of adoption – namely knowledge and implementation. We thereby find that exposure to media discourses promoting modern management practices mainly explains executive's knowledge concerning modern management practices while implementation decisions are mainly triggered by direct social contacts to stakeholders in firms' social environments. This finding contradicts arguments from prior research in the area of management fashion theory which have frequently assumed that a direct and immediate relationship exists between the popularity of modern management practices in media discourses and their implementation by organizations (Abrahamson, 1996; Abrahamson & Fairchild, 1999). When taking into account that these studies have mostly assessed diffusion of management practices among large firms (e.g. the Fortune 500), our results might indicate that SMEs are less reactive with respect to short lived management fashions than larger firms. This result holds detailing implications for conceptual arguments concerning the influence of globally available discourses on modern management practices and their implementation by organizations. The initial diffusion of a management practice among large companies might be triggered by media discourses, while diffusion among SMEs in later stages of diffusion seems to be accompanied by a stronger influence of relational ties – such as contacts to prior adopters or business consultants. Implications of these results for current debates on the isolated as well as combined influence of cultural (media) and structural (relational ties) carriers (Scott W. R., 2003) of diffusion will be discussed in the general discussion section of this dissertation.

*Third*, our results point to factors that might block the diffusion of management practices – a topic that has only scarcely been assessed by prior research (Strang & Soule, 1998). In view of our control variable on the consultation of tax accountants and lawyers with respect to strategic decisions, it becomes obvious that the influence of this actors group seems to cause implementation of significantly less modern management practices. One potential explanation

for this observation lies in the fact that this actor group is bound to an institutional context that strongly differs and seemingly operates disconnected from the arenas for modern management knowledge described above. As prior research by Suddaby and Greenwood (2005) indicates, this divergence between professions has gradually declined during the past decades with respect to large accounting firms. Nevertheless, tax accountants and lawyers mandated by SMEs still seem to operate within these traditional professional boundaries. A further explanation might be that especially tax accountants are deeply inclined to save costs for their mandates. Implementation of modern management practices involves high investments and insecure returns, meaning that these practices might not be preferred by tax accountants.

*Fourth*, when considering that a large breadth of practices has been assessed and that implementation of management practices is a very basal corporate decision, our results contain insights concerning general decision making behavior of SMEs. It thereby becomes clear that relational environments SMEs are embedded in not only constitute sources of social capital (Yli-Renko, Autio, & Sapienza, 2001), but also of expectations that SMEs are not always able to fully detract from. Future SME research might profit from assessing this aspect in greater detail, which has hardly been considered by prior work.

### **3.6.3 Limitations and conclusion**

The insights gathered here must be seen in light of a number of limitations this study is restricted by. Our approach of collecting survey data comprises the risk of a key informant bias (Kieser & Hurrell, 2005). On the one hand, it might be questioned whether single respondents to our survey possess a knowledge base that is satisfactory when it comes to questions which span many areas of one single organization. Taking into account that we exclusively targeted executives of SMEs which should presumably possess extensive knowledge about many areas of organizational activity (Miller & Toulouse, 1986), we would

nevertheless assume that this aspect of a potential key informant bias does not affect the results of this study to a significant extent. A further source for a key informant bias lies in the risk that intended respondents do not answer the questionnaire personally but pass this task to other members of their company. On the one hand, we tried to counter this potential bias by directly approaching respondents by name. On the other hand, we asked for the respondent's position within the firm in the questionnaire and removed all questionnaires from our analysis that were not filled out by executives. Finally, while our approach of assessing the diffusion of a larger number of management practices in aggregate holds the advantage of understanding basal diffusion mechanisms, it forces us to blank out specific anomalies of single management practices. A refinement of our aggregate assessment through an investigation of specificities of single management practices might thus constitute a promising starting point for further research.

Despite these limitations, our study holds insights that contribute to existing research on the diffusion of management practices among SMEs. We were able to show that SMEs as a group of firms, although equipped with similar resource endowments, strongly differ with regards to their embedment in different social environments and that this fact strongly influences fundamental managerial decisions. The conceptualization we have developed here might thus constitute an interesting starting point for future research that aims at identifying important basal determinants of decision making in SMEs. Additionally, it became clear that a combined assessment of classical organizational characteristics and attributes of social embedment instead of an isolated assessment of one of these two groups of explanatory factors comprises clear advantages and brings about a more thorough understanding what drives managerial decision making in SMEs .



### 3.7 Appendix for chapter 3<sup>11</sup>

#### Appendix 9: Exemplary presentation of management practice short descriptions as used in the questionnaire

##### **Balanced Scorecard (BSC)**

BSC denotes a practice that is based on key figures and which shall enable its user to measure achievement of different corporate goals. BSC accounts not only for a financial perspective, but also a customer, process and employee perspective. For each perspective, critical success factors are identified and key performance indicators (KPIs) are derived which measure the degree of goal achievement.

##### **Benchmarking**

The basic idea behind benchmarking is to measure and compare products, services and processes of a company with those of other leading organizations. The goal is to identify best practices which can then serve as references for performance optimization.

##### **Business Intelligence System (BI)**

A BI-system shall help to analyze and interpret business data from various systems all over the company. Examples include: SAP Business Objects, IBM Cognos or Microsoft Dynamics.

##### **Business Process Reengineering (BPR)**

BPR denotes a practice for radically redesigning business processes in order to achieve improvements of core figures such as costs, quality, service and cycle times. Tasks are thereby combined in a way that allows for an alignment of all business processes towards the customer.

##### **Change Management**

Change Management denotes a practice that shall help to actively manage change processes in organizations. Part of the practice are suggestions for structuring change processes, involvement of aggrieved parties, communication of change and steering the change process.

##### **Corporate Social Responsibility (CSR)**

CSR denotes a practice for a socially compatible management. It involves actions that target the solution of social and ecological problems. Voluntarily resuming corporate social responsibility means to meet standards beyond law.

##### **Customer Relationship Management (CRM)**

CRM denotes a practice for customer oriented management. Using information and communication technology, companies shall thereby be enabled to establish successful long term customer relationships. Therefore, a holistic orientation of the whole business processes towards the customer as well as the use of CRM-systems which delivers

##### **Enterprise Resource Planning System (ERP)**

An ERP system denotes a complex, integrative software system that supports companies with respect to resource planning. Examples for ERP systems are: SAP ERP, Oracle ERP or Abas.

##### **ISO 9000**

The norm queue EN ISO 9000 ff. denotes a number of norms and actions that document basic principles of quality management. Together they build a set of norms for quality management systems that shall ease mutual understanding on a national and international basis.

##### **Joint Venture**

A Joint Venture is a common subsidiary of at least two companies that are legally and economically independent. Besides capital, these founding companies frequently also place resources like technology, patents, market know-how or machines.

##### **Just in Time (JIT)**

JIT denotes a manufacturing strategy which is designed for a production- and demand synchronized supply of basic materials and pre-products. Delivery shall thereby take place at the right time, the right quantity, quality and the right

##### **Key-Account-Management (KAM)**

KAM is concerned with cultivating relationships with large or key-customers and by this means aims at establishing greater customer proximity and adhesion through building a systematic relationship management. Commonly, this involves an allocation of key customers to single contact persons within the company (key account managers).

---

<sup>11</sup> The translation of the German questionnaire into English was conducted by the authors of this study. The original German version can be provided on request.

## Appendix 10: Questions, variables, scales<sup>12</sup>

Variable	Question(s)	Scale	Values
„EU definition small enterprise“	Employees: „How many employees did your company engage by the end of the year 2009? (including part time employees, without temporary staff and interns)“	binary	1: [< 50 employees, sales < 10 and > 2 mill. €] 0: [otherwise]
„EU definition medium sized enterprise“	Sales: „What was the sales volume of your company in 2009?“	binary	1: [< 250 employees, < 50 mill. € sales, „EU definition small enterprise“ = 0] 0: [otherwise]
„Larger EU definition“		binary	1: [> 250 < 1.000 employees and/or > 50 mill. € sales] 0: [otherwise]
Family ownership	„To what extent is your company family-owned?“	ordinal	[1] 0%, [2] 1% to <25%, [3] 25% to <50%, [4] 50% to <75%, [5] 100%
Executive with education in business sciences	„In which branch of study did you absolve your university degree / your PhD?“ (Filter question: Only those respondents were asked which indicated that they possess a university degree)	binary	1: [if „business sciences“] 0: [otherwise]
Interaction with prior adopters	„To what extent does your company notice implementation of a new management practice at companies in its environment (e.g. competitor, partner company)“	5-point Likert scale	From [1] „do not agree at all“ to [5] „fully agree“
Industry association memberships	„How many memberships in industry associations (e.g. IHK, VDA, BMI) do you hold?“	ordinal	„1“, „2“, „3“, „4“, „5 and more“
Complexity of relevant environmental demands	„When it comes to important strategic decisions for the company, I explicitly take into account wishes, demands and behavior of the following stakeholder groups: Customers, employees, suppliers, owners, outside creditors, competitors.“	ordinal	From „0“ to „6“ Sum of groups taken into account
Business consultancies	„How often do you mandate business consultancies in case of strategic decisions?“	5-point Likert scale	From [1] „not at all“ to [6] „very often“
Management seminars	„How often do you participate in management seminars, congresses, talks or other advanced training events?“	ordinal	[1] „Never/as good as never“, [2] „more seldom than once per year“, [3] „1-3 times per year“, [4] „4-6 times per year“, [5] „more often than 6 times per year“
Management books	„How often do you read management books (e.g. „The Five decisive questions of management“ by Peter Drucker)“	ordinal	[1] „Never/as good as never“, [2] „more seldom than once per month“, [3] „several times per month“, [4] „several times per week“, [5] „daily“
Management magazines	„How often do you read management magazines (e.g. Harvard Business Review, Schmalenbachs Zeitschrift für Betriebswirtschaftliche Forschung, Die Betriebswirtschaft)“		

<sup>12</sup> The translation of the German questionnaire to English language was conducted by the authors of this study. The original German version can be provided on request.

<i>Legal form</i>	„Please name the legal form of your company“  Answers: AG, GmbH, GmbH & Co. KG, Personengesellschaft	Four binary variables	0/1
<i>Industry</i>	„Which industry does your company mainly operate in?“  Answers: Processing trade, Construction, Trade, Transport, Services	Six binary variables	0/1
<i>Tax accountants and lawyers</i>	„How often are you supported by tax accountants or lawyers in case of strategic corporate decisions (not directly related to tax/law questions)?“	5-point Likert scale	From [1] „not at all“ to [5] „very often“

## **4 ANTECEDENTS OF SYMBOLIC ADOPTION: MODERN MANAGEMENT PRACTICES ON THE INTERNET SELF-REPRESENTATIONS OF THE 500 LARGEST COMPANIES IN GERMANY<sup>13</sup>**

### **4.1 Introduction**

In the management literature, it has been stated that organizations might be able to gain or maintain legitimacy and reputation through symbolically adopting popular management practices that are in line with external expectations (Deephouse, 1996; Ruef & Scott, 1998; Boxenbaum & Johnsson, 2008). It has therefore been argued that modern management practices provide organizations with well-defined, generally accepted symbols and labels encapsulating sets of logics that can be used to reflect stakeholder demands (Staw & Epstein, 2000). Empirical studies largely support this view by showing that symbolically adopting modern management practices may lead to enhanced reputation and legitimacy (Staw & Epstein, 2000), increased value in the stock market (Westphal & Zajac, 1998; Fiss & Zajac, 2006), or the acquisition of more resources (Zott & Huy, 2007).

At the same time, significant changes regarding the possibilities and costs of organizational self-representation have occurred over the last decade. Presently, the Internet offers organizations the opportunity to relatively inexpensively reach a high number and diversity of constituents and to reflect their multiple expectations, heavily extending possibilities of symbolic adoption of management practices (Pollach, 2005). In view of existing theoretical arguments and empirical results on positive economic and social outcomes of symbolic adoption and these changing conditions for organizational self-representation, one important question has remained largely unanswered: Why do some firms decide to symbolically adopt

---

<sup>13</sup> This chapter represents joint work with Dominika Wruk, Achim Oberg and Michael Woywode. The first two authors have contributed equally to this paper.

modern management practices and others do not, despite the fact that symbolic adoption is rather inexpensive and positive effects on reputation, legitimacy, and resource endowments can be expected? Put differently: What are the antecedents of symbolic adoption and what are its limits?

To answer this question, we develop a theoretical model of symbolic adoption consisting of three major classes of antecedents. First, based on existing theoretical arguments conceptualizing organizations as socio-political arenas (Cyert & March, 1963) and prior empirical work on symbolic adoption, we suggest that power constellations related to ownership structures should influence firms' symbolic adoption behaviors (Fiss & Zajac, 2004). Second, referring to arguments derived from institutional theory, we propose that symbolic adoption of management practices might be seen as an attempt to deal with demands stemming from diverse social contexts (DiMaggio & Powell, 1983). Third, based on arguments from resource dependence and impression management theory, we argue that an organization's public visibility both drives and constrains the propensity of symbolic adoption (Salancik, 1979; Carter, 2006). Ultimately, this theoretical model helps us understand under which conditions symbolic adoption might be a more or less viable way for organizations to address environmental demands and by this means reach economic and/or social gains.

We test our theoretical framework empirically by assessing Internet self-representations of the 500 largest firms in Germany using data collected from a proprietary web crawler. This semi-automated data collection procedure allows us to assess the complete Internet self-representation of each firm – including sub-pages, campaign pages, product pages etc. – resulting in a final dataset of more than 8,000 single URLs and about 100,000 single pages. Using this dataset, we assess symbolic adoption of 16 modern management practices among these firms and use regression models to predict the amount and variety of symbolic adoption

of management practices occurring at the firm level. Our results provide general support for the theoretically derived expectations on the antecedents and limits of symbolic adoption.

We confirm that socio-political and new institutional arguments on the influence of power constellations and pressure for conformity on substantive adoption of management practices also hold true for the case of symbolic adoption of management practices within firms' self-representations on the Internet. Specifically, we not only identify drivers of symbolic adoption, but also find that certain ownership constellations serve as limiting factors. In addition, controlling for similarities in power constellations and the influence of social contexts, we find that organizations may still differ significantly with respect to symbolically adapting to the resulting demands. We find empirical support for our theoretically driven assumption that, to a certain extent, media attention leads to an increase regarding symbolic adoption efforts. However, if visibility is very high, the propensity increases that firms are critically assessed, which seems to limit their willingness to symbolically adopt modern management practices. With our theoretical arguments and empirical results, we contribute to developing a finer grained theory of antecedents and especially of limits of symbolic adoption. Our insights thus contribute to developing a deeper understanding of factors that enable or constrain organizations in their possibilities to profit from symbolic adoption.

## **4.2 Theoretical background and hypotheses development**

### ***4.2.1 Symbolic adoption of management practices***

One major argument in new institutional theory is that, in their attempt to gain and maintain legitimacy and by this means secure their survival, organizations adapt to institutionalized beliefs about rationality and progress imposed on them by their environment (Fiss & Zajac, 2004; Suchman, 1995; Scott W. R., 2008). Led by coercive, mimetic, and normative pressures toward isomorphism, organizations adopt practices that are perceived as appropriate and

legitimate by their relevant environments (DiMaggio & Powell, 1983). The adaption to institutionalized demands thereby involves two major problems (Boxenbaum & Johnsson, 2008): First, institutionalized norms and corresponding practices may differ from internal core activities that have proven the most effective and efficient ways to manage organizational processes. Second, an organization's institutional environment is not necessarily homogeneous, but may consist of different types of constituencies, potentially imposing contradictory demands on the organization (Scott & Meyer, 1991; Friedland & Alford, 1991). Satisfying the demands of one part of the environment may thus take place at the expense of another part. As a result, it has often been observed that organizations loosely couple (Weick, 1976) or decouple (Meyer & Rowan, 1977) formal structures from environmental demands (Bromley & Powell, 2012). Organizations may thus successfully adapt their structures to "rationalized myths" on a symbolic level while leaving core activities unchanged. The adoption of organizational practices can thus take place on at least two analytically separate levels: First, organizations can adopt a practice's rules for organizing by adjusting internal processes – often termed "substantive adoption" (Westphal & Zajac, 1998, p. 137). Second – irrespective of substantive adoption – organizations can evoke the impression that substantive adoption has taken place by referencing a practice in channels of their self-representation. The latter aspect has often been termed "symbolic adoption" and is the core focus of this paper.

It has been shown that modern management practices, such as shareholder value management, total quality management, or stock options, play a crucial role in this regard for at least two reasons. First, besides encapsulating solutions for organizational problems and thus rules for internal adjustment (Barley & Kunda, 1992), practices provide organizations with popular symbols and labels and thus with tools to symbolically adapt to internal and external expectations (Thornton & Ocasio, 1999; Fiss & Zajac, 2004; Seo & Creed, 2002; Elsbach & Sutton, 1992; Elsbach & Sutton, 1998; Fiss & Zajac, 2006). It has thereby been argued that

practices are characterized by a low degree of codification (Hasselbladh & Kallinikos, 2000) and empirical precision (Astley & Zammuto, 1992) that allow a certain leeway when it comes to interpretation and adoption (Benders & Van Veen, 2001; Giroux, 2006; Kieser, 1997). This “linguistic ambiguity” thus increases the range of potential (symbolic) adopters to which the practice’s vocabulary may potentially refer (Astley & Zammuto, 1992). In their attempt to preserve organizational coherence, organizations thus use ambiguous language in their communications (Eisenberg, 1994) since “linguistic ambiguity allows different groups to support the same general policy for different reasons” (Astley & Zammuto, 1992, p. 450). Hence, although the basic idea behind modern management practices may be supplying procedural knowledge in the form of organizing rules and routines for managers, it has been argued that practices may simultaneously benefit organizations because they are “symbolically efficient” (Abrahamson, 1991, p. 608; Abrahamson, 1996; Kieser, 1997; Birkinshaw, Hamel, & Mol, 2008).

Second, current research has shown that many modern management practices have successfully diffused across a variety of nation-states and industries (Rigby & Bilodeau, 2007) as well as organizational forms (Bromley, Hwang, & Powell, 2011). Although it has been argued that practices underlie adaptations when traveling from one context to another (Czarniawska & Joerges, 1996; Woywode, 2002), it has also been shown that their major labels and symbols have frequently prevailed and gained prominence on a global level (Rigby & Bilodeau, 2007). Besides their potential value in terms of adapting to specific internal and external expectations of dedicated stakeholder groups, practice labels and symbols thus provide organizations with the opportunity to describe their activities in a way that is comprehensive across different social contexts, such as countries or industries.



Following these arguments and observations, we conceptualize management practices as containing both knowledge about potential solutions for organizational problems, which might be reflected in organizational processes, e.g., through the establishment of specialized departments, and as providing organizations with standardized symbols and labels encapsulating sets of logics like progressiveness, responsibility, sustainability, efficiency, or accountability (Zbaracki, 1998) that enable organizations to respond and thus to signal their conformance with “rationalizing pressures” (Bromley & Powell, 2012, p. 5) from the environment.<sup>14</sup>

#### ***4.2.2 Outcomes of symbolic adoption***

A considerable amount of empirical research has been conducted to identify outcomes of symbolic versus substantive adoption of management practices. It has been shown that symbolic adoption of single management practices oftentimes yields measurable social and economic outcomes. Investigating the adoption of CEOs’ long-term incentive plans on both a substantive and a symbolic level, Westphal and Zajac (Westphal & Zajac, 1998) showed that symbolic adoption of this practice initiates measurable positive reactions on the stock market. Staw and Epstein (2000) found that firms referring to modern management practices profit from higher reputation and are considered more innovative and to have superior management. Moreover, the authors emphasized the role of symbolic adoption in this context, suggesting that the “informational linkages” of organizations to popular management techniques – such as quality management, teamwork, or empowerment – are significantly related to organizational reputation and have an even stronger effect on organizational reputation than the substantive adoption of these practices. Related to this, Zott and Huy (2007) demonstrated

---

<sup>14</sup> In this context, Zbaracki (1998) refers to the two versions of TQM: a technical TQM, including guidelines and rules organizations have to follow – e.g., statistical process control, data analysis tools, brainstorming – and a rhetorical TQM, serving symbolic purposes.

that entrepreneurs performing certain symbolic actions are better able to gain legitimacy and thus obtain more resources (employees, capital, and customers). Fiss and Zajac (2006) expanded on these findings by showing that certain ways of framing adopted practices initiate more positive market responses than others. Their results indicate that, when adopting a contested practice – the authors investigated the adoption of the concept of shareholder value management in the German context – firms are evaluated higher on the stock market when they use a balancing framing to justify adoption of the practice rather than choosing a frame of acquiescence (Oliver, 1991).

What most existing studies have in common is that they focused on outcomes of symbolic adoption, and in this regard show that symbolically adopting modern management practices may lead to enhanced reputation and legitimacy (Staw & Epstein, 2000), increased value in the stock market (Westphal & Zajac, 1998; 2006), or the acquisition of more resources (Zott & Huy, 2007). Furthermore, results of the aforementioned studies suggest that these effects are oftentimes largely independent from the question of whether these practices have been adopted substantively. Since mere symbolic adoption is a comparably cost-saving undertaking – especially in view of today's possibilities for organizational self-representation on the Internet – it thus seems to represent an acutely attractive organizational strategy when it comes to dealing with modern management practices. Nevertheless, in view of existing insights, the question of why many firms decide not to symbolically adopt a larger number of modern management practices remains largely unanswered. Put differently, we lack understanding of antecedents and limits rather than outcomes of symbolic adoption of modern management practices and thus of those factors that might enable or constrain organizations in their possibilities to profit from such symbolic actions.

### **4.2.3 *Antecedents of symbolic adoption***

The few studies that contributed to identifying antecedents of symbolic adoption investigated antecedents of the degree of compliance or decoupling. For instance, Fiss and Zajac (2004) investigated the adoption of the concept of shareholder value management among listed German firms, aiming to identify explanations for varying degrees of (non)- adoption. They found that the degree of decoupling decreases with the presence of more powerful and more committed key actors in an organization's relevant environment, suggesting that possibilities for mere symbolic adoption decrease when firms face demands from particularly powerful stakeholders. Westphal and Zajac (1994; 1998) found that an organization's tendency to symbolically and not substantially adopt CEOs' long-term incentive plans increases for firms with especially powerful CEOs and poor prior performance. Other studies focused on identifying antecedents of rhetorical or framing strategies of symbolically adopted practices (Zajac & Westphal, 1995). Fiss and Zajac (2006) found that German firms receiving greater media attention and firms owned by the government or German banks are more likely to use a balancing framing when introducing the shareholder value concept.

These existing studies provide important insights for understanding antecedents of symbolic adoption of management practices. Nevertheless, the focus of existing work lies in explaining differences in symbolic versus substantive adoption – the degree of decoupling – or the chosen framing strategy and not in developing and testing theoretically grounded explanations that help us understand symbolic adoption as a *distinct phenomenon*. Furthermore, all these studies focused on rather specific *empirical settings*, namely, firms that are listed on the stock market and management practices that are to some extent bound to this specific context. Listed firms are per se confronted with strong reporting duties and the practices that have been assessed in the studies mentioned are – in their symbolic value – mostly suitable for gaining legitimacy among shareholders and potential investors. Irrespective of the fact that

these studies do not treat symbolic adoption as a distinct phenomenon, it thus seems questionable whether existing theoretical and empirical insights on antecedents of decoupling (when seen as a proxy for symbolic adoption) can be conveyed to other empirical contexts or a broader cross-section of firms (Staw & Epstein, 2000).

Additionally, the existing studies focused on investigating adoption of *single management practices*, but such practices as shareholder value management, total quality management, or corporate social responsibility are often only suitable for gaining legitimacy from a limited number of stakeholders in an organization's environment. Thus, by solely assessing adoption of individual practices, one overlooks that organizational environments are fragmented and that legitimacy is assigned by different types of relevant stakeholders. For instance, while firms might appear progressive vis à vis their shareholders by symbolically adopting the shareholder value concept, they may concurrently lose legitimacy in the eyes of other stakeholders (e.g., NGOs, trade unions). On the other hand, a company may gain legitimacy from stakeholders such as NGOs by symbolically adopting, for instance, the concept of corporate social responsibility while risking disapproval by its shareholders. To understand the symbolic value of modern management practices for gaining and maintaining organizational legitimacy, it is thus necessary to account for the fact that in their symbolic actions, firms are able to choose from an ecology of existing practices.

In the next sections, we develop a theoretical model that aims at explaining antecedents of symbolic adoption of management practices as a *distinctive phenomenon* relevant for a broader *cross-section of firms* and that allows for the fact that in their decision to symbolically adopt management practices, firms are able to choose from a *larger number of existing practices*.

### **4.3 Theoretical model of symbolic adoption of modern management practices**

In line with prior research from resource dependency theory (Pfeffer & Salancik, 1978) and complementary work from the domain of institutional theory (Oliver, 1991), we anticipate that firms' symbolic adoption behavior is influenced by different aspects of their relevant environment. Our theoretical model of symbolic adoption thereby is comprised of three central elements that have – often in isolation – been discussed by prior research on the diffusion of organizational practices and on symbolic actions: First, from a socio-political perspective, we argue that *power constellations* related to firms' ownership structures, and thus interests and preferences of different ownership groups play a crucial role with respect to symbolic adoption. Second, based on arguments derived from institutional theory, we propose that organizations *spanning social contexts* should display more active symbolic adoption behavior than organizations that are bound to single contexts. Third, referring to arguments derived from impression and symbolic management research, we propose that *firm visibility* serves as an important factor influencing firms' symbolic actions. In what follows, we detail on how these three types of elements should influence the intensity of symbolic adoption of modern management practices and develop testable hypotheses about these relationships.

#### **4.3.1 Power constellations**

If we consider organizations as political arenas, an organization's behavior is influenced by the values, objectives, and beliefs of the dominant actors in the respective settings (Cyert & March, 1963; March, 1988). In this view, powerful actors – such as dominant owners – decide which issues receive special attention when scarce resources are allocated (Pfeffer & Salancik, 1978; Fligstein, 1985). As Fiss and Zajac (2004) point out in financial economics literature, owners have often been treated as a rather homogeneous group sharing the goal of shareholder value maximization. Nevertheless, existing studies in organizational theory

literature (Palmer, Jennings, & Zhou, 1993; Fiss & Zajac, 2004; Scheiber, Wruk, Huppertz, Oberg, & Woywode, 2012) as well as more recently in economics (Bloom & Van Reenen, 2010) have demonstrated that ownership groups oftentimes differ with regard to the goals they pursue as well as their degree of professionalism, and that these differences affect (symbolic) adoption decisions of organizations. For instance, Palmer et al. (1987) show that ownership structures had at least an indirect – in some cases even a direct – effect on the substantive adoption of the multidimensional form. Fiss and Zajac (2004; 2006) find empirical support for their argument that interests and preferences of different types of block-holding owners significantly influence the diffusion of the shareholder value concept among large German firms. In their recent study in which they attempt to identify similarities and differences between management practices across firms and countries, Bloom et al. (2012) find that ownership structures are strongly linked to observed variations in the implementation of modern management techniques and practices. More specifically, they show that across countries, family- and publicly owned firms are significantly more reluctant to implement modern management practices. According to these existing theoretical and empirical insights, different types of owners should thus have different objectives based on distinct logics and values and by this means would exert different demands on organizational decision-makers (Palmer, Friedland, Jennings, & Powers, 1987). We now develop testable hypotheses concerning the influence of different types of owners on the intensity of symbolic adoption of modern management practices.

#### ***4.3.1.1 Family ownership***

Family-owned firms face specific organizational environments based on the characteristics of their dominant owner(s). Family owners are often personally dependent on the firm's economic well-being, and these firms have frequently been family property ever since their

founding (Klein, 2004; Nooteboom, 1994). Family owners are thus often described as exerting their influence based on a rather long time horizon of their “investment,” forcing the organization to follow a more continuous and unique strategy (Miller & Breton-Miller, 2007; Sirmon, Hitt, & Ireland, 2007; Le Breton-Miller & Miller, 2006). As a consequence, family-owned firms have been described as rather skeptical and hesitant when it comes to the adoption of – potentially short-lived – modern management practices (Bluhm & Geicke, 2007; Scheiber, Wruk, Huppertz, Oberg, & Woywode, 2012). In support of this argument, a current study finds that family-owned firms – and especially those family-owned firms that are also managed by their owners – introduce modern management techniques and practices less often and to a lower extent than firms owned by other shareholders (Bloom, Genakos, Sadun, & Van Reenen, 2012).

With respect to symbolic adoption, it also has to be considered that family-owned firms are in many cases managed by family owners. Furthermore, even if family members are not among the leaders of the firm, managers of family-owned firms are frequently emotionally linked to the family. It has thereby been argued that executives of family firms act as stewards – and thus “with altruism for the benefit of the organization and its stakeholders” (Miller & Le Breton-Miller, 2006, p. 74) – rather than as self-interested opportunistic agents. As a result, the probability of significant deviances between owners’ and managers’ interests tends to be lower in family-owned firms, while the access of owners to relevant information and thus the possibility to exert direct influence on the firm’s activities tends to be higher, resulting in a reduction of potential principal agent conflicts (Anderson, Mansi, & Reeb, 2003). Thus, whether because of unity of ownership and control or the fact that executives of family-owned firms tend to act as stewards, managers of family-owned firms should be less dependent on symbolic actions vis à vis company owners via public communication channels. Finally, family-owned companies are frequently more strongly anchored in their local community or

relevant environment and have enduring and direct relationships to internal and external stakeholders (Miller & Breton-Miller, 2007; Milton, 2008). This should make them less dependent on indirect communication and self-representation channels such as the Internet, not only when it comes to symbolic actions targeted at company owners. As a result, family-owned firms should face a lower demand to symbolically adopt modern management practices.

*Hypothesis 1: Organizations primarily owned by private persons or families will engage less in symbolic adoption of modern management practices than other organizations.*

#### **4.3.1.2 Public ownership**

In Germany, many firms offering basic services (like energy, mobility, communication) are – although by now partly privatized – to a considerable extent *publicly owned*. Considering this context, it can be argued that publicly owned firms might differ from privately owned firms with respect to the intensity of symbolic adoption of modern management practices for several reasons. Publicly owned firms are bound to missions and goals that differ from those of private firms – e.g., to guarantee secure public supply of basic goods or to secure employment (Ehrmann, 2003; 2004). Publicly owned firms should thus face different institutionalized demands about appropriate behavior than privately owned firms (e.g., a greater emphasis on reliable and widespread supply of goods than on efficient supply of goods and services such as energy or transportation), thus making symbolic adoption of management practices developed in the private sector – at least in an unmodified form – less probable. In line with this argument, judging the management quality based on the degree of implementation of modern management practices, Bloom et al. (2012) show that publicly owned firms are less “well” managed than privately held firms.



Additionally, in the German context, public ownership frequently implies that supervisory boards of publicly owned firms, like the Deutsche Telekom or Deutsche Bahn, are partly staffed with government officials or politicians (Ruter, 2004). These persons frequently do not have an educational background in management and related areas and might thus be less demanding with respect to modern management techniques compared to their colleagues in privately held firms (Reichardt, 2004). Third, it has been argued that publicly owned firms frequently face especially strong influences of unions “which place a great emphasis on equity, fairness, and political criteria,” and by this means prevent firms from implementing modern management practices that frequently involve employee performance evaluation, strict performance-based promotion, and a rigid dismissal of “underperformers” (Bloom, Genakos, Sadun, & Van Reenen, 2012, S. 21). Finally, from an economics perspective, it could be argued that publicly held firms might frequently face a lower risk of market exit and are thus to a certain degree shielded from competition, because in cases of economic failures, the state represents a secure source of financing (Bauer J. M., 2005). As a result, managers of publicly held firms might face weaker pressures for conformance with myths of progressiveness and rationality than their counterparts in privately held firms. Based on these arguments, we would thus expect that publicly owned firms report less on modern management practices than privately owned firms:

*Hypothesis 2: Organizations primarily owned by public authorities will engage less in symbolic adoption of modern management practices than other organizations.*

#### 4.3.1.3 *Institutional ownership*

Traditionally, firms owned by *institutional investors* such as insurance companies or mutual-fund or private-equity companies<sup>15</sup> are characterized by a rather strict separation of ownership and control (Chaganti & Damanpour, 1991). Compared to, for instance, family or individual owners, institutional owners are thus less able to evaluate internal processes and activities, meaning that they highly appreciate transparency and put considerable effort in screening the company based on information accessible on the market (e.g., share price, ratings) as well as reports and general information provided by the firms to assess the value of their investment. In fact, as Bushee and Noe (2000) demonstrate, institutional investors prefer to invest in firms with more forthcoming disclosure practices. Besides limited opportunities for directly evaluating internal operations this might result from the fact that investors themselves have to justify their investments vis a vis their own shareholders. In line with this, Zuckerman (2000, p. 592) argues that managers of firms owned by institutional investors “experience control in the form of pressure to structure their firms in ways that investors deem legitimate.” Managers of firms owned by institutional investors thus have an incentive to put considerable effort in creating an organizational self-representation that corresponds with investor’s beliefs about appropriate and superior management. Providing standardized and widely understandable labels and symbols, modern management practices should thereby represent viable tools for persuading institutional investors that the company has a management of superior quality (Staw & Epstein, 2000). In line with prior work, we would thus expect that institutional

---

<sup>15</sup> Although representing a relevant type of firm owners, banks are not added to the list of institutional investors, since they have been shown to have different interests than other institutional investors in the German context because they often have business relationships with the firms they own. Generally, German banks play a crucial role in the German corporate governance system, and in many cases, they hold substantial shares in German companies (Fiss & Zajac, 2004). The firms owned by German banks have thereby been their clients. Based on the long-term relationship between debtor and debtee as well as board interlocks – representatives of banks can often be found in supervisory boards of large firms – German banks have access to extensive information about the firms they (partly) own. They can thus not be treated in the same way as other institutional investors, which usually do not have business relationships with the firms they own.

investors are “intendedly but boundedly rational information processors” (Westphal & Zajac, 1998, p. 131) who tend to value disclosures on globally “legitimate” organizational practices more than company-individual solutions to organizational problems. We thus expect that:

*Hypothesis 3: Organizations primarily owned by institutional investors will engage more strongly in symbolic adoption of modern management practices than other organizations.*

#### **4.3.2 Spanning social contexts**

Organizations receive legitimacy from constituents in the social context they are bound to (Suchman, 1995; DiMaggio & Powell, 1983). Legitimacy is thereby provided when organizations act – or appear to act – in accordance with demands and expectations prevailing in the respective context and are perceived as being a recognizable part of this context (Zuckerman, 1999). Nevertheless, organizations often operate in and are thus bound to demands stemming from different social contexts (Kostova, Roth, & Dacin, 2008). These organizations thus face a double-edged pressure for conformity with regard to their symbolic actions: First, they have to be recognized as *part of each* social context they are operating in. Firms that are not perceived as members of a social category in the respective context are often devaluated and penalized by relevant audiences (Zuckerman, 1999). Second, these firms also face the pressure of appearing consistent *across* the different contexts they are bound to. Differences between social categories in various contexts have to be addressed in a way that allows firms to be recognized as part of different social contexts (Zuckerman, Kim, Ukanwa, & von Rittmann, 2003). Resolving these double-edged pressures is not a trivial task, especially with regard to a communication channel like the Internet that is accessible to audiences in different contexts, which makes individualized communication more difficult. As we have outlined, modern management practices have frequently diffused globally as well as across different industries and should thus represent a viable communicative device when it

comes to reporting on organizational activities in a way that is comprehensible across and within different social contexts. By symbolically adopting management practices that enjoy popularity across different contexts, context-spanning organizations may thus be able to reach a certain level of standardization of communication that resonates with values and beliefs of various stakeholders in their fragmented environment. In contrast, organizations that are bound to single contexts might be able to tailor their communications to context-specific expectations that are not necessarily coined by global management trends and practices.

To test this broad proposition, we identify three organizational characteristics that indicate whether an organization spans various contexts – (1) degree of diversification, (2) degree of internationalization, and (3) listing on the stock market – and that should thus positively influence symbolic adoption behavior.

#### ***4.3.2.1 Degree of diversification***

The degree of diversification represents one classical indicator for whether and to what extent a firm spans different social contexts and thus faces diverse expectations, because multiple industry membership may bring different observers and audiences into play, thus complicating impression management and symbolic actions with which firms intend to establish legitimacy and reputation. Audiences of diversified firms receive ambiguous signs that make it difficult for them to evaluate the firms' credibility, legitimacy, and value (Fombrun & Shanley, 1990; Carter, 2006). In fact, empirical evidence shows that industrial diversification may have a negative effect on corporate reputation (Fombrun & Shanley, 1990). Related to this, it has been argued and shown empirically that highly diversified firms are often valued lower than the sum of their individual divisions and that business divisions of diversified firms reach lower levels of firm value than stand-alone firms operating in the same industry (Graham, Lemmon, & Wol, 2002). This "conglomerate discount" can be observed

because highly diversified firms are perceived as less profitable and less cost efficient than firms that focus on their core competencies. Based on these arguments, diversified firms should thus face greater pressures to appear rational and progressive than their undiversified counterparts. Because respective demands stem from actors that are bound to different industries, diversified firms concurrently face the challenge of responding to these pressures in a relatively unified way. Symbolically adopting modern management practices should thereby represent one viable way for diversified firms to reach a certain level of standardization of communication that resonates with values and beliefs of various stakeholders in their fragmented environments. By this means, diversified firms might even be able to reduce the discount they face when being evaluated on the market.

Furthermore, firms with a high degree of diversification frequently exhibit multi-divisional organizational structures that are frequently designed for conveying more result responsibility to divisional managers and fostering firm internal competition. In this context, it has been argued that symbolically introducing state-of-the-art management practices and to report about it is frequently seen as one viable way for division managers to demonstrate their progressiveness vis à vis a firm's top management (Abrahamson, 1996). Following these arguments, we expect that organizations displaying a high degree of diversification should engage more strongly in symbolic adoption of modern management practices. We thus expect that:

*Hypothesis 4: The extent of symbolic adoption of modern management practices increases with the degree of diversification.*

#### **4.3.2.2 Degree of internationalization**

In addition, national boundaries constitute critical factors that shape organizational environments (Rosenzweig & Singh, 1991). It has been argued that organizations displaying a

high degree of internationalization cannot be assigned to a single organizational field (Kostova, Roth, & Dacin, 2008) but can rather be described as spanning multiple fields and thus social contexts. Facing different interest groups in various contexts, internationally active organizations – also referred to as multinational enterprises (MNEs) – have to deal with greater demand for plurality and the pressure to conform to the expectation structures in diverse fields (Kostova, Roth, & Dacin, 2008; Kostova & Zaheer, 1999; Westney, 1993). Facing strong pressures for conformity, MNEs are also expected to engage more intensively in practices that help them to appear consistent to establish corporate reputation (Kostova & Zaheer, 1999). We thus argue that MNEs should be better able to fulfill the demand for conformity on a corporate level and to establish external legitimacy when utilizing standardized language provided by modern management practices to address stakeholders across countries.

Besides these external legitimacy requirements, subunits of MNEs face pressures for conformity within the corporation. These internal legitimacy requirements are based on the fact that MNEs are characterized by high internal fragmentation (Ghoshal & Bartlett, 1990), that they are “complex social systems consisting of different activities, product divisions, and locations, which are integrated and interdependent” (Kostova & Zaheer, 1999, p. 72). In firms that only operate in their home countries, internal and external legitimacy requirements are very similar or at least consistent. In contrast, for subunits of MNEs, these requirements may strongly differ, imposing a dual pressure for conformity on MNE subunits: To secure their license to operate in the host country, MNEs’ subunits have to adapt to the host country’s local environments. At the same time, internationally scattered subunits have to conform to norms and standards stemming from the firm’s home country environment to allow for a certain consistency on the corporate level (Zaheer, 1995; Rosenzweig & Singh, 1991). Symbolic adoption of modern management practices that are well known and accepted on a

global level might thus constitute one viable way for decision-makers of MNC subunits to balance the demands from their local environment and the corporate level. We thus expect that:

*Hypothesis 5: The extent of symbolic adoption of modern management practices increases with the degree of internationalization.*

#### **4.3.2.3 Listing on the stock market**

As we have shown, prior studies on symbolic adoption have almost exclusively concentrated on firms that are listed on the stock market. This might limit our understanding of the phenomenon, since listing on the stock market itself is an indicator of whether firms span different social contexts and thus is an explanatory factor for symbolic adoption. Stock markets represent a particular social context that follow their own rules, norms, and standards and address specific audiences with interests that differ from those of other contexts. Zuckerman (1999, p. 1398) describes the stock market as “significantly mediated by product critics,” meaning that analysts have a strong influence on the listed firms’ market value. To be perceived and recognized by analysts, he argues, listed firms should display a consistent and unitary appearance (Zuckerman, 2000). This pressure for a consistent appearance can be explained by the high diversity and specialization of evaluators and analysts on the stock market.

In addition to the existence of diverse analysts, being listed on the stock market indicates the existence of a larger number of different owners and potential investors with diverging interests and preferences. They can be categorized on the following dimensions: national versus international, private versus public, and private persons versus institutional investors. Various rapidly changing refinements of these categories (e.g., institutional investors could be mutual funds, banks, etc.), the potential combinations of categories (e.g., national, private,

institutional), and different combinations of shareholdings are therefore possible. In this view, listed firms span different social contexts in terms of the *audiences* they address and thus face pressures for conformity stemming from the social contexts of these diverse audiences. Using the standardized language provided by modern management practices should contribute to addressing these pressures.

Other relevant stakeholders on the stock market include regulatory bodies (e.g., stock exchange supervision) and media representatives. These audiences' demands are often formalized and enforced by law or convention. In fact, listed firms are bound to strict information and publishing duties to make them more traceable for the public or potential investors (Julian, Ofori-Dankwa, & Justis, 2008). These disclosure duties indicate that there is a strong coercive pressure toward standardizing reporting of listed firms. Taken together, these arguments indicate that, to be able to communicate with their diverse audiences in a relatively standardized way, listed firms will be more prone to resorting to popular symbols and labels provided by modern management practices than unlisted firms.

*Hypothesis 6: Listed firms will engage more strongly in symbolic adoption of modern management practices than non-listed firms.*

#### **4.3.3 Visibility**

Besides the expected influence of powerful owners and of the existence of diverse audiences, we argue that firm visibility serves as a filter for firms' symbolic actions. Visibility as a general term can be defined as the degree of public attention a firm receives, irrespective of whether this might be positive or negative attention – glory or scandal. Firm visibility functions as a filter in the sense that symbolic actions of firms are not equally perceived by their environments but that this perception depends on the degree of public attention. From a resource dependence perspective, Pfeffer and Salancik (1978) argue that constituents exert more pressure for compliance on visible firms than on firms that are not in the public eye.



Less visible firms, in turn, are better able to avoid public scrutiny and thus external control and social pressure (Meznar & Nigh, 1995). Related to this, impression management theorists argue that highly visible firms can influence stakeholder responses (Rindova, Pollock, & Hayward, 2006) and will thus engage more strongly in activities potentially enhancing their reputation and legitimacy (Carter, 2006). Institutional theorists state that firms differ with regard to exposure to diverse stakeholder demands and that these differences are likely to affect the firms' symbolic actions (Oliver, 1991; Fiss & Zajac, 2006).

A number of empirical studies show that organizational behavior is frequently influenced by an organization's visibility. Delmas and Montes-Sancho (2010) find that visible firms have a greater likelihood of joining the Climate Challenge program early, compared to less visible firms. Salancik (1979) shows that, partly due to resource constraints, governmental pressure for adopting equal opportunity hiring practices is not exerted equally on all firms. Highly visible firms, he shows, experience more pressure when it comes to adopting these practices. Other studies point to the importance of visibility when it comes to organizational self-representation efforts. Wartick (1992) observes that the greater a firm's visibility, the more it is concerned with managing its reputation. Fiss and Zajac (2006) find that firm visibility influences the choice of framing when it comes to justifying the adoption of shareholder value management. Carter (2006) shows that highly visible firms engage more strongly in proactively publishing press releases than less visible firms.

Although conceptual and empirical evidence supports this simple linear relationship between visibility and pressures for conformity, other research suggests a more complex relationship between media visibility and the demand to respond to environmental expectations. In their study on how media visibility influences the behavior of public affairs departments in companies, Meznar and Nigh (1995) do not find a consistent effect of media visibility on the

two types of activities they investigate (buffering and bridging) and thus conclude that the relationship between visibility and activities might be more complex than initially expected, calling for further research.

In this paper, we argue that media visibility can have strong effects on how firms symbolically adopt management practices. We thus expect that symbolic adoption is more likely to be observed by internal and external constituents if firms are generally visible to the public. Firms with a high media visibility might symbolically adopt management practices as a form of proactive impression management or as a response to social pressure for conformity. In turn, firms that are largely invisible in the media and do not get public attention are less likely to profit from potential advantages of symbolic adoption since no considerable audience is observing and valuing their (symbolic) actions (Delmas & Montes-Sancho, 2010).

Nevertheless, we argue that extraordinarily high media visibility might limit organizations' symbolic adoption efforts. High visibility indicates high public scrutiny and intense observation by the relevant environment, which may imply different types of consequences for the firm (Sutton & Galunic, 1995). Positive consequences can be derived from the widespread understanding that "whether leaders and their organizations flourish or fail depends on their ability to attract and manipulate public attention" (Sutton & Galunic, 1995, p. 3). Organizations that are noticed by their relevant environment and attain public attention have better access to resources and are rewarded with legitimacy and reputation. As a result, it has been argued that highly visible firms might frequently not deem intense self-representation efforts necessary, because media might oftentimes heavily contribute to creating and establishing a favorable public image without efforts of the firm itself (Staw & Epstein, 2000). In this view, journalists and other producers of public discourse strongly engage in

establishing and maintaining the firm's image by, for instance, reporting on successful change projects or CEO-succession and incentive plans or making performance announcements. For companies with strong images, self-representation efforts might thus be replaced with external representations of the firm. Highly visible firms might deem symbolic adoption to be less important because different actors in their environment – especially media – perpetuate a favorable public image of the firm.

However, high public scrutiny also brings the risk of rather critical observation by a high multiplicity of external stakeholders, potentially initiating negative consequences for the visible firm. With growing attention from the public, the probability increases that a significant number of informed observers will intensify their evaluations and critically assess the self-representations of firms and draw public attention to potential inconsistencies. As a result, highly visible firms that symbolically adopt a wide range of potentially conflicting managerial practices might appear to be less credible. In line with this, Sutton and Galunic (1995, p. 12) argue that facing high levels of public scrutiny frequently implies being forced to answer “questions about what has happened, is happening, will happen, and why.” For highly visible firms, symbolic adoption of a larger number of management practices should thus imply greater efforts in commenting on and resolving inconsistencies between practices as well as justifying adoption per se.

Taken together, these arguments suggest that a nonlinear relationship exists between a firm's media visibility and its symbolic adoption behavior: Firms with *low* visibility should not engage in symbolic adoption because they cannot expect positive effects from these actions. Firms with *medium* visibility might be strong symbolic adopters because (1) they have the attention that is necessary to profit from symbolic adoption, (2) the risk of losing credibility by symbolically adopting potentially conflicting practices is rather low, and (3) they are not

sufficiently represented by external sources to establish a strong public image that could make symbolic adoption efforts obsolete. Highly visible firms, however, should be more reluctant to embrace symbolic adoption than firms with medium visibility, because symbolic adoption involves difficulties in explaining inconsistencies between adopted practices and because their self-representation efforts might oftentimes be replaced by external representations of the firm. With respect to the symbolic adoption of management practices, we thus propose the following hypothesis:

*Hypothesis 7: An inverted u-shaped relationship exists between the visibility of a company and the engagement in symbolic adoption of modern management practices.*

## **4.4 Data and methods**

### ***4.4.1 Organizational websites as objects of investigation***

Prior work on organizational self-representations has mainly concentrated on annual reports, CSR reports, or press releases to assess symbolic adoption of management practices. We chose organizational self-representations on the Internet as objects of investigation for several reasons. First, the Internet is gaining importance as a means of organizational communication in both the organizations' and their addressees' views (Fischer & Wenzel, 2003). Thus, organizational websites serve as powerful means for establishing and maintaining relationships with relevant stakeholders and presenting the organization to external and internal observers (Pollach, 2005). Second, since traditional media like annual reports mainly address a relatively homogeneous set of stakeholders, it can be expected that demands stemming from these stakeholders are mainly addressed by referencing specific management practices encapsulating principles and ideas that address these demands. In contrast, the Internet as a communication channel is characterized by the explicit openness to the whole multiplicity of interest groups across social contexts – owners, suppliers, competitors,

customers, employees, the state, or the public in general. This accessibility to a large number of different stakeholders may hinder customized communication and concurrently support generalized communication, especially since organizations can only partly influence which stakeholder groups access which part of the homepage. Organizational websites thus represent a viable medium for assessing how management practices are used to communicate with the entirety of an organization's stakeholders. Third, this fact might also have implications for traditional media like annual reports that have frequently been used to assess symbolic adoption in prior research: Because these traditional media are increasingly integrated into a firm's web presences, possibilities for target-group-specific communication gradually decrease because access for a larger variety of stakeholders becomes more convenient. Assessing complete organizational websites might therefore help us better understand general changes in the way organizations symbolically adopt modern management practices.

#### ***4.4.2 Reference to management practices on organizational websites***

One central challenge to assessing symbolic adoption is deciding what actually constitutes adoption. We thus assume that a firm that addresses a certain management practice on its website attempts to establish an informational linkage between its internal operations and the practice that is mentioned (Staw & Epstein, 2000). We argue that references to management practices on companies' websites can be regarded as instances of symbolic adoption. We suggest that the intensity of symbolic adoption can be measured by two major indicators: First, the mere number of referenced practices should reflect a firm's engagement in symbolic adoption. Second, taking into account that some management practices can display high similarities belonging to the same niche of practices – such as the niche for employee-management or quality-oriented practices (Abrahamson & Fairchild, 1999) – we argue that the *degree of diversity* of referenced management practices is a second indicator of the intensity of symbolic adoption. Since management practices from different niches often stem

from different organizational areas and address demands of different stakeholder groups, adopting multiple practices from different niches may initiate internal and external conflicts and disputes while the adoption of several practices from the same niche might be less problematic. For instance, while firms simultaneously adopting shareholder value management and corporate social responsibility might face strong pressure to justify how potential conflicts between these two practices are resolved, public scrutiny should be less intense with regard to the simultaneous adoption of shareholder value management and corporate governance – two practices that appear to be complementary in terms of principles and rules since they both belong to the shareholder-oriented niche. As a result, firms referring to a heterogeneous set of practices from different niches on their websites can be said to engage more strongly in symbolic adoption.

To account for these two indicators of the intensity of a firm's symbolic adoption – number and heterogeneity of referenced management practices – we applied a three-step approach when identifying management practices for our study. First, based on an extensive review of literature dealing with the dissemination and/or adoption of management practices, we identified 56 management practices discussed in academic and practice-oriented articles and studies during approximately the last 25 years (see Figure 8).<sup>16</sup>

Arguing that niches of practices can be identified according to the organizational problem they propose to resolve, our second step was to classify all 56 management practices by their underlying principles and major addressees. We thus identified four niches of management practices for this study. The first practice niche is comprised of management concepts that primarily aim to increase effectiveness and/or efficiency of value chain processes and thus

---

<sup>16</sup>As a basis for identifying currently relevant labels in management practice, we draw on the studies of Rigby (1993–2007). On behalf of the consulting agency Bain & Company, the author conducts an international manager survey investigating the spread and perception of popular management concepts every two years.

**Figure 8: Fifty-six management practices (bold: 16 most prominent practices)**

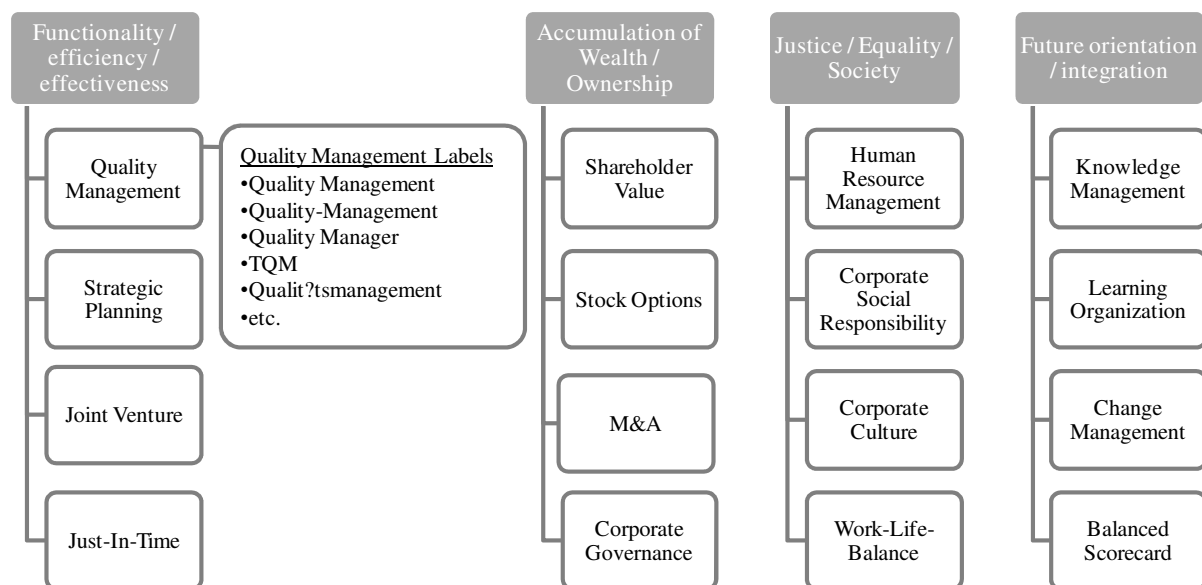
Efficiency / effectiveness	Accumulation of wealth / ownership
1 Strategic planning	1 Corporate governance
2 Quality management	2 Mergers & acquisitions
3 Joint venture	3 Stock option pay
4 Just in time	4 Shareholder value management
5 Supply chain management	Justice / Equality / Society
6 Mission and vision statements	1 Human resource management
7 Strategic alliance	2 Corporate social responsibility
8 Continuous improvement	3 Corporate culture
9 Customer relationship management	4 Work life balance
10 Innovation management	5 Pay for performance
11 Total quality management	6 Empowerment
12 Virtual corporations	7 Management by objectives
13 Business process reengineering	8 Diversity management
14 Core competences	9 Employee assistance programs
15 ISO 9000	10 Sensitivity training
16 Growth strategies	11 Job enrichment
17 Six sigma	Future orientation / integration
18 Outsourcing	1 Knowledge management
19 Lean production	2 Learning organization
20 Benchmarking	3 Change management
21 Virtual teams	4 Balanced score card
22 Scenario and contingency planning	
23 Network organizations	
24 Mass customization	
25 Quality circles	
26 Lean management	
27 Offshoring	
28 Activity based management	
29 Key account management	
30 Collaborative innovation	
31 Shared service centers	
32 Blue ocean strategy	
33 Loyalty management	
34 Agile strategies	
35 Horizontal corporations	
36 Open market innovation	
37 Consumer ethnography	

mainly address the very stakeholders involved in these processes – internal and external partners along the supply chain. The second niche includes those management practices that intend to strengthen the role of outside investors and their interests in wealth accumulation are designed to incorporate societal interests and values such as justice, equality, or family into business. These value-related practices comprise the third niche. Finally, management

(investor-centered) and thus mainly address the needs of shareholders. In addition, especially during the last 10 to 15 years, a growing number of management practices have emerged that practices that can be subsumed under the theme “future orientation” and “innovation” are grouped in a fourth niche.

Aiming to reduce the large quantity of practices to a smaller number that would be manageable within the scope of this study, we conducted a bibliometric analysis evaluating the relevance of all 56 identified practices in literature between 2003 and 2008 using GoogleScholar as a data source. Based on the results of this relevancy analysis, we chose the four most prominent management practices out of each niche to obtain 16 management practices, presented in Figure 9.

**Figure 9: Sixteen management practices**



By this means, we have made sure that we consider those management practices that are (1) modern but that (2) have already gained some momentum in theory and practice and (3) address expectations of a large fraction of stakeholders responsible for assigning legitimacy to organizations. Based on this classification, the number and heterogeneity of management



practices referred to on a firm's website is expected to serve as an indicator for the intensity of symbolic adoption.

#### **4.4.3 Data collection**

We test our theoretical framework empirically by assessing symbolic adoption on Internet self-representations of the 500 largest German companies according to revenues as described by *Die Welt*, one of the leading national German daily newspapers. To capture symbolic adoption of the set of management practices just described, we proceed as follows.

First, we identified the web URL of each company in our sample. Since a number of companies in our sample are not independent but are subsidiaries of other companies, we had to manually check whether each company had a separate identity on the Internet. All companies that did not have a separate self-representation on the web had to be excluded from our sample to avoid a mismatch between the independent and dependent variables. The need for this manual check results from the fact that some – especially large and multinational – corporations tend to unify their corporate identity by developing one major corporate website and forbidding their subsidiaries from developing an individual web presence and thus a recognizable web identity. A prototypical example for such a firm is the consumer electronics company Samsung Deutschland GmbH. Although the company offers product information on a dedicated German website, once a visitor wants access to company information (e.g., management, company profile), he or she is redirected to the global website of the parent company. This makes it impossible to separate Samsung Deutschland's (the company we are interested in and to which our independent variables apply) symbolic adoption activities from those of Samsung worldwide. By excluding companies like Samsung Deutschland from our sample, we thus make sure that key independent variables like size or visibility that exclusively relate to the specific subsidiary are not used to predict symbolic adoption

activities of the firm's parent company. As a result of our manual checks for the existence of separate identities on the web, 99 firms that do not have a distinguishable self-representation had to be excluded from the analysis.

Second, we added all remaining company web URLs to a proprietary web crawler that scanned each website for outgoing links to other websites (for a more detailed description of this data collection technology, see Oberg, Schöllhorn, and Woywode (2009)). This second step is necessary because firms frequently possess not only one, but multiple web presences – like subsidiaries' or campaign websites, etc., that in sum constitute a focal company's self-representation on the Internet. This approach led to the exclusion of additional websites. Seventy-nine firms in our sample had websites with specifications that made it difficult or impossible to grasp them with the crawler (e.g., flash sites, automatic search engine exclusion). In total, we thus had to exclude 178 companies from the initial sample, resulting in a final sample size of 322 companies.

The scan of all web URLs for outgoing links resulted in more than 25,000 outgoing links for which we had to check manually whether the referenced website belonged to the company in our sample. For independent firms, we defined the boundaries of the self-representation of a firm on the corporate level, meaning that websites of subsidiaries, campaigns, or programs were included. For firms in our sample that are subsidiaries of other firms but were not excluded in the first step because they possessed a distinguishable web presence, we did not consider the self-representation of the parent company. Defining the boundaries of a firm's self-representation thus required a thorough consideration of corporate structures and ownership relationships to other firms. Those referenced websites that could not be assigned to one of the companies under study were not considered in the dataset. By this means, we

obtained around 8,000 single URLs belonging to the companies in our sample that constitute the basis for our further analysis.

Finally, using the web crawler described above, we completely downloaded each of these more than 8,000 websites to a server, resulting in a dataset of more than 100,000 single (HTML) documents, each belonging to the Internet self-representations of the firms in our sample. This data format allowed us to apply an automated search engine to identify labels (or lists of issue markers (Meyer R. E., 2004) indicating the reference to a certain management practice on each company's Internet self-representation. When developing respective search strings, we paid special attention to variations of notation, language, and syntax since an automated search is conducted (see Figure 9 above for an example). As a result, we obtained a dataset of information on which practices were referenced on each company's Internet self-representation. This data serve as the basis for developing our dependent variables.

#### **4.4.4 Dependent variables**

We are interested in identifying antecedents of symbolic adoption of management practices and argue that reference to those practices on firms' websites can be regarded as an instance of symbolic adoption. We thus derive our dependent variables from the Internet self-representations of the firms in our sample. Considering the two indicators of the intensity of symbolic adoption as described above, two dependent variables are constructed.

(1) The ordinal (0-16) variable *number of practices* indicates the number of different management practices symbolically adopted by firms. As described above, for each practice we searched for a number of labels that indicate the reference to the respective practice. When a firm in our sample refers at least once to one or more of these labels on its website, we assume that the respective practice has been symbolically adopted (labels per practice are aggregated). We then count the number of practices that are referenced.

(2) The ordinal (0-4) variable *diversity of practices* refers to the number of different niches of practices referenced on a firm's website (labels per niche as shown in Figure 1 are aggregated). For instance, a company referring to four management practices belonging to one niche will thus be assigned with a heterogeneity score of one, while a company that refers to four management practices belonging to four different niches will be assigned with a score of four.

#### **4.4.5 Independent variables**

Most independent variables are drawn from organizational characteristics. In this study, we investigate the symbolic adoption of management practices among both listed and non-listed firms. No database could be identified that provided a wide range of information on non-listed firms. Company characteristics were thus manually captured by relying on the databases Amadeus, LexisNexis, and Hoppenstedt, and were supplemented by information derived from firms' annual reports and websites.

##### **4.4.5.1 Power constellations related to ownership**

Ownership data were obtained by using different databases (Amadeus, LexisNexis, and Hoppenstedt), annual reports, official company registers (Bundesanzeiger) and company websites. Case by case, we assessed type of ownership, ownership structure, and share distributions of each firm in our sample. The two variables *family owner* and *public owner* take a value of 1 if one of the respective ownership groups holds 25% or more of the company shares and thus possesses a blocking minority (Becht & Röell, 1999) with regard to key decisions affecting the corporation and 0 otherwise. The binary variable *institutional owner* takes the value 1 if there is a bank, mutual fund, private equity firm, insurance company, or investment company that holds 25% or more of the firm's shares.

#### **4.4.5.2 *Spanning social contexts***

To be able to test potential effects of a firm's *degree of diversification*, we develop a count variable that measures the number of one-digit SIC sectors a company operates in. This approach has been used by prior studies (Hoskisson, Hitt, Johnson, & Moesel, 1993). We obtained ownership data of each firm from the Hoppenstedt database.

Considering the *degree of internationalization*, we argue that establishment of subsidiaries in foreign countries is an advanced form of internationalization that requires a higher degree of commitment to foreign markets compared to, for instance, direct exporting, licensing, or strategic alliances (Johansen & Vahlne, 1977). The degree of internationalization is operationalized as a count variable indicating the number of different regions in which the focal firm holds a subsidiary. Based on Ronen and Shenkar (1985), we account for 11 regions – nine suggested by the authors and the two additional regions “Central and Eastern Europe” and “all other countries.” The data were derived from annual reports and company websites for all firms in our sample. Moreover, we constructed the binary variable *listing* to classify whether a company is listed on the stock market (1) or not (0).

#### **4.4.5.3 *Visibility***

*Media visibility* of a firm is operationalized by assessing each firm's media coverage. We assessed media coverage by counting how many times a company was referenced in the German press during the two years prior to the year 2009 in which we collected symbolic adoption data using LexisNexis, which captures all major German newspapers, magazines, and trade journals as data sources. The database thereby only provides the exact number of hits if it is lower than 3,000 (representing the upper limit for our data) (*visibility*). For 33 companies for which there are more than 3,000 articles in the database, we thus do not have the exact but the approximate, undervalued media coverage. We would, thus, argue that this

fact should rather lead to an underestimation of the potential visibility effect meaning that we make it more difficult to observe a curvilinear effect of visibility. Arguing for a curvilinear relationship between a firm's visibility and its engagement in symbolic adoption, we also calculate the squared term of a firm's visibility (*visibility squared*).

We propose two potential mechanisms of public scrutiny that might lead to this curvilinear relationship: first, a reduced need for organizational self-representation due to a superior public image and, second, avoidance of exposing inconsistencies that can be detected by critical observers. Although both mechanisms of public scrutiny might work in parallel – a firm might have a superior image while at the same time facing critical assessments – we attempt to untangle these potential mechanisms by constructing two proxy variables:

1. Image score: To understand whether firms with superior public image display specific symbolic adoption behavior, we develop a proxy variable for the strength of a firm's public image. We refer to a study conducted by one of the most established German business magazines, the *Manager Magazin*, which appears monthly with a print run of more than 100,000 (2011). Within the scope of this biennial study, 2,500 CEOs, managing directors, and managers in leading positions make judgments about the images of large firms. Respondents are provided with lists of firms and are asked to evaluate the firms' images on a scale from 1 to 10 on several dimensions, including ethical behavior, innovation, customer orientation, management quality, and product and service quality. A firm's image score is calculated as the average of respondents' ratings multiplied by 100. The *image score* ranges from 491 to 893, indicating that all firms are perceived to have relatively strong image, although a certain variance in perceived image is still observable ([www.manager-magazin.de](http://www.manager-magazin.de), 2008). For firms in our sample that have not been evaluated in that study, the variable takes the value 0.

2. Strike-bound: To assess whether firms facing critical assessments display more hesitant symbolic adoption behavior, we investigate whether a firm's visibility is characterized by rather negative media coverage. As the total number of media articles on the firms in our sample (approximately 200,000) obviates a qualitative assessment, we decided to use media coverage on strikes and warning strikes as a proxy that indicates whether the firm has experienced negative media coverage in the past. We deemed media coverage on strikes a viable proxy for negative media coverage for several reasons: Prior research indicates that certain characteristics of strike events – such as duration, degree of violence, or impact on the persons concerned – influence the news-worthiness of a strike and thus the likelihood of media attention (Martin A. , 2005). In other words, not all strike events are perceived and discussed in the media, but “the amount of media attention surrounding a strike is a function of the drama and human interest inherent in the event” (Flynn, 2000, p. 141). Accordingly, it has been shown that strike reports have a significant impact on public opinion (Schmidt, 1993). We would thus argue that firms that become subject to – mostly dramatic – media coverage on strike events face extraordinarily high levels of rather critical public scrutiny.

To measure media coverage of firm-specific strike events, we develop a variable that indicates whether firms have been subject to strike-related media coverage in the year before we investigate their symbolic adoption efforts. We use the database Lexis Nexis to identify whether the firms in our sample have been strike-bound in the year 2008. We develop search strings consisting of the firms' names and labels indicating a

strike.<sup>17</sup> Since press articles often refer to a number of different firms and topics, we manually checked all articles that we found to verify whether the respective firm was subject to reports of a strike. The variable *strike-bound* takes the value 1 when at least one article clearly indicates that there was a warning strike or an actual strike and 0 otherwise.

#### **4.4.6 Control variables**

To strengthen the insights of our study, we control for potential alternative explanations of the intensity of symbolic adoption. We thus develop a set of control variables derived from organizational characteristics. Unless otherwise noted, we used the same sources as for our independent variables.

Firm size: We capture *company size* referring to the traditional measure “number of employees.” The natural log of the number of employees (*employees ln*) was used because the employee distribution in our sample is non-linear. Transforming employees to the log of employees thus allowed us to achieve a simpler linear structure, making the variable applicable for linear regression analysis.

Industry: Although many management practices have been translated to a larger number of industries and contexts, many have their origins in the manufacturing sector (e.g., Just-in-Time, total quality management, shareholder value management) and have been designed to streamline and organize manufacturing processes. It can thus be assumed that firms operating in these and related industries adopt practices more often. We developed binary variables indicating the major *industry* the company operates in. The industry classification is based on

---

<sup>17</sup> List of labels: „Streik“, „Arbeitskampf“, „Warnstreik“. We included warning strikes because we argue that these forms of protest already influence a firm’s behavior, which is also supported by the fact that disputes are mostly resolved after warning strikes and thus actual strikes only rarely occur.



the first digit of the SIC-code (mining, manufacturing, construction, trade, financial services, other services) – with *manufacturing* being the reference category.

Parent company: We have stated that in our effort to correctly define the boundaries of firms' self-representations, we had to exclude some firms from our initial sample that are not independent firms but rather are subsidiaries of other firms. Those subsidiaries did not have an individual, recognizable self-representation on the web; instead, all company information is provided on the website of the parent firm. However, it can still be argued that independent firms differ from dependent firms when it comes to organizational self-representation and thus symbolic adoption. Parts of the self-representation efforts of subsidiaries might be assumed by the respective parent company, e.g., when it comes to overarching strategic initiatives. To control for this potential bias, we create a binary variable *parent company* that takes a value of 1 if the respective company is a subsidiary of another firm and 0 otherwise.

Foreign parent: To deepen the discussion on independent versus dependent firms, we also control for whether a firm is a subsidiary of a foreign parent firm. To do so, we generate a binary variable that is coded "1" if the respective company has a parent company outside of Germany and "0" otherwise to operationalize foreign ownership (*foreign parent*).

Listed parent: To further scrutinize how a parent company might influence its subsidiaries, we included a binary variable indicating whether the parent firm is listed on the stock market (*listed parent*).

Unionization: Employee influence may complicate symbolic adoption of modern management practices both when symbolic and substantive adoption is strongly coupled and when internal processes and activities are not adapted to formal structures. In the case of strong coupling, substantive adoption often initiates considerable organizational change, including the redistribution of responsibilities and competencies, and may thus lead to employee resistance

– especially when a multitude of potentially conflicting practices is implemented. In the case of decoupling, some employees may become strongly committed to symbolically adopted practices. The situation in which these practices are not substantively implemented may thus cause cognitive dissonances for these employees, potentially initiating internal conflicts and disputes. To capture employee influence, we refer to the degree of employee *unionization of works councils* “measured as the percentage of works council seats captured by union representatives in a firm’s corresponding industry” (Fiss & Zajac, 2006, p. 1181) (*unionization*). As already argued by Fiss and Zajac (2004; 2006), works councils are the principal employee representation body in German firms. To capture the degree of unionization, we used data on the works councils elections in 2006 gathered by the Institut der Deutschen Wirtschaft in Cologne.

## 4.5 Results

### 4.5.1 Descriptive findings

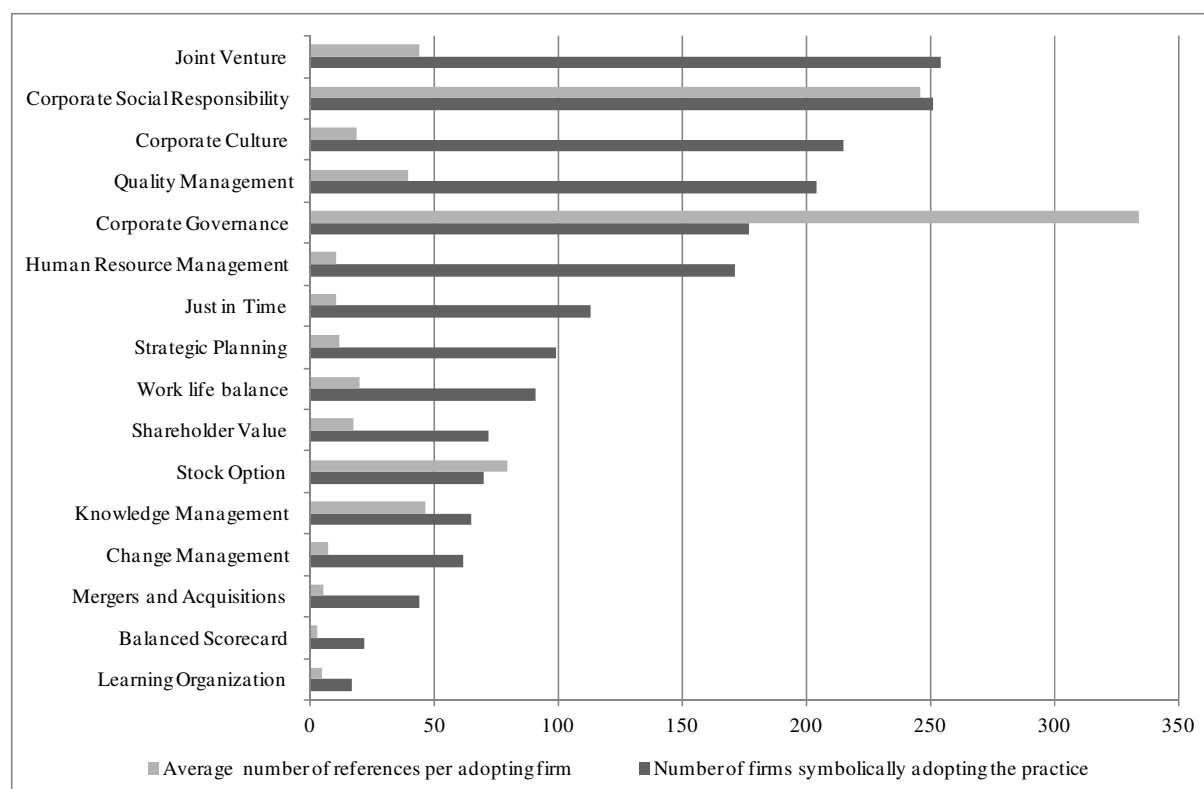
Table 9 shows descriptive statistics and correlations for all dependent and independent variables. These descriptive results demonstrate that average firms refer to five management practices which belong to between two and three practice niches on their websites. Despite the fact that some significant correlations are observable between independent variables, our calculation of variance inflation factors (VIF) did not reveal multi-collinearity problems for the independent variables in the model, all values were far below the critical value of 10 (Hoang & Rothaermel, 2005).

As shown in Figure 10, management practices considered in this study strongly differ with regard to their popularity as measured by the number of firms symbolically adopting these practices. While practices such as joint venture, corporate social responsibility, corporate culture, and quality management are symbolically adopted by far more than 50% of the firms

**Table 9: Descriptive statistics and correlations**

	Mean	S.D.	Min	Max	Sum	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)
(1) Number of concepts	5.193	3.204	1.000	15.000		1.000																								
(2) Diversity of concepts	2.550	1.053	1.000	4.000		0.865 (0.000)	1.000																							
(3) Family owner	0.289	0.454	0.000	1.000	93	-0.184 (0.001)	1.000 (0.002)																							
(4) Public owner	0.078	0.268	0.000	1.000	25	-0.057 (0.305)	-0.085 (0.126)	-0.185 (0.001)	1.000																					
(5) Institutional Owner	0.031	0.174	0.000	1.000	10	0.045 (0.419)	0.060 (0.286)	0.004 (0.937)	-0.052 (0.353)	1.000																				
(6) Listing	0.230	0.421	0.000	1.000	74	0.274 (0.000)	0.283 (0.000)	-0.022 (0.689)	0.035 (0.536)	0.200 (0.000)	1.000																			
(7) Diversification	3.158	1.685	1.000	6.000		0.155 (0.005)	0.112 (0.044)	0.091 (0.104)	0.028 (0.618)	0.026 (0.646)	0.190 (0.001)	1.000																		
(8) Degree of internationalization	4.143	3.825	0.000	11.000		0.263 (0.000)	0.202 (0.000)	0.141 (0.011)	-0.132 (0.017)	0.176 (0.002)	0.395 (0.000)	0.273 (0.000)	1.000																	
(9) Firm size - Employees (ln)	9.025	1.537	2.960	12.890		0.327 (0.000)	0.298 (0.000)	0.094 (0.090)	-0.032 (0.568)	0.088 (0.113)	0.260 (0.000)	0.213 (0.000)	0.439 (0.000)	1.000																
(10) Media visibility	0.000	9.719	-6.162	23.838		0.355 (0.000)	0.310 (0.000)	-0.031 (0.578)	0.091 (0.104)	0.108 (0.054)	0.521 (0.000)	0.163 (0.003)	0.338 (0.000)	0.509 (0.000)	1.000															
(11) Media visibility squared	94.158	171.178	0.000	568.270		0.291 (0.000)	0.239 (0.000)	-0.015 (0.793)	0.085 (0.130)	0.006 (0.922)	0.416 (0.000)	0.140 (0.012)	0.281 (0.000)	0.420 (0.000)	0.925 (0.000)	1.000														
(12) Listing X Media visibility	2.128	6.868	-6.162	23.838		0.343 (0.000)	0.281 (0.000)	-0.054 (0.333)	0.084 (0.134)	0.015 (0.793)	0.568 (0.000)	0.208 (0.000)	0.306 (0.000)	0.378 (0.000)	0.775 (0.000)	0.813 (0.000)	1.000													
(13) Strike in 2008	0.137	0.344	0.000	1.000		0.211 (0.000)	0.170 (0.002)	-0.094 (0.092)	0.054 (0.338)	-0.019 (0.733)	0.127 (0.023)	0.054 (0.335)	0.120 (0.031)	0.247 (0.000)	0.215 (0.000)	0.218 (0.000)	0.213 (0.000)	1.000												
(14) Strike X Media visibility	0.717	5.020	-6.162	23.838		0.081 (0.146)	0.094 (0.093)	-0.022 (0.696)	0.066 (0.238)	0.060 (0.287)	0.298 (0.000)	0.057 (0.306)	0.118 (0.034)	0.223 (0.000)	0.527 (0.000)	0.542 (0.000)	0.522 (0.000)	0.359 (0.000)	1.000											
(15) Image value	172.425	297.519	0.000	893.000		0.249 (0.000)	0.250 (0.000)	-0.002 (0.977)	-0.003 (0.960)	0.057 (0.308)	0.395 (0.000)	0.224 (0.000)	0.233 (0.000)	0.392 (0.000)	0.536 (0.000)	0.455 (0.000)	0.494 (0.000)	0.102 (0.000)	0.291 (0.068)	1.000 (0.000)										
(16) Image value X Media visibility	1545.354	4985.701	-4057.267	21287.707		0.302 (0.000)	0.254 (0.000)	-0.023 (0.685)	0.109 (0.050)	0.054 (0.331)	0.486 (0.000)	0.169 (0.002)	0.364 (0.000)	0.447 (0.000)	0.814 (0.000)	0.828 (0.000)	0.827 (0.000)	0.202 (0.000)	0.491 (0.000)	0.545 (0.000)	1.000									
(17) SIC 1 - Mining and construction	0.022	0.146	0.000	1.000	7	-0.042 (0.450)	-0.037 (0.503)	-0.095 (0.089)	-0.043 (0.439)	0.096 (0.085)	0.070 (0.208)	0.100 (0.072)	0.100 (0.507)	0.037 (0.467)	0.041 (0.902)	-0.007 (0.569)	0.032 (0.289)	-0.059 (0.703)	-0.021 (0.418)	0.045 (0.410)	0.046 (0.410)	1.000								
(18) SIC 4 - Transport and public utilities	0.193	0.395	0.000	1.000	62	0.000 (0.998)	-0.001 (0.991)	-0.207 (0.000)	0.476 (0.000)	-0.087 (0.117)	-0.061 (0.277)	-0.102 (0.067)	-0.171 (0.002)	-0.110 (0.049)	0.031 (0.583)	0.053 (0.341)	-0.007 (0.906)	0.127 (0.023)	0.044 (0.430)	-0.071 (0.201)	-0.035 (0.534)	-0.073 (0.193)	1.000							
(19) SIC 5 - Trade (wholesale and retail)	0.220	0.415	0.000	1.000	71	-0.261 (0.000)	-0.221 (0.000)	0.107 (0.054)	-0.154 (0.006)	-0.052 (0.352)	-0.130 (0.019)	-0.148 (0.008)	-0.255 (0.000)	-0.162 (0.004)	-0.062 (0.267)	-0.042 (0.456)	-0.110 (0.050)	-0.019 (0.009)	-0.089 (0.741)	-0.075 (0.111)	-0.079 (0.179)	-0.260 (0.156)	1.000 (0.000)							
(20) SIC 6 - Finance, Insurance, RE	0.056	0.230	0.000	1.000	18	-0.048 (0.386)	-0.024 (0.663)	0.024 (0.669)	-0.071 (0.206)	-0.044 (0.436)	-0.069 (0.219)	-0.049 (0.377)	-0.030 (0.588)	-0.024 (0.665)	-0.067 (0.230)	-0.042 (0.455)	-0.035 (0.531)	-0.097 (0.083)	-0.035 (0.534)	-0.015 (0.793)	-0.027 (0.630)	-0.036 (0.517)	-0.119 (0.033)	1.000 (0.020)						
(21) SIC 7/8 - Services	0.068	0.253	0.000	1.000	22	0.088 (0.117)	0.069 (0.216)	-0.037 (0.511)	-0.079 (0.160)	0.022 (0.688)	0.028 (0.621)	-0.172 (0.002)	0.032 (0.570)	0.040 (0.476)	-0.041 (0.459)	-0.072 (0.201)	-0.037 (0.509)	-0.072 (0.198)	-0.051 (0.366)	-0.095 (0.088)	-0.042 (0.456)	-0.040 (0.470)	-0.132 (0.018)	-0.144 (0.010)	-0.066 (0.238)	1.000				
(22) Unionization	0.504	0.188	0.195	0.901		0.129 (0.020)	0.083 (0.138)	-0.033 (0.551)	0.168 (0.003)	0.080 (0.154)	0.060 (0.282)	0.131 (0.018)	0.187 (0.001)	0.014 (0.801)	-0.043 (0.446)	-0.024 (0.669)	0.041 (0.463)	0.087 (0.120)	-0.013 (0.812)	-0.046 (0.412)	0.020 (0.717)	0.085 (0.126)	0.008 (0.891)	-0.400 (0.000)	-0.053 (0.339)	-0.281 (0.000)	1.000			
(23) Parent company	0.233	0.423	0.000	1.000	75	-0.088 (0.114)	-0.092 (0.098)	-0.124 (0.026)	0.032 (0.563)	-0.099 (0.077)	-0.214 (0.000)	-0.152 (0.100)	-0.092 (0.549)	-0.034 (0.074)	-0.100 (0.118)	-0.087 (0.020)	-0.130 (0.009)	0.144 (0.210)	-0.070 (0.000)	-0.234 (0.054)	-0.107 (0.570)	-0.032 (0.000)	0.234 (0.435)	0.044 (0.495)	-0.038 (0.648)	0.026 (0.041)	-0.114 (0.000)	1.000		
(24) Foreign parent	0.205	0.404	0.000	1.000	66	0.094 (0.091)	0.115 (0.039)	-0.239 (0.000)	-0.090 (0.108)	-0.091 (0.103)	-0.131 (0.019)	-0.094 (0.094)	-0.367 (0.000)	-0.190 (0.001)	-0.170 (0.002)	-0.107 (0.056)	-0.131 (0.019)	-0.068 (0.226)	-0.030 (0.590)	0.066 (0.235)	-0.192 (0.001)	0.030 (0.594)	-0.053 (0.345)	0.027 (0.631)	0.010 (0.853)	-0.016 (0.781)	-0.008 (0.892)	-0.280 (0.000)	1.000	
(25) Listed parent company	0.360	0.481	0.000	1.000	116	0.030 (0.596)	0.051 (0.365)	-0.321 (0.000)	-0.134 (0.998)	-0.182 (0.016)	-0.241 (0.000)	-0.182 (0.000)	-0.358 (0.001)	-0.244 (0.000)	-0.193 (0.000)	-0.122 (0.000)	-0.185 (0.000)	-0.078 (0.029)	-0.048 (0.001)	-0.130 (0.162)	-0.232 (0.390)	0.021 (0.019)	0.208 (0.704)	-0.025 (0.000)	0.015 (0.660)	-0.075 (0.795)	-0.023 (0.179)	0.428 (0.685)	0.597 (0.000)	1.000

**Figure 10: Diffusion of single practices**



in our sample, other practices seem have symbolically diffused much less (e.g., learning organization, balanced scorecard). Figure 10 also shows that significant differences are observable with regard to the frequency with which management practices are referred to by an average adopting firm. While some practices are intensely discussed on the websites of average firms (e.g., corporate social responsibility, corporate governance, knowledge management), other practices are named only a few times (e.g., human resource management, just-in-time). These observations indicate that practices differ in terms of their symbolic value, meaning that some are regarded as either more appealing or more important than others when it comes to showing conformity with political and social debates (e.g., corporate social responsibility, corporate governance, or stock options).

#### **4.5.2 Tobit-regressions**

Since both our dependent variables are left- and right-censored because they can range from 0 to 16 as well as from 0 to 4, the appropriate estimation technique in our case is a tobit regression (Tobin, 1958). We test our hypotheses using the Tobit estimation procedure provided by the software package Stata 10. Taking into account that the pseudo R-squared calculated by the software has a very limited explanatory power and is only interpretable in a comparative manner, we manually calculated a proxy R-squared as the squared correlation coefficient of the predicted and the observed values of the dependent variables (Long & Freese, 2006). Table 10 and Table 11 provide results for the Tobit models predicting symbolic adoption rate of the 16 management practices under study.

##### **4.5.2.1 Number of practices**

In Table 10, we present results from our Tobit models predicting the *number of practices* a firm symbolically adopts by referencing them on its website. In Model 1, we test for the influence of power constellations related to ownership structure, and we observe significant effects for two of the three independent binary variables. In line with Hypotheses 1 and 2, firms with a dominant *family* or *public owner* symbolically adopt significantly less practices compared to firms with other or no dominant owners. In contrast, firms that have *institutional owners* holding 25% or more of the company shares do not symbolically adopt more practices than firms with other or no dominant owners. To scrutinize the relationship between institutional ownership and symbolic adoption, we also tested other thresholds of dominant ownership (10%, 5%), and we included the share owned by institutional investors as a metric variable.

For none of these variables we could observe a significant effect. This finding contradicts our expectation as formulated in Hypothesis 3. Taken together, our results indicate that some

power constellations related to ownership structures have significant effects on engagement in symbolic adoption of management practices.

The effects of variables indicating whether a firm operates in different contexts are tested in Models 2 to 4. The variable indicating the influence of international markets on the number of management practices mentioned on companies' websites is included in Model 2. We observe that with growing *degree of internationalisation*, firms increasingly engage in symbolically adopting modern management practices. This observation supports Hypothesis 5. In Model 3, we test for the effect of the *degree of diversification*. We find support for hypothesis 4: A firm's degree of diversification has a positive and significant effect on the number of practices it symbolically adopts. Firms operating in a larger number of industries and/or regions thus seem to address the various demands they face by using the standardized language provided by modern management.

In Model 4, we test the potential influence of a firm's listing status. We therefore include a binary variable indicating whether a firm is listed on the stock market or not. The results provide some support for Hypothesis 6 in which we expected that listed firms should engage more strongly in symbolic adoption, due to – among others issues – greater pressure to conform to demands for rationality and progressiveness on the stock market than in other social contexts. However, we cannot convincingly confirm Hypothesis 6 at this point since the effect of listing falls below significance when other variables are added. We discuss this in more detail below. In sum, we find support for most hypothesized relationships between factors indicating whether firms span social contexts and symbolic adoption behaviour.

In Models 6 and 7, we test Hypothesis 7, which posits an inverted u-shaped relationship between *media visibility* and symbolic adoption of modern management practices. We find support for our hypothesis: As Model 5 indicates, a significant positive relationship exists

between visibility and symbolic adoption. When including the squared term in Model 6, this effect remains significant, and the squared term is negative and significant, pointing to an inverted u-shaped relationship. We plot this effect in Figure 11. Taken together, our observations support the proposition that high visibility does enhance but also delimit firms' possibilities for symbolic management.

**Table 10: Tobit regression models for number of practices**

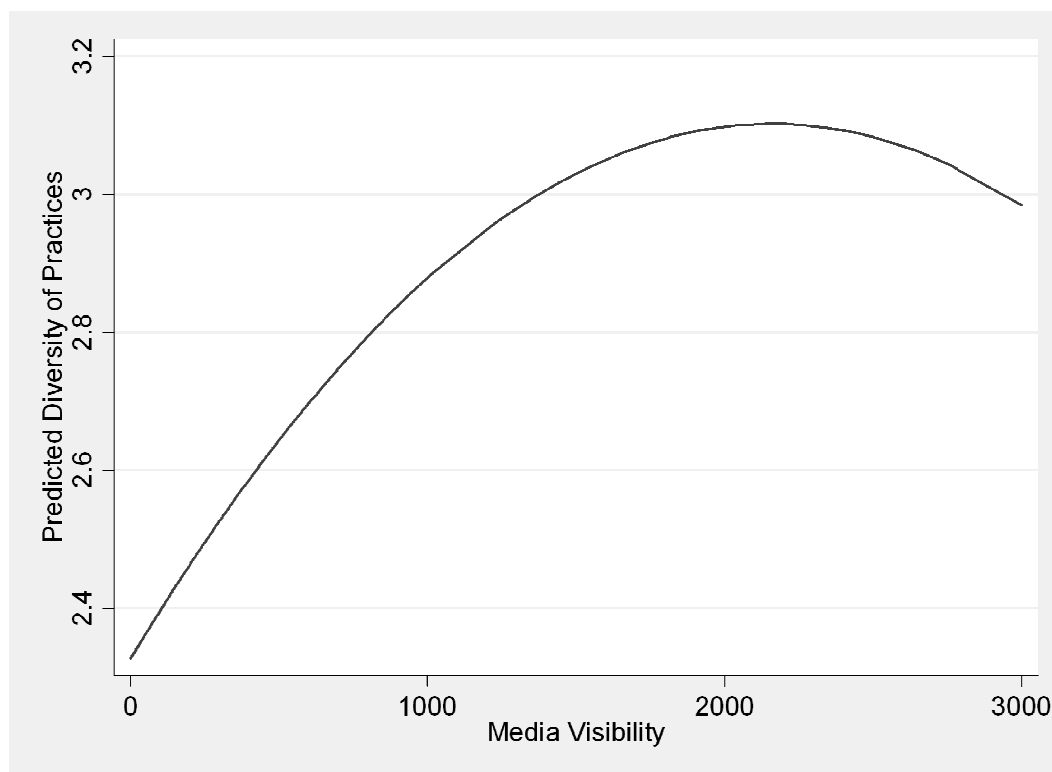
		mod1	mod2	mod3	mod4	mod5	mod6	mod7	mod8
<b>Power constellations related to ownership structure</b>	Family owner	-1.502*** (0.001)	-1.532*** (0.000)	-1.514*** (0.000)	-1.387*** (0.001)	-1.278*** (0.002)	-1.206*** (0.004)	-1.101*** (0.009)	-0.980** (0.017)
	Public owner	-1.927** (0.017)	-2.065** (0.011)	-1.728** (0.033)	-1.864** (0.020)	-2.042*** (0.010)	-2.085*** (0.008)	-2.120*** (0.006)	-2.035*** (0.008)
	Institutional owner	0.257 (0.806)	0.331 (0.750)	0.112 (0.914)	-0.230 (0.823)	-0.210 (0.835)	-0.639 (0.533)	-0.442 (0.664)	-0.194 (0.846)
<b>Spanning social contexts</b>	Degree of internationalization		0.273** (0.018)	0.231** (0.045)	0.212* (0.063)	0.211* (0.058)	0.214* (0.054)	0.189* (0.086)	0.182* (0.094)
	Diversification			0.152** (0.012)	0.112* (0.069)	0.101* (0.093)	0.110* (0.068)	0.119** (0.047)	0.112* (0.058)
	Listing				1.214** (0.011)	0.465 (0.364)	0.292 (0.572)	-0.263 (0.642)	-0.291 (0.600)
<b>Visibility</b>	Media visibility					0.082*** (0.001)	0.181*** (0.001)	0.195*** (0.001)	0.221*** (0.000)
	Media visibility squared						-0.006** (0.050)	-0.009*** (0.004)	-0.009*** (0.005)
<b>Interaction terms</b>	Listing X Media visibility							0.112** (0.020)	0.138*** (0.008)
	Strike in 2008								1.294** (0.018)
	Strike X Media visibility								-0.136*** (0.001)
	Image value								-0.000 (0.513)
	Image value X Media visibility								0.000 (0.964)
<b>Control variables</b>	Firm size - Employees (ln)	0.825*** (0.000)	0.785*** (0.000)	0.672*** (0.000)	0.638*** (0.000)	0.418*** (0.004)	0.377*** (0.010)	0.364** (0.012)	0.308** (0.034)
	SIC 1 - Mining and construction	-2.699** (0.035)	-2.904** (0.022)	-3.037** (0.016)	-3.046** (0.014)	-3.079** (0.012)	-3.314*** (0.007)	-3.420*** (0.005)	-3.310*** (0.006)
	SIC 4 - Transport and public utilities	0.175 (0.771)	0.368 (0.543)	0.516 (0.391)	0.528 (0.374)	0.384 (0.511)	0.444 (0.445)	0.557 (0.335)	0.531 (0.351)
	SIC 5 - Trade (wholesale and retail)	-1.475** (0.010)	-1.246** (0.031)	-0.985* (0.089)	-0.953* (0.095)	-1.061* (0.059)	-1.007* (0.071)	-0.910 (0.101)	-0.805 (0.141)
	SIC 6 - Finance, Insurance, RE	-0.974 (0.240)	-0.967 (0.240)	-0.797 (0.329)	-0.656 (0.417)	-0.577 (0.467)	-0.484 (0.539)	-0.464 (0.552)	-0.281 (0.714)
	SIC 7/8 - Services	0.781 (0.343)	1.214 (0.147)	1.191 (0.151)	1.201 (0.142)	1.428* (0.076)	1.427* (0.075)	1.418* (0.074)	1.439* (0.068)
	Unionization	1.415 (0.237)	1.518 (0.202)	1.237 (0.295)	1.411 (0.227)	1.870 (0.105)	2.071* (0.072)	2.013* (0.078)	1.816 (0.107)
	Parent company	-1.016 (0.163)	-0.931 (0.198)	-0.756 (0.293)	-0.489 (0.495)	-0.261 (0.711)	-0.281 (0.688)	-0.307 (0.659)	-0.458 (0.501)
	Foreign parent	0.122 (0.887)	0.163 (0.848)	0.701 (0.421)	0.809 (0.348)	1.065 (0.209)	1.159 (0.170)	1.197 (0.153)	1.385* (0.095)
	Listed parent company	0.778 (0.317)	0.857 (0.268)	0.814 (0.288)	0.787 (0.298)	0.596 (0.422)	0.652 (0.377)	0.730 (0.319)	0.665 (0.355)
	Constant	-2.369 (0.121)	-3.073** (0.047)	-2.666* (0.083)	-2.597* (0.088)	-0.642 (0.685)	0.085 (0.958)	0.407 (0.800)	0.964 (0.543)
Observations		322	322	322	322	322	322	322	322
R2		0.2378	0.248	0.2633	0.2822	0.3106	0.3186	0.3309	0.3613

pval in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

When adding the media visibility variables, we observe that the listing effect is no longer significant. This observation calls into question the argument that firms span social contexts when going public. To develop a better understanding of how these two variables interact, we calculate an interaction term by multiplying *listing* by *media visibility*. The significant and positive effect of the interaction term as observed in Model 7 shows that the visibility effect is stronger for listed than for non-listed firms. This result indicates that listed firms do not face greater pressure to conform per se. Only when they are highly visible in the mass media do demands for appearing rational and progressive seem to translate into a stronger engagement in symbolic adoption of modern management practices compared to non-listed firms.

**Figure 11: Inverted u-shaped relationship between visibility and symbolic adoption**



We have identified two potential explanations for why media visibility would have a curvilinear effect on symbolic adoption efforts. First, highly visible firms face higher public scrutiny and thus a higher risk that inconsistencies will be detected and sanctioned. An



alternative explanation for the curvilinear effect of media visibility might be that for firms with strong and positive images, it is not necessary that they strongly engage in symbolic adoption, because their progressiveness and modernity have become a myth that is constantly reproduced without further effort on their parts. To scrutinize our theoretically derived explanations, we introduce two additional variables representing proxies for public image and the existence of critical media attention.

When introducing the variable *strike-bound*, we observe that firms that have been subjected to media coverage of strike events – be it warning strike or a substantial strike – refer to a larger number of management practices on their websites than firms that have not been subject to publicly visible collective actions. After experiencing a potentially reputation-threatening event such as a labor dispute, firms thus seem to engage more strongly in symbolic adoption of modern management practices.<sup>18</sup> However, this effect does not hold for highly visible firms, as is shown by the interaction between the *strike-bound* and the *visibility* variables (interaction term is calculated by multiplying *visibility* and *strike-bound*). The negative and significant effect of the interaction term indicates that the effect of media visibility is significantly weaker for *strike-bound* firms. Thus, firms that have *both* experienced negative public attention in prior periods and are highly visible seem to be much more reluctant when it comes to symbolic adoption of management practices. This observation supports our theoretical argument that highly visible firms might be more reluctant with respect to symbolic adoption because they fear appearing inconsistent when faced with public scrutiny.

To test for the second explanation of the curvilinear effect of visibility – namely, the potential influence of a firm's positive public image – we introduce a simple proxy variable for firm

---

<sup>18</sup> Although our *strike-bound* variable is based on data taken from the year before we capture the firms' symbolic adoption efforts on their websites, we cannot fully rule out the possibility that the management concepts have already been adopted before the (warning) strikes took place.

image and the interaction term between a firm's *image score* and its *media visibility* by multiplying the two variables. For none of the two variables we can identify a significant effect. Neither do firms with superior images display deviant symbolic adoption behavior compared to other firms, nor do firms that both enjoy positive public images *and* high visibility do so. Thus, the curvilinear effect of visibility does not seem to be caused by the fact that companies with strong images refuse to symbolically adopt management practices because their strong and positive image makes symbolic adoption needless. Our results rather indicate that decreasing openness toward management practices of highly visible firms is driven by the fear that inconsistencies that might result will be detected by their observers.

#### **4.5.2.2 Diversity of practices**

We predict the *diversity of practices* that are symbolically adopted and show the results in Table 11. The results are to a large extent in line with the results for *number of practices*: We observe practically the same effects considering ownership characteristics (Hypotheses 1 to 3) and visibility (Hypothesis 7). We again observe that the listing effect is significant in the beginning but falls below significance when visibility variables are added. However, we do not see a significant effect of the interaction term (*visibility* multiplied by *listing*). Firms that are both listed and highly visible in the media thus do not reference management practices from more niches than their unlisted counterparts. Considering that listing should represent the strong influence of professional shareholders or the stock market in general, it is reasonable to argue that listed firms engage more strongly in symbolically adopting management practices in the shareholder-oriented niche (e.g., shareholder value management, corporate governance, stock options) while they would not necessarily differ from unlisted firms in their symbolic adoption of other management practices. Statistical comparisons of the average number of referenced practices from this group point to significant differences

between listed and non-listed firms. On average, listed firms symbolically adopt two shareholder-oriented practices while an average non-listed firm symbolically adopts 0.6 shareholder-oriented practices. This observation contributes to explaining why we observe a higher number of referenced practices for listed than for non-listed firms, but not a larger

**Table 11: Tobit regression models for diversity of practices**

		mod1	mod2	mod3	mod4	mod5	mod6	mod7	mod8
<b>Power constellations related to ownership structure</b>	Family owner	-0.501*** (0.002)	-0.508*** (0.001)	-0.504*** (0.001)	-0.446*** (0.004)	-0.418*** (0.007)	-0.387** (0.011)	-0.365** (0.017)	-0.336** (0.028)
	Public owner	-0.783*** (0.007)	-0.813*** (0.005)	-0.734** (0.013)	-0.797*** (0.006)	-0.838*** (0.004)	-0.854*** (0.003)	-0.862*** (0.003)	-0.855*** (0.003)
	Institutional owner	0.179 (0.636)	0.194 (0.607)	0.142 (0.707)	-0.018 (0.962)	-0.002 (0.995)	-0.172 (0.646)	-0.131 (0.727)	-0.065 (0.861)
<b>Spanning social contexts</b>	Degree of internationalization		0.064 (0.120)	0.054 (0.190)	0.046 (0.265)	0.045 (0.265)	0.046 (0.253)	0.041 (0.308)	0.039 (0.326)
	Diversification			0.036* (0.098)	0.018 (0.420)	0.015 (0.487)	0.019 (0.391)	0.021 (0.343)	0.018 (0.408)
	Listing				0.553*** (0.001)	0.379** (0.042)	0.307 (0.101)	0.194 (0.345)	0.185 (0.364)
<b>Visibility</b>	Media visibility					0.019** (0.028)	0.060*** (0.003)	0.063*** (0.002)	0.067*** (0.002)
	Media visibility squared						-0.002** (0.027)	-0.003** (0.010)	-0.003** (0.012)
<b>Interaction terms</b>	Listing X Media visibility							0.023 (0.189)	0.026 (0.179)
	Strike in 2008								0.320 (0.112)
	Strike X Media visibility								-0.033** (0.035)
	Image value								-0.000 (0.838)
	Image value X Media visibility								0.000 (0.707)
<b>Control variables</b>	Firm size - Employees (ln)	0.266*** (0.000)	0.257*** (0.000)	0.230*** (0.000)	0.215*** (0.000)	0.164*** (0.002)	0.147*** (0.006)	0.144*** (0.006)	0.127** (0.018)
	SIC 1 - Mining and construction	-0.904* (0.052)	-0.954** (0.040)	-0.988** (0.033)	-0.997** (0.028)	-1.007** (0.026)	-1.110** (0.014)	-1.132** (0.012)	-1.112** (0.014)
	SIC 4 - Transport and public utilities	0.126 (0.561)	0.171 (0.432)	0.205 (0.346)	0.211 (0.322)	0.177 (0.404)	0.201 (0.339)	0.225 (0.286)	0.230 (0.275)
	SIC 5 - Trade (wholesale and retail)	-0.431** (0.036)	-0.377* (0.068)	-0.315 (0.132)	-0.300 (0.143)	-0.324 (0.111)	-0.301 (0.137)	-0.281 (0.165)	-0.250 (0.216)
	SIC 6 - Finance, Insurance, RE	-0.210 (0.479)	-0.207 (0.484)	-0.165 (0.576)	-0.101 (0.728)	-0.084 (0.771)	-0.046 (0.872)	-0.042 (0.883)	0.002 (0.995)
	SIC 7/8 - Services	0.199 (0.499)	0.301 (0.317)	0.295 (0.325)	0.300 (0.306)	0.351 (0.228)	0.351 (0.225)	0.349 (0.226)	0.369 (0.204)
	Unionization	0.245 (0.567)	0.270 (0.527)	0.202 (0.637)	0.283 (0.499)	0.386 (0.355)	0.468 (0.261)	0.455 (0.273)	0.423 (0.310)
	Parent company	-0.414 (0.112)	-0.393 (0.131)	-0.352 (0.177)	-0.229 (0.373)	-0.177 (0.489)	-0.186 (0.463)	-0.192 (0.449)	-0.231 (0.360)
	Foreign parent	0.069 (0.822)	0.079 (0.796)	0.206 (0.513)	0.255 (0.410)	0.313 (0.309)	0.352 (0.250)	0.360 (0.238)	0.397 (0.196)
	Listed parent company	0.283 (0.311)	0.302 (0.279)	0.293 (0.292)	0.282 (0.301)	0.239 (0.376)	0.263 (0.326)	0.280 (0.296)	0.272 (0.309)
	Constant	0.168 (0.759)	0.001 (0.998)	0.098 (0.861)	0.127 (0.815)	0.582 (0.314)	0.882 (0.134)	0.947 (0.107)	1.088* (0.065)
Observations		322	322	322	322	322	322	322	322
R <sup>2</sup>		0,1173	0,181	0,1868	0,1972	0,2602	0,2717	0,276	0,2884

pval in parentheses

\*\*\* p&lt;0.01, \*\* p&lt;0.05, \* p&lt;0.1

number of niches of practices.

We do not observe significant and robust effects of the other two indicators of whether firms span social contexts, namely the degree of diversification and the degree of internationalization. Taken together, the regression results for the two dependent variables – number of practices and diversity of practices – indicate that firms operating in a larger number of industries and countries symbolically *adopt a larger number* of management practices but that the practices *do not belong to a more diverse* number of practice niches. We have argued that practices belonging to the same niche are related to similar organizational problems while management practices from different niches often stem from different organizational areas and address demands of different stakeholder groups. Relating these arguments to our observation considering the effects of the degree of diversification and of internationalization, we would conclude that the general organizational problems captured by practice niches – e.g., fulfilling demands for efficiency and effectiveness, gaining social approval – might not significantly differ internationally or across industries. This would explain why we do not observe an effect of the degree of internationalization or the degree of diversification on the diversity of practices. However, firms active in a multinational context or in various industries seem to address a larger diversity of slightly different issues *within* certain practice niches, thus resulting in a larger number of symbolically adopted management practices.

## 4.6 Discussion

In this paper, we asked why some firms refuse to engage in symbolic adoption of modern management practices, even though existing research suggests that symbolic adoption represents a relatively inexpensive approach to achieve social and economic gains. In our attempt to answer this question, we built a theoretical framework comprised of three types of

antecedents of symbolic adoption – power constellations with respect to ownership structures, membership in diverging social contexts, and firm visibility. Empirically, we found that the involvement of certain ownership groups (e.g., families) seems to prevent organizational decision-makers from symbolically adopting modern management practices. In contrast, firms spanning social contexts (e.g., multinational firms) display a more active symbolic adoption behavior. Additionally, we found that firm visibility has a double-edged effect on symbolic adoption: Until a certain tipping point is reached, an increase in media visibility positively affects firms' engagement in symbolic adoption while firms with very high levels of visibility exhibit significantly more hesitant symbolic adoption behavior.

Referring to our question of why some firms do not engage in symbolic adoption of modern management practices, these results indicate that firms are restricted in their possibilities for profiting from symbolic adoption in at least two ways. First, firms that are confronted with rather conservative owner groups who are skeptical toward modern management practices are prevented from symbolically adopting these practices, even in a communication channel like the Internet that is not exclusively targeted at communicating with this stakeholder group. Second, firms that are highly visible to the public are not able to use the full scope of symbolic actions because they risk that potential inconsistencies will be detected by the high public scrutiny they face. With these findings, we are able to contribute to existing research in a number of ways.

#### **4.6.1 Contributions**

Generally, our findings support and strengthen the argument that firms are political arenas in which power constellations influence not only organizational internal behavior (Cyert & March, 1963), but also the way organizations position themselves vis à vis outside stakeholders (Fiss & Zajac, 2004). We therefore enlarge existing insights on the influence of

specific ownership constellations on symbolic adoption since we analyze a communication channel that is not destined to address the needs of owners and that has – to our knowledge – not been assessed by prior research. Prior work has focused on adoption data captured from annual reports (Fiss & Zajac, 2004; Palmer, Friedland, Jennings, & Powers, 1987), which are primarily destined to address firm owners and might thus especially reflect their needs and preferences. Interestingly, although we assessed websites as a communication channel, our results that family and public ownership hamper symbolic adoption are largely in line with prior research. This finding confirms and extends prior work because it indicates that the influence of dominant owners on symbolic adoption expands beyond communication channels like annual reports and thus influences the way firms present themselves toward all their stakeholders.

Furthermore, our results coincide with recent calls in new institutional theory to further scrutinize processes of practice diffusion across boundaries of organizational fields – representing the traditional unit of analysis in institutional theory (Dacin, Goodstein, & Scott, 2002; Kostova, Roth, & Dacin, 2008). Current research often points to the importance of the positions of practice adopters in the field to explain how new organizational practices gain prominence: Centrally placed early adopters within fields serve as catalysts for practice diffusion. Our results indicate that in particular, firms that are highly diversified, internationalized, or listed on the stock market and thus potentially face the challenge to conform to demands from different social contexts and thus different organizational fields exhibit an eminently active symbolic adoption behavior. Firms spanning various social contexts and fields, but not necessarily taking a central position within these fields, might thus incur an important role in practice diffusion as they “carry” knowledge and symbols provided by modern management practices from one field to the other. Future research on the diffusion

of organizational practices might thus profit from a closer assessment of the role of organizations that span multiple fields.

With our finding that high visibility serves as a limiting factor for symbolic adoption, we extend insights from prior research based on organizational theory in which the relationship between a firm's visibility and the intensity of external exposure has been treated as rather simple or linear (Delmas & Montes-Sancho, 2010; Salancik, 1979). A similar assumption has been made by impression management theorists, who argue that with increasing visibility, firms actively intensify their self-representation and public relation efforts – as indicated, for instance, by the number of press releases or companies' statements (Meznar & Nigh, 1995; Carter, 2006). Our results point to a more nuanced theoretical argument: While exceptionally high and low levels of visibility seem to limit the scope of available and reasonable symbolic actions, medium levels of visibility seem to provide organizations with the chance to experiment with a broader scope of symbolic actions. Future work could build on these theoretical arguments and our empirical findings by assessing whether this double-edged effect of visibility in mass media as an antecedent of symbolic adoption might also translate into outcomes of symbolic adoption. The findings of this study thus suggest the following proposition: Particularly those organizations with *moderate* visibility should be able to profit from symbolic adoption because their symbolic actions will be observed by a considerable number of stakeholders and the consequences of appearing inconsistent are moderate. Future work could test this hypothesis.

Additionally, our results speak to recent work on so-called “celebrity firms” (Rindova, Pollock, & Hayward, 2006). Firms are described as celebrities when they simultaneously display two characteristics: First, celebrity firms are highly visible in mass media and, second, they receive positive emotional responses from their audiences. It has therefore been argued

that celebrity may broaden the scope of viable symbolic reactions to environmental demands for firms. According to these arguments, celebrity allows firms to either comply or deviate from norms and standards without suffering from devaluation and delegitimation (Rindova, Pollock, & Hayward, 2006). Our results indirectly support and potentially refine this view. We show that visible firms engage less strongly in the symbolic adoption of management practices when they have received *negative* public attention. Vice versa, we show that visibility seems to have a positive effect on firms' symbolic adoption of modern management practices in the *absence of negative attention*. In this view, public visibility might not necessarily have to be accompanied by positive emotional responses to allow for certain degrees of freedom with regard to potential strategies when facing pressures for conformity. Our results to some extent suggest that the absence of negative attention might be sufficient to guarantee a certain latitude to highly visible firms. This result might point to a more fine-grained understanding of firm celebrity compared to existing research.

We also enlarge existing insights on symbolic adoption by choosing a sample consisting of both listed and non-listed firms for our study. Current studies assessing outcomes and antecedents of symbolic and/or substantive adoption mainly focus on firms that are listed on the stock market for empirical quantitative assessments (Westphal & Zajac, 1994; Fiss & Zajac, 2006). This is not surprising because the availability of data for listed firms is much better than for unlisted firms – not least because of more rigorous reporting duties for listed firms. Nevertheless, as we have outlined, a number of arguments suggest that listed firms might significantly differ from non-listed firms in their symbolic management behavior. Although we do not observe a robust listing effect in all models, listed firms are shown to differ from non-listed firms when taking the firms' visibility into account. We show that the number of symbolically adopted management practices increases more with growing visibility for listed firms than for their non-listed counterparts. The almost exclusive assessment of



listed firms in existing studies thus bears the risk that a lacking variance of important explanatory variables – such as firm visibility – leads to biased results. The study at hand helps confirm and extend prior work that has in part used similar explanatory variables, but mostly with a focus on firms that are listed on the stock market, and thus develops a theoretical model explaining symbolic adoption for a broader cross-section of firms.

Finally, with this study we are able to make a methodological contribution. To our knowledge, no prior study has collected and analyzed data on organizational self-representation and symbolic adoption on the Internet in a comparably extensive manner. Prior work has instead concentrated on specific communication channels targeted at specific stakeholder groups (e.g., annual reports). Nevertheless, as has been argued before, the Internet increasingly blurs the boundaries between stakeholder-specific media. Organizations are expected to present themselves in a more or less consistent way on the Internet. Gaining a deeper understanding of the way this shift in possibilities of and expectations toward organizational self-representation affects how organizations communicate with their internal and external environments represents a methodological challenge. The procedure for collecting complete organizational self-representations on the Internet described in this study might therefore constitute a basis for further studies.

#### ***4.6.2 Limitations and conclusion***

Despite the contributions to existing research we are able to make, our study has some limitations. Our current observations and analyses underlie technical limitations related to the current state of our web crawler. Some web servers were excluded because of technical restriction of data collection (e.g., availability of web servers, unsearchable content, automatic search engine exclusion). Another limitation derives from the automated scanning of text. Using a simple search technology that is capable of searching single strings, we had to ignore

complex search terms that could identify practices even if they lack clear labels. According to the “interpretative viability” or “pragmatic ambiguity” of management practices described by many researchers (Benders & Van Veen, 2001; Giroux, 2006; Kieser, 1997), companies may choose individualized and unexpected specifications of management practices that cannot be captured by the search technology in its current state when none of the labels that have been predetermined by the authors appear. Hence, symbolic adoption of those organizations using very specific and strongly modified symbols and labels may not be observed by the software even though these very organizations may truly have translated practices to their specific organizational context and thus adapted internal structures to the ideas of this practice. We would argue, however, that despite the potential advantages of translating diffusing practices to individual contexts on the *substantive* level, the use of individualized instead of generally accepted labels might be less powerful when it comes to displaying conformity with demands for rationality and progress on the *symbolic* level.

Moreover, mainly relying on academic literature in combination with a bibliographic analysis when choosing the management practices investigated in this study restricts our analysis to those practices that have academic appeal. Management practices that might have practical importance but have not been subject to academic discourse are ignored in this analysis. Finally, our insights are also limited by the fact that our study is based on cross-sectional data. Capturing potential changes in the symbolic adoption behavior over time – after, for instance, changes in the ownership structures (e.g., family-owned firm going public) or an intensification of international activities – would further strengthen and refine our arguments and insights.

Despite these limitations, the results of this study extend existing theoretical and empirical assessments of symbolic adoption of modern management practices in a number of ways.

Besides the specific contributions already discussed, we would especially point to our theoretical arguments and findings on limits of symbolic adoption. In this study, we observe that a number of factors delimit an organization's possibilities for symbolic action. The theoretical arguments and empirical results of this study might serve as a starting point for developing a finer-grained theory on limits of symbolic action and thus a deeper understanding of factors that enable or constrain organizations in their abilities to profit from symbolic adoption.

## 5 GENERAL DISCUSSION

### 5.1 Summary of core results

Existing research on the diffusion of management practices has put little emphasis on combining conceptual and empirical approaches that enable us to understand how social structures along which practices flow and cultural processes of meaning construction through which practices become perceived as appropriate and rational interrelate. As a consequence, researchers have repeatedly called for finding “ways to bridge this conceptual as well as methodological dichotomy, and explore the interrelations between practices/structures and meanings” (Zilber, 2008, p. 164). The aim of this dissertation was to contribute to closing this research gap by answering three interrelated research questions. (1) How are processes of discursive meaning (re)construction surrounding the diffusion of management practices linked to patterns of their material diffusion? (2) How do structural and cultural carriers of diffusion in combination affect adoption of management practices by organizations? (3) How do structural factors affect the way adopters themselves engage in symbolic activities surrounding the diffusion of management practices? The three empirical investigations just presented contribute to answering these questions.

In order to answer the *first question*, in chapter three, the diffusion of a prominent CSR management practice – namely codes of conduct – in the German textile and apparel industry has been assessed based on an analysis of discourses surrounding this practice as well as an assessment of quantitative patterns of its material diffusion. Employing existing theoretical arguments, it has been argued that media discourses surrounding this practice produced by culturally legitimate actors within this field – namely authors of trade journal articles and annual reports of the leading trade association – should be systematically related to patterns of its material diffusion. More precisely, it has been hypothesized that both changes in

“explanatory accounts” justifying the employment of that practice and changes in “frames of reference” through which discussions of that practice become embedded into other discourses should contribute to explaining diachronic changes in characteristics of adopting organizations. The results of the investigation that has been performed support these theoretical arguments to a large extent: Based on a narrative historical case description, a quantitative assessment of adoption patterns and a systematic analysis of business media discourse, it has been demonstrated that the broader material diffusion of the most prominent code of conduct within this field – the one provided by the BSCI (Business Social Compliance Initiative) – among previously unaffected organizations was preceded by a time consuming process of discursive meaning (re)construction by business media that both helped to obscure the initial rationales for practice creation (especially public pressure) and to construct new legitimate justifications for adoption (normative and economic accounts) as well as linkages to other prominent discourses (e.g. on sustainability and corporate social responsibility). My results indicate that this process of discursive “dress up” fostered diffusion of codes of conduct among firms which – due to central characteristics such as size, supply chain position and media visibility – exhibited an extraordinarily low “fit” with the diffusing practice and thus a low initial intrinsic adoption propensity. Ironically, qualitative evidence suggests that this process of discursive change was not least supported by powerful early adopters within the field. Nevertheless, the observable time lag between changes in discourses and material diffusion indicate that concrete adoption decisions might not have been directly based on media consumption but that newly created arguments had to be passed through other channels within the field before they “arrived” and convinced adopters. The results of this investigation contribute to our understanding of the process through which the interpretative work of culturally legitimate others translates into measurable patterns of practice diffusion

The *second question* on the combined influence of cultural and structural carriers of diffusion was explored based on an investigation of the adoption of 22 modern management practices among 287 small and medium sized enterprises in Germany. From a theoretical point of view, it has thereby been argued that understanding the combined influence of structural and cultural carriers of diffusion requires a differentiation between two types of adoption: knowledge and implementation. Furthermore, it has been hypothesized that exposure to cultural carriers – such as media and management seminars – should more strongly contribute to explaining knowledge, while contact to structural carriers – such as other firms within an organizations relevant environment – and factors indicating intrinsic adoption propensity – such as organizational resource endowment – should more strongly contribute to explaining implementation decisions. Partly in line with these theoretical arguments, it has been found that CEOs of SMEs – irrespective of company size – gain knowledge on modern management practices through cultural carriers such as business media and participation in management seminars. Nevertheless, actual implementation decisions could be better explained by factors such as frequent interaction with prior adopters, the complexity of environmental expectations that SMEs account for when it comes to important strategic decisions as well as organizational size and executives' prior knowledge. Additionally, we find that relational ties to management consultants increase the probability for practice implementation. Our results indicate that understanding adoption of modern management practices by organizations requires both a combination of cultural and structural explanations and a differentiation of types of adoption that are mostly neglected in existing research. They furthermore support one important finding from the prior investigation on the diffusion of codes of conduct in chapter two, since they indicate that discourses produced by cultural carriers only become effective with respect to implementation decisions if they coincide with specific structural influences.

In order to contribute to answering the *third question*, antecedents of symbolic adoption of 16 modern management practices on the internet self-representations of the 500 largest firms in Germany were investigated. From a theoretical point of view, it has thereby been argued that the intensity of symbolic adoption, and thus cultural work of adopters, should be influenced by various structural factors such as ownership composition, listing on the stock market or diversification. Our results indicate that firms which are confronted with rather conservative owner groups who are skeptical toward modern management practices are prevented from symbolically adopting these practices, even in a communication channel like the Internet that is not exclusively targeted at communicating with this stakeholder group. Second, firms that are highly visible to the public are not able to use the full scope of symbolic actions because they risk that potential inconsistencies will be detected by the high public scrutiny they face. Additionally, the results indicate that in particular, firms which are highly diversified, internationalized, or listed on the stock market and thus potentially face the challenge to conform to demands from different social contexts and thus different organizational fields exhibit an eminently active symbolic adoption behavior. Our results thus help to identify factors which determine the intensity to which firms participate in discourses surrounding modern management practices and by this means participate in defining a socially shared understanding of the worth of these practices.

## **5.2 Contributions**

Taken together, the results of this dissertation outlined above contribute to existing research on structural and cultural carriers of diffusion in a number of ways, thereby also pointing to interesting paths for future research in this area.

First, as has already been indicated in chapter two, our results help to connect the two streams of research described above by formulating propositions that explicitly account for the

understudied relationship between meanings ascribed to organizational practices by culturally legitimate “others” and measurable patterns of their material diffusion. These propositions on the relationship between changes in explanatory accounts as well as frames of reference and patterns of material diffusion might thereby provide a conceptual starting point for future research that intends to conceptually bind together the two approaches to studying diffusion outlined above. Future work assessing material diffusion patterns might for example profit from complementing classical conceptual arguments and hypotheses from diffusion research – e.g. on the influence of social and spatial proximity or interlocking directorates (Strang & Soule, 1998) – by accounting for the parallel and potentially conflicting direct or indirect effect of changes in meaning (re)construction by relevant media. Such a combination of ‘classical’ arguments on predictors for practice adoption with propositions on the influence of changes in field level (media) discourses also represents a methodological challenge. We believe that our approach to quantifying changes in meaning (re)construction might thereby contribute to bridging the gap between research on material versus discursive processes of diffusion, because it facilitates attempts to integrate both views using one conceptual and eventually even formal diffusion model (e.g. the one provided by Strang and Tuma (1993)). Such a methodological integration could help to account for complementary or competing “adopter-centric” (Strang & Soule, 1998, p. 268) and cultural explanations for diffusion in one empirical setting. The methodological approach to identifying, quantifying and interpreting changes in meaning construction by media based on definable indicators (content and relative frequency of explanatory accounts as well as frames of reference) developed in this dissertation might thereby serve as a first blueprint for studies assessing similar phenomena in other fields or with respect to other practices.

Second, the insights gathered in chapter two contribute to prior research on the diffusion of management practices that has mostly assessed the isolated influence of either structural or



cultural carriers of diffusion. In contrast to most prior research, the investigation of factors explaining adoption of modern management practices among small and medium sized enterprises conducted in this dissertation has differentiated between two types of adoption – namely knowledge and actual implementation. The finding that exposure to cultural carriers strongly affects knowledge while structural factors are better suited to explain implementation thereby details conceptual arguments and findings of prior research. More precisely, the findings gathered here point to a potential influence of cultural carriers, such as mass media, on adoption decisions in organizations that is more subtle than prior arguments on a direct relationship between potential adopters' media exposure and adoption (Abrahamson, 1996; Green, 2004) would indicate: As we know from research on consumer behavior, prior knowledge concerning – for instance – a product facilitates the search and acquisition of new information concerning that product (Brucks, 1985). Conferred to the context assessed here, this would indicate that adopters who have gained knowledge concerning a certain management practice will be influenced by that knowledge when perceiving certain organizational problems as relevant and when searching for information on how to solve these problems (March, 1987). Although actual implementation decisions might then be influenced by affirmative information or endorsements gathered through relational ties, knowledge gained through cultural carriers might, in this view, delimit the range of options within which potential adopters tend to think. This proposition that can be derived from the empirical results of this dissertation might serve as an interesting starting point for future research which aims at disentangling the complex interplay of structural and cultural carriers of diffusion in different phases of the adoption process. For instance, future qualitative work might profit from assessing how potential adopters' exposure to cultural carriers, knowledge on management practices and information seeking behavior interrelate while future quantitative work on the diffusion of management practices could profit from a more

thorough assessment of types of adoption as well as variations in relational influence (e.g. affirmation of prior knowledge, transfer of new knowledge) that affect adoption decisions by organizations.

Third, the results concerning antecedents of symbolic adoption from chapter four shed light on structural factors affecting the way adopters themselves take part in symbolic activities surrounding the diffusion of management practices. Prior research on symbolic activities potentially affecting the diffusion of management practices has focused on understanding mechanisms the so called “market for management knowledge” (Abrahamson & Fairchild, 1999) is driven by, thereby aiming to understand the role and interaction of various “supply side” participants in this market – such as consultants, business media and academics. As has been outlined before, adopters have thus mostly been treated as mere consumers of ideas provided by the supply side of this market for management knowledge whose adoption decisions are influenced by the social structures they are embedded in – i.e. their relational ties to prior adopters or other sources. Existing research has by this means put little emphasis on understanding the role and activities of consumers of management practices as cultural carriers of practice diffusion, despite conceptual arguments and qualitative evidence indicating that this class of actors in fact plays an active role when it comes to defining the appropriateness and worth of management practices (Thomas, 2003). The results presented in chapter three of this dissertation speak to this research gap since they indicate that social structures organizations are embedded in might not only be seen as affecting their adoption propensity but also as influencing whether and how they become active participants in discourses promoting management practices. In view of these results, the depiction of social structures as mere conduits for the diffusion of culturally legitimate management practices employed by most prior research might thus obviate a more nuanced understanding of the relationship between structural and cultural aspects of diffusion, since it neglects

repercussions of social structures on the work of cultural carriers. Future research might be able to build on the conceptual and empirical insights gathered in this dissertation when it comes to scrutinizing the process through which discourses surrounding the diffusion of management practices produced by their consumers translate into mechanisms of material practice diffusion. The cross-sectional assessment of symbolic adoption behavior presented here might thereby serve as a conceptual and methodological blueprint for such an endeavor which would require a longitudinal assessment of both symbolic and substantive adoption patterns within a predefined population of organizations.

### **5.3 Conclusion**

Why and how do new management practices establish, diffuse within and across whole populations of organizations and eventually vanish? Not least the oftentimes far reaching consequences of the establishment of new ways of managing for both organizational practice and society call for academic research that provides answers to this question. The dissertation at hand represents an attempt to contribute to this challenging endeavor. Although the findings gathered here only represent small pieces of a comprehensive answer to this broad question, they point to the usefulness of combining insights from previously divergent streams of research in order to approximate viable insights. More precisely, this dissertation shall demonstrate that a stronger mutual perception and fertilization of research on cultural and structural aspects of diffusion can bring about insights which significantly broaden our understanding for why and how new management practices establish and diffuse. In more general terms, this dissertation has intended to show that explaining the upstream processes of much organizational and societal change we are witnessing today requires a thorough assessment of both cultural processes through which individual and organizational actors define relevant building blocks of a socially shared reality (Berger & Luckmann, 1966) and

measurable conduits which enable the spread and perpetuation of such definitions. Concurrently, it became obvious that much further academic work is required in order to scrutinize and profoundly understand such processes.

## REFERENCES

- Abrahamson, E. (1996). Management fashion. *Academy of Management Review* , 21(1), pp. 254-285.
- Abrahamson, E. (1991). Managerial fads and fashions: The diffusion and rejection of innovations. *Academy of Management Review* , 16(3), pp. 586-612.
- Abrahamson, E., & Fairchild, G. (1999). Management fashion: Lifecycles, triggers, and collective learning processes. *Administrative Science Quarterly* , 44, pp. 708-740.
- Anderson, R. C., Mansi, S. A., & Reeb, D. M. (2003). Founding family ownership and the agency cost of debt. *Journal of Financial Economics* , 68(2), pp. 263–285.
- Armbrüster, T., & Kipping, M. (2002/2003). Strategy consulting at the crossroads - technical change and shifting market conditions for top-level advice. *International Studies of Management & Organizations* , 32 (4), pp. 19–42.
- Astley, W., & Zammuto, R. (1992). Organization science, managers and language games. *Organization Science*, 3(4) , pp. 443-460.
- Atteslander, P. (2008). *Methoden der empirischen Sozialforschung* (Vol. 10). Berlin: Walter de Gruyter.
- Attewell, P. (1992). Technology diffusion and organizational learning: The case of business computing. *Organization Science* , 3 (1), pp. 1-19.
- Bansal, P. (2005). Evolving sustainably: A longitudinal study of corporate sustainable development. *Strategic Management Journal* , 26, pp. 197-218.
- Barley, S. R., & Kunda, G. (1992). Design and devotion: Surges of rational and normative ideologies of managerial discourse. *Administrative Science Quarterly* , 37 (3), pp. 363-399.
- Bartley, T. (2007). Institutional emergence in an era of globalization : The rise of transnational private regulation of labor and environmental conditions. *American Journal of Sociology* , 113(2), pp. 297-351.
- Baruch, Y., & Holtom, B. C. (2008). Survey response rate levels and trends in organizational research. *Human Relations* , 61, pp. 1139-1161.
- Bass, F. M. (1969). A new product growth for model consumer durables. *Management Science* , 15(5), pp. 215–227.
- Bauer, J. M. (2005). Regulation and state ownership: Conflicts and complementarities in EU telecommunications. *Annals of Public and Cooperative Economics* , 76(2), pp. 151-177.
- Bauer, M. W., & Gaskell, G. (2000). *Qualitative researching with text, image and sound: A practical handbook for social research*. London: Sage.

- Bauer, M. W., Gaskell, G., & Allum, N. C. (2002). Quality, quantity and knowledge interests: Avoiding confusions. In M. W. Bauer, & G. Gaskell, *Qualitative researching with text, image and sound. A practical handbook* (2. ed., pp. 3-18). London: Sage Publications.
- Becht, M., & Röell, A. (1999). Blockholdings in Europe:: An international comparison. *European Economic Review* , 43(4-6), pp. 1049–1056.
- Benders, J., & Van Veen, K. (2001). What's in a fashion? Interpretative viability and management fashions. *Organization* , 8(1), pp. 33-53.
- Benford, R. D., & Snow, D. (2000). Framing processes and social movements: An overview and assessment. *Annual Review of Sociology* , 26, pp. 611-639.
- Berger, P. L., & Luckmann, T. (1966). *The social construction of reality: A treatise in the sociology of knowledge*. New York: Anchor Books.
- Bertrand, J. T. (2004). Diffusion of innovations and HIV/AIDS. *Journal of Health Communication: International Perspectives* , 9(1), pp. 113-121.
- Birkinshaw, J., Hamel, G., & Mol, M. J. (2008). Management innovation. *Academy of Management Review* , 33(4), pp. 825–845.
- Bloom, N., & Van Reenen, J. (2010). Why do management practices differ across firms and countries? *Journal of Economic Perspectives* , 24(1), pp. 203-224.
- Bloom, N., Genakos, C., Sadun, R., & Van Reenen, J. (2012). Management practices across firms and countries. *Academy of Management Perspectives* , 26 (1), pp. 12-33.
- Bluhm, K., & Geicke, A. (2007). Gesellschaftliches Engagement im Mittelstand – altes Phänomen oder neuer Konformismus? *Berliner Debatte Initial* , 18, pp. 27-36.
- Bondy, K., Matten, D., & Moon, J. (2004). The adoption of voluntary codes of conduct in MNCs: A three-country comparative study. *Business and Society Review* , 109(4), pp. 449-477.
- Boxenbaum, E. (2006). Lost in translation: The making of Danish diversity management. *American Behavioral Scientist* , 49(7), pp. 939-948.
- Boxenbaum, E., & Johnsson, S. (2008). Isomorphism, diffusion and decoupling. In R. Greenwood, C. Oliver, K. Sahlin, & R. Suddaby, *The SAGE Handbook of Organizational Institutionalism* (pp. 78-98). Thousand Oaks: Sage.
- Boyne, G. A. (2002). Public and private management: What's the difference? *Journal of Management Studies* , 39 (1), pp. 97-122.
- Braun, R., & Gearhart, J. (2004). Who should code your conduct? Trade union and NGO differences in the fight for labor rights. *Development in Practice* , 14(1-2), pp. 183-196.
- Briscoe, F., & Safford, S. (2008). The Nixon-in-China effect: Activism, imitation, and the institutionalization of contentious practices. *Administrative Science Quarterly* , 53, pp. 460-491.

- Briscoe, J. A., Fawcett, S. E., & Todd, R. H. (2005). The implementation and impact of ISO 9000 among small manufacturing enterprises. *Journal of Small Business Management* , 43(3), pp. 309-330.
- Bromley, P., & Powell, W. W. (2012). From smoke and mirrors to walking the talk: Decoupling in the contemporary world. *The Academy of Management Annals* , pp. 1-48.
- Bromley, P., Hwang, H., & Powell, W. W. (2011, October). Common tendencies and divergent responses: Accounting for differentiated isomorphism in the U.S. nonprofit sector. *Working Paper* (<http://www.patriciabromley.com>) .
- Brown, A. D. (1994). Politics, symbolic action and myth making in pursuit of legitimacy. *Organization Studies* , 15 (6), pp. 861-878.
- Brucks, M. (1985). The effects of product class knowledge on information search behavior. *Journal of Consumer Research* , 12, pp. 1-16.
- BSCI. (2012). <http://www.bsci-intl.org>. Retrieved 11 5, 2011
- Burns, L. R., & Wholey, D. R. (1993). Adaption and abandonment of matrix management programs: Effects of organizational characteristics and interorganizational networks. *Academy of Management Journal* , 36(1), pp. 105-138.
- Burt, R. S., Staw, B. M., & Sutton, R. I. (2000). The network structure of social capital. In R. S. Burt, B. M. Staw, & R. I. Sutton, *Research in Organizational Behavior* (pp. 345-423). Amsterdam; London and New York: Elsevier.
- Bushee, B., & Noe, C. F. (2000). Corporate disclosure Practices, institutional investors, and stock return volatility. *Journal of Accounting Research* , 38, pp. 171-202.
- Carroll, C. E., & McCombs, M. (2003). Agenda-setting effects of business news on the public's images and opinions about major corporations. *Corporate Reputation Review* , 6, pp. 36-46.
- Carson, P. P., Lanier, P. A., Carson, K., & Guiry, B. N. (2000). Clearing a path through the management fashion jungle: Some preliminary trailblazing. *Academy of Management Journal* , 43 (6), pp. 1143-1158.
- Carter, S. (2006). The interaction of top management group, stakeholder, and situational factors on certain corporate reputation management activities. *Journal of Management Studies* , 43 (5), pp. 1145-1176.
- Cascio, W. F. (1993). Downsizing: What do we know? What have we learned? *Academy of Management Perspectives* , 7 (1), pp. 95-104.
- Chaganti, R., & Damanpour, F. (1991). Institutional ownership, capital structure, and firm performance. *Strategic Management Journal* , 12(7), pp. 479-491.
- Child, J., & Faulkner, D. O. (2005). *Cooperative strategy: Managing alliances, networks, and joint ventures*. Oxford: Oxford University Press.

- Chuah, F., & Rahman, A. (2011). Institutional pressures and ethical reckoning by business corporations. *Journal of Business Ethics* , 98, pp. 307-329.
- Clark, D. N. (1997). Strategic management tool usage: a comparative study. *Strategic Change* , 6, pp. 417-427.
- Clark, T., & Greatbatch, D. (2003). Collaborative relationship in the creation and fashioning of management ideas: Gurus, editors, and Managers. In M. Kipping, & L. Engwall, *Management consulting - Emergence and dynamics of a knowledge industry* (pp. 129-145). New York: Oxford University Press.
- Clark, T., & Salaman, G. (1998). Telling tales: Management guru's narratives and the construction of managerial identity. *Journal of Management Studies* , 35(2), pp. 137-161.
- Cole, R. E. (1999). *Managing quality fads: How American business learned to play the quality game*. Oxford, New York: Oxford University Press.
- Coleman, J. S., Katz, E., & Menzel, H. (1966). *Medical innovation: A diffusion study*. Indianapolis: Bobbs-Merrill Co.
- Contractor, F. J., Kumar, V., Kundu, S. K., & Pedersen, T. (2010). *Global outsourcing and offshoring: An integrated approach to theory and corporate strategy*. Cambridge: Cambridge University Press.
- Creed, W. E., Langstraat, J. A., & Scully, M. A. (2002). A picture of the frame: Frame analysis as technique and as politics. *Organizational Research Methods* , 5(1), pp. 34-55.
- Cyert, R. M., & March, J. G. (1963). *A behavioral theory of the firm*. Englewood Cliffs: Prentice-Hall.
- Czarniawska, B., & Joerges, B. (1996). Travel of Ideas. In B. Czarniawska, & G. Sévon, *Translating Organizational Change* (pp. 13-48). Berlin, New York: deGruyter.
- Czarniawska, B., & Sevón, G. (1996). *Translating organizational change*. Berlin, New York: Walter de Gruyter.
- Dacin, M. T., Goodstein, J., & Scott, W. R. (2002). Institutional theory and institutional change. *Academy of Management Journal* , 45(1), pp. 45-57.
- Daily, C. M., & Dollinger, M. J. (1992). An empirical examination of ownership structure in family and professionally managed firms. *Family Business Review* , 5(2), pp. 117-136.
- Darnall, N., Henriques, I., & Sadowsky, P. (2010). Adopting proactive environmental strategy: The influence of stakeholders and firm size. *Journal of Management Studies* , 47 (6), pp. 1072-1094.
- David, R. J., & Strang, D. (2006). When fashion is fleeting: Transitory collective beliefs and the dynamics of TQM consulting. *Academy of Management Journal* , 49(2), pp. 215-233.
- Davies, S. (1979). *The diffusion of process innovations*. Cambridge: Cambridge University Press.



- Davis, G. F. (1991). Agents without principles? The spread of the poison pill through the intercorporate network. *Administrative Science Quarterly* , 36, pp. 586-613.
- Davis, G. F., & Greve, H. R. (1997). Corporate elite networks and governance changes in the 1980s. *American Journal of Sociology* , 103, pp. 1-37.
- Deephouse, D. L. (1996). Does isomorphism legitimate? *Academy of Management Journal* , 39 (4), pp. 1024-1039.
- Deephouse, D. L., & Heugens, P. P. (2009). Linking social issues to organizational impact: The role of infomediaries and the infomediary process. *Journal of Business Ethics* , 86, pp. 541-553.
- Delmas, M. A., & Montes-Sancho, M. J. (2010). Voluntary agreements to improve environmental quality: Symbolic and substantive cooperation. *Strategic Management Journal* , 31, pp. 575-601.
- Diller, J. (1999). A social conscience in the global marketplace? Labour dimensions of codes of conduct, social labeling, and investor initiatives. *International Labour Review* , 138(2), pp. 99-130.
- Dillman, D. A. (2007). *Mail and internet survey. The tailored design method*. New York: John Wiley & Sons.
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review* , 48(2), pp. 147-160.
- Dobbin, F., & Sutton, J. R. (1998). The strength of a weak state: The rights revolution and the rise of human resources management divisions. *American Journal of Sociology* , 104(2), pp. 441-476.
- Donati, P. R. (1992). Political discourse analysis. In M. Diani, & R. Eyerman (Eds.), *Studying collective action* (pp. 136-167). London: Sage Publications.
- Duncan, R. B. (1972). Characteristics of organizational environments and perceived environmental uncertainty. *Administrative Science Quarterly* , 3, pp. 313-327.
- Eccles, R. G., & Nohria, N. (1992). *Beyond the hype: Rediscovering the essence of management*. Harvard Business School Press.
- Egels-Zandén, N., & Wahlqvist, E. (2007). Post-partnership strategies for defining corporate social responsibility: The Business Social Compliance Initiative. *Journal of Business Ethics* , 70, pp. 175-189.
- Ehrmann, T. (2003). *Vor- und Nachteile der vertikalen (Des-)Integration der Deutschen Bahn AG unter besonderer Berücksichtigung der Kapitalmarktauswirkungen*. Münster: Institut für Unternehmensgründung und -entwicklung .
- Eisenberg, E. (1994). Ambiguity as strategy in organizational communication. *Communication Monographs* , 51 (3), pp. 193-215.

- Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Journal* , 14(4), pp. 532-550.
- Elliot, K. A., & Freeman, R. B. (2001). *White hats or Don Quixotes? Human rights vigilantes in the global economy*. Cambridge: NBER Working Paper Series.
- Elsbach, K. D., & Sutton, R. I. (1992). Acquiring operational legitimacy through illegitimate action: A marriage of institutional and impression management theories. *The Academy of Management Journal* , 35 (4), pp. 699-738.
- Elsbach, K. D., & Sutton, R. I. (1998). Averting expected challenges through anticipatory impression management: A study of hospital billing. *Organization Science*, 9(1) , pp. 68-86.
- Engwall, L., & Kipping, M. (2003). Introduction: Management consulting as a knowledge industry. In M. Kipping, & L. Engwall, *Management consulting: Emergence and dynamics of a knowledge industry* (pp. 1-16). New York: Oxford University Press.
- Ernst, B., & Kieser, A. (2002). In search of explanations for the consulting explosion. In K. Sahlin-Andersson, & L. Engwall, *The expansion of management knowledge: carriers, flows, and sources* (pp. 47-73). Stanford: Stanford University Press.
- ETI. (2011, 11 5). <http://www.ethicaltrade.org>.
- Etzion, D., & Ferraro, F. (2010). The role of analogy in the institutionalization of sustainability reporting. *Forthcoming in Organization Science* .
- Europäische Kommission. (2005). *Empfehlung 2003/361/EG der Kommission vom 6. Mai 2003 betreffend die Definition der Kleinstunternehmen sowie der kleinen und mittleren Unternehmen*. Amtsblatt L124.
- Evans, J., & Mathur, A. (2005). The value of online surveys. *Internet Research* , 15(2), pp. 159-219.
- Fairclough, N. (1992). *Discourse and social change*. Cambridge: Polity Press.
- Faust, M. (2003). Consultancies as actors in knowledge arenas: Evidence from Germany. In M. Kipping, & L. Engwall (Eds.), *Management consulting - Emergence and dynamics of a knowledge industry* (pp. 146-163). New York: Oxford University Press.
- Fischer, T. M., & Wenzel, J. (2003, 10 01). *Wertorientierte Berichterstattung (Value Reporting) in deutschen börsennotierten Unternehmen*. Retrieved 07 30, 2008, from [http://www.prt.de/firma/download/Studie\\_Value\\_Reporting.pdf](http://www.prt.de/firma/download/Studie_Value_Reporting.pdf)
- Fiss, P. C., & Zajac, E. J. (2004). The diffusion of ideas over contested terrain: The (non)adoption of a shareholder value orientation among German firms. *Administrative Science Quarterly* , 49, pp. 501-534.
- Fiss, P. C., & Zajac, E. J. (2006). The symbolic management of strategic change: Sensegiving via framing and decoupling. *Academy of Management Journal* , 49(6), pp. 1173-1193.
- FLA. (2011). <http://www.fairlabor.org>. Retrieved 11 5, 2011

- Fligstein, N. (1985). The spread of the multidivisional form among large firms, 1919-1979. *American Sociological Review* , 50 (3), pp. 377-391.
- Fligstein, N. (1990). *The transformation of corporate control*. Cambridge, London: Harvard University Press.
- Flynn, F. (2000). No news is good news: The relationship between media attention and strike duration. *Industrial Relations: A Journal of Economy and Society* , 39 (1), pp. 139-160.
- Fombrun, C., & Shanley, M. (1990). What's in a name? Reputation building and corporate strategy. *The Academy of Management Journal* , 33 (2), pp. 233-258.
- Frankel, M. S. (1989). Professional codes: Why, how, and with whar impact? *Journal of Business Ethics* , 8, pp. 109-115.
- Freeman, S. J., & Cameron, K. S. (1993). Organizational downsizing: A convergence and reorientation framework. *Organization Science* , 4 (1), pp. 10-29.
- Friedland, R., & Alford, R. R. (1991). Bringing society back in: Symbols, practices, and institutional contradictions. In W. W. Powell, & P. J. DiMaggio, *The new institutionalism in organizational analysis* (pp. 232-266). Chicago: The University of Chicago Press.
- Frost, F. (2003). The use of strategic tools by small and medium-sized enterprises: an Australasian study. *Strategic Change* , 12, pp. 49-62.
- Gatto, A. (2011). *Multinational enterprises and human rights: Obligations under EU law and international law*. Cheltenham: Edward Elgar.
- Ghobadian, A., & Galleary, D. N. (1995). Total quality management in SMEs. *Omega* , 24(1), pp. 83-106.
- Ghoshal, S., & Bartlett, C. (1990). The multinational corporation as an interorganizational network. *Academy of Management Review*, 15 (4) , pp. 603-625.
- Giroux, H. (2006). It was such a handy term: Management fashions and pragmatic ambiguity. *Journal of Management Studies* , 43(6), pp. 1227-1260.
- Gond, J.-P., & Palazzo, G. (2008). The social construction of the positive link between corporate social and financial performance. *Academy of Management Conference Best Paper Proceedings*.
- Grafström, M., & Windell, K. (2011). The role of infomediaries: CSR in the business press during 2000-2009. *Journal of Business Ethics* , 103, pp. 221-237.
- Graham, J., Lemmon, M., & Wol, J. (2002). Does corporate diversification destroy value? *The Journal of Finance* , 57 (2), pp. 695-720.
- Granovetter, M. S. (1974). *Getting a job: A study of contacts and careers*. Cambridge: Harvard University Press.
- Green, S. E. (2004). A rhetorical theory of diffusion. *Academy of Management Journal* , 29(4), pp. 653-669.

- Green, S. E., Li, Y., & Nohria, N. (2009). Suspend in self-spun webs of significance: A rhetorical model of institutionalization and institutionally embedded agency. *Academy of Management Journal* , 52(1), pp. 11-36.
- Greenwood, R., Suddaby, R., & Hinings, C. R. (2002). Theorizing change: The role of professional associations in the transformation of institutionalized fields. *Academy of Management Journal* , 45(1), pp. 59-80.
- Greve, H. R., Strang, D., & Tuma, N. B. (1995). Specification and estimation of heterogeneous diffusion models. *Sociological Methodology* , 25, pp. 377-420.
- Greven, T., & Scherrer, C. (2005). *Globalisierung gestalten. Weltökonomie und soziale Standards*. Bonn: Bundeszentrale für politische Bildung.
- GTZ. (2002). *Sozialstandards in der Weltwirtschaft*. Eschborn: Deutsche Gesellschaft für Technische Zusammenarbeit.
- Guillén, M. F. (2002). Structural inertia, imitation, and foreign expansion: South Korean firms and business groups in China, 1987-95. *Academy of Management Journal* , 45(3), pp. 509-525.
- Guler, I., Guillén, M. F., & Macpherson, J. M. (2002). Global competition, institutions, and the diffusion of organizational practices: The international spread of ISO 9000 quality certificates. *Administrative Science Quarterly* , 47, pp. 207-232.
- Haack, P., Schoeneborn, D., & Wickert, C. (2012). Talking the talk, moral entrapment, creeping commitment? Exploring narrative dynamics in corporate responsibility standardization. *Organization Studies* , 33(5-6), pp. 815-845.
- Hamilton, L. C. (2008). *Statistics with STATA: Version 10* (Vol. 7). Belmont: Brooks/Cole.
- Hammer, M., & Champy, J. (1993). *Reengineering the corporation*. Harper Business.
- Hardy, C., Lawrence, T., & Grant, D. (2005). Discourse and collaboration: The role of conversations and collective identity. *Academy of Management Review* , 30(1), pp. 1-20.
- Hartley, J. (2009). Case study research. In C. Cassell, & G. Symon, *Essential guide to qualitative methods in organizational research* (pp. 323-333). London, Thousand Oaks, New Delhi: Sage.
- Hasselbladh, H., & Kallinikos, J. (2000). The project of institutionalization: A critique and reappraisal of neo-institutionalism in organization studies. *Organization Studies* , 21 (4), pp. 697-720.
- Haunschild, P. R., & Beckman, C. M. (1998). When do interlocks matter? Alternative sources of information and interlock influence. *Administrative Science Quarterly* , 43, pp. 815-844.
- Haveman, H. A. (1993). Follow the leader: Mimetic isomorphism and entry into new markets. *Administrative Science Quarterly* , 39, pp. 593-627.

- Hirsch, P. M. (1986). From ambushes to golden parachutes: Corporate takeovers as an instance of cultural framing and institutional integration. *American Journal of Sociology*, 91(4), pp. 800-837.
- Hirsch, P. M. (1972). Processing fads and fashions: An organization-set analysis of cultural industry systems. *American Journal of Sociology*, 77(4), pp. 639-659.
- Hirsch, P. M., & De Soucey, M. (2006). Organizational restructuring and its consequences: Rhetorical and structural. *Annual Review of Sociology*, 32, pp. 171-189.
- Hiss, S. (2009). From implicit to explicit corporate social responsibility: Institutional change as a fight for myths. *Business Ethics Quarterly*, 19(3), pp. 433-451.
- Hoang, H., & Rothaermel, F. (2005). The effect of general and partner-specific alliance experience on joint R&D project performance. *Academy of Management Journal*, 48 (2), pp. 332-345.
- Hoffman, A. J. (1999). Institutional evolution and change: Environmentalism and the U.S. chemical industry. *Academy of Management Journal*, 42(4), pp. 351-371.
- Hoffman, A. J., & Ocasio, W. (2001). Not all events are attended equally: Toward a middle-range theory of industry attention to external events. *Organization Science*, 12(4), pp. 414-434.
- Hoskisson, R. E., Hitt, M. A., Johnson, R. A., & Moesel, D. D. (1993). Construct validity of an objective (entropy) categorical measure of diversification strategy. *Strategic Management Journal*, 14(3), pp. 215-235.
- Huczynski, A. (1993). *Management gurus*. New York: Routledge.
- Hutchinson, V., & Quintas, P. (2008). Do SMEs do knowledge management? Or simply manage what they Know? *International Small Business Journal*, 26(2), pp. 131-154.
- Johansen, J., & Vahlne, J.-E. (1977). The internationalization process of the firm - a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, pp. 23-32.
- Julian, S., Ofori-Dankwa, J., & Justis, R. (2008). Understanding strategic responses to interest group pressures. *Strategic Management Journal*, 29, pp. 963-984.
- Kaplan, R. S., & Norton, D. P. (1996). *The balanced scorecard: Translating strategy into action*. Harvard Business Review Press.
- Kaptein, M. (2004). Business codes of multinational firms: What do they say? *Journal of Business Ethics*, 50, pp. 13-31.
- Kaptein, M., & Schwartz, M. (2007). *The effectiveness of business codes: A critical examination of existing studies and the development of an integrated research model*. Rotterdam: ERIM Report Series Research in Management.
- Kaptein, M., & Wempe, J. (2002). *The balanced company: A theory of corporate integrity*. Oxford: Oxford University Press.

- Khalifa, M., & Davison, R. M. (2006). SME adoption of IT: The case of electronic trading systems. *IEEE Transactions on Engineering Management* , 53(2), pp. 275-284.
- Kieser, A. (1997). Rhetoric and myth in management fashion. *Organization* , 4, pp. 49-74.
- Kieser, A., & Hurrell, B. (2005). Sind key informants verlässliche Datenlieferanten? *Die Betriebswirtschaft* , 65(6), pp. 584-602.
- Kieser, A., & Walgenbach, P. (2008). *Organisation*. Wiesbaden: Schäffer-Pöschel.
- Kim, W. C., & Mauborgne, R. (2005). *Blue ocean strategy: How to create uncontested market space and make the competition irrelevant* . Harvard Business School Press.
- Klein, S. B. (2004). *Familienunternehmen. Theoretische und empirische Grundlagen* (Vol. 2). Wiesbaden: Gabler.
- Kostova, T., & Zaheer, S. (1999). Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review*, 24 (1) , pp. 64-81.
- Kostova, T., Roth, K., & Dacin, M. T. (2008). Institutional theory in the study of multinational corporations: A critique and new directions. *Academy of Management Review* , 33(4), pp. 994-1006.
- Kotler, P., & Lee, N. (2005). *Corporate social responsibility: Doing the most good for your company and your cause*. John Wiley: New Jersey.
- Kumar, M., & Antony, J. (2008). Comparing the quality management practices in UK SMEs. *Industrial Management & Data Systems* , 108(9), pp. 1153-1166.
- Kuratko, D. E., Goodale, J., & Hornsby, J. (2001). Quality practices for a competitive advantage in smaller firms. *Journal of Small Business Management* , 39 (4), pp. 293-311.
- Lamertz, K., & Baum, J. A. (1998). The legitimacy of organizational downsizing in Canada: An analysis of explanatory media accounts. *Canadian Journal of Administrative Sciences* , 15(1), pp. 93-107.
- Larson, E. W., Gobeli, D. H., & Clifford, F. G. (1991). Application of project management by small businesses to develop new products and services. *Journal of Small Business Management* , 29 (2), pp. 30-41.
- Latour, B. (1986). The powers of association. In J. Law, *Power, action and belief* (pp. 264-280). London: Routledge.
- Lawrence, T. B., & Phillips, N. (2004). From Moby Dick to Free Willy: Macro-cultural discourse and institutional entrepreneurship in emerging institutional fields. *Organization* , 11(5), pp. 689-711.
- Lay, G., Schat, H.-D., & Jäger, A. (2009). Mit EFQM zu betrieblicher Exzellenz - Verbreitung, Ausgestaltung und Effekte des Qualitätsmanagementmodells. *Fraunhofer ISI - Mitteilungen aus der Produktionserhebung* , 49, pp. 1-12.

- Le Breton-Miller, I., & Miller, D. (2006). Why do some family businesses out-compete? Governance, long-term orientations, and sustainable capability. *Entrepreneurship Theory and Practice*, 30 (6), pp. 731–746.
- Lee, C. K., & Strang, D. (2006). The international diffusion of public sector downsizing: Network emulation. *International Organization*, 60 (4), pp. 883–909.
- Levitt, B., & March, J. (1988). Organizational learning. *Annual Review of Sociology*, 14, pp. 319–340.
- Liao, J., Welsh, H., & Stoica, M. (2003). Organizational absorptive capacity and responsiveness: an empirical investigation of growth-oriented SMEs. *Entrepreneurship Theory and Practice*, 28, pp. 63–86.
- Locke, R. M., Qin, F., & Brause, A. (2007). Does monitoring improve labor standards? Lessons from Nike. *Industrial and Labor Relations Review*, 61(1), pp. 3–31.
- Long, B. S., & Driscoll, C. (2008). Codes of ethics and the pursuit of organizational legitimacy: Theoretical and empirical contributions. *Journal of Business Ethics*, 77, pp. 173–189.
- Long, S., & Freese, J. (2006). *Regression models for categorical and limited dependent variables using Stata* (Vol. 2nd). College Station: Stata Press.
- March, J. G. (1987). Ambiguity and accounting: The elusive link between information and decision making. *Accounting, Organizations and Society*, 12(2), pp. 153–168.
- March, J. G. (1988). *Decisions and organizations*. Oxford: Blackwell.
- Margolis, J. D., & Walsh, J. P. (2003). Misery loves companies: Rethinking social initiatives by business. *Administrative Science Quarterly*, 48, pp. 268–305.
- Martin, A. (2005). Addressing the selection bias in media coverage of strikes: A comparison of mainstream and specialty print media. *Research in Social Movements, Conflicts and Change*, 26, pp. 141 – 178.
- Martin, R. L. (2002). The virtue matrix. Calculating the return on corporate social responsibility. *Harvard Business Review*, 80(3), pp. 68–75.
- Mazza, C., & Alvarez, J. L. (2000). Haute couture and prêt-à-porter: The popular press and the diffusion of management practices. *Organization Studies*, 21 (3), pp. 567–588.
- McCombs, M. E., & Shaw, D. L. (1972). The agenda-setting function of mass media. *The Public Opinion Quarterly*, 36(2), pp. 176–187.
- Meyer, A. D., Brooks, G. R., & Goes, J. B. (1990). Environmental jolts and industry revolutions: Organizational responses to discontinuous change. *Strategic Management Journal*, special issue, pp. 93–110.
- Meyer, J. W. (1994). Rationalized environments. In J. W. Meyer, & R. Scott, *Institutional environments and organizations: Structural complexity and individualism* (pp. 28–54). Thousand Oaks: Sage.

- Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *The American Journal of Sociology* , 83 (2), pp. 340-363.
- Meyer, R. E. (2004). *Globale Managementkonzepte und lokaler Kontext*. Wien: WUV Universitätsverlag.
- Meyer, R. E. (2008). New sociology of knowledge: Historical legacy and contributions to current debates in institutional research. In R. Greenwood, C. Oliver, K. Sahlin, & R. Suddaby, *The SAGE handbook of organizational institutionalism* (pp. 519-538). Los Angeles: SAGE.
- Meyer, R. E., & Höllerer, M. A. (2010). Meaning structures in a contested issue field: A topographic map of shareholder value in Austria. *Academy of Management Journal* , 53(6), pp. 1241-1262.
- Mezias, S. J. (1990). An institutional model of organizational practice: Financial reporting at the Fortune 200. *Administrative Science Quarterly* , 35, pp. 431-457.
- Meznar, M. B., & Nigh, D. (1995). Buffer or bridge? Environmental and organizational determinants of public affairs. *Academy of Management Journal* , 38(4), pp. 975-996.
- Miller, D., & Breton-Miller, I. (2007). Kicking the Habit - broadening our horizon by studying family businesses. *Journal of Management Inquiry* , 16 (1), pp. 27-31.
- Miller, D., & Le Breton-Miller, I. (2006). Family governance and firm performance: Agency stewardship, and capabilities. *Family Business Review* , XIX(1), pp. 73-87.
- Miller, D., & Toulouse, J.-M. (1986). Chief executive personality and corporate strategy and structure in small firms. *Management Science* , 32(11), pp. 1389-1409.
- Mills, W. C. (1940). Situated actions and vocabularies of motive. *American Sociological Review* , 5(6), pp. 904-913.
- Milton, L. (2008, November). Unleashing the relationship power of family firms: Identity confirmation as a catalyst for performance. *Entrepreneurship - Theory and Practice* , pp. 1063-1081.
- Mizruchi, M. S. (1996). What do interlocks do? An analysis, critique and assessment of research on interlocking directorates. *Annual Review of Sociology* , 22, pp. 271-298.
- Mohr, L. B. (1969). Determinants of innovation in organizations. *The American Political Science Review* , 63(1), pp. 111-126.
- Nooteboom, B. (1994). Innovation and diffusion in small firms: Theory and evidence. *Small Business Economics* , 6, pp. 327-347.
- Oberg, A., Schöllhorn, T., & Woywode, M. (2009). Isomorphism in organizational self-representation in the world wide web? Institutionalization processes regarding internet presentations of organizations. *Academy of Management Best Paper Proceedings 2009* .
- Okruh, S. (1999). *Innovation und Diffusion von Normen: Grundlagen und Elemente einer evolutischen Theorie des Institutionenwandels*. Berlin: Duncker und Humblot.



- Oliver, C. (1991). Strategic responses to institutional processes. *The Academy of Management Review* , 16 (1), pp. 145-179.
- Oliver, C. (1992). The antecedents of deinstitutionalization. *Organization Studies* , 13(4), pp. 563-588.
- O'Rourke, D. (2003). Outsourcing regulation: Analyzing nongovernmental systems of labor standards and monitoring. *The Policy Studies Journal* , 31(1), pp. 1-29.
- Overdevest, C. (2004). Codes of conduct an standard setting in the forest sector: Constructing markets for democracy. *Industrial Relations* , 59(1), pp. 172-195.
- Palmer, D., Friedland, R., Jennings, P. D., & Powers, M. E. (1987). The economics and politics of structure: The multidivisional form and the large U.S. corporation. *Administrative Science Quarterly* , 32, pp. 25-48.
- Palmer, D., Jennings, P. D., & Zhou, X. (1993). Late adoption of the multidivisional form by large U.S. corporations: Institutional, political, and economic accounts. *Administrative Science Quarterly* , 38, pp. 100-131.
- Pfeffer, J., & Salancik, G. R. (1978). *The External control of organizations - a resource dependence perspective*. New York u.a.: Harper & Row.
- Pfohl, H.-C. (1997). *Betriebswirtschaftslehre der Mittel- und Kleinbetriebe*. Berlin: Erich Schmidt.
- Phillips, N., Lawrence, T. B., & Hardy, C. (2004). Discourse and institutions. *Academy of Management Review* , 29(4), pp. 635-652.
- Pollach, I. (2005). Corporate self-representation on the WWW - Strategies for enhancing usability, credibility and utility. *Corporate Communications: An International Journal*, 10 (4) , pp. 285-301.
- Pollitt, C., & Bouckaert, G. (2011). *Public management reform* (Vol. 3). New York: Oxford University Press.
- Rao, H. (1998). Caveat emptor: The construction of nonprofit consumer watchdog organizations. *American Journal of Sociology* , 103(4), pp. 912-961.
- Rappaport, A. (1986). *Creating shareholder value: The new standard for business performance*. New York: Free Press.
- Reichardt, J. (2004). *Die Ausbildung in den Verwaltungsfachhochschulen der Länder als Bildungseinrichtung des tertiären Bereichs*. Jena: Dissertation.
- Rigby, D. (2003). Management tools survey 2003. *Strategy and Leadership*, 31(5) , pp. 4-11.
- Rigby, D., & Bilodeau, B. (2007). Bain's global 2007 management tools and trends survey. *Strategy and Leadership* , pp. 9-16.
- Rigby, D., & Bilodeau, B. (2010). *Management tools and trends 2009*. Retrieved 05 30, 2010, from <http://www.bainandcosa.net>

- Rigby, D., & Bilodeau, B. (2005). The Bain 2005 management tool survey. *Strategy and Leadership*, 33(4), pp. 4-12.
- Rindova, V. P., Pollock, T. G., & Hayward, M. L. (2006). Celebrity firms: The social construction of market popularity. *Academy of Management Journal*, 31(1), pp. 50-71.
- Rodwell, J., & Shadur, M. (1997). What's size got to do with It? Implications for contemporary management practices in IT companies. *International Small Business Journal*, 15(2), pp. 51-62.
- Rogers, E. M. (2003). *Diffusion of innovations* (5 ed.). New York: Free Press.
- Ronen, S., & Shenkar, O. (1985). Clustering Countries on Attitudinal Dimensions: A Review and Synthesis. *Academy of Management Review*, 10 (3), pp. 435-454.
- Rosenzweig, P. M., & Singh, J. V. (1991). Organizational Environments and the Multinational Enterprise. *Academy of Management Review*, 16 (2), pp. 340-361.
- Ruef, M., & Scott, W. R. (1998). A multidimensional model of organizaional legitimacy - hospital survival in changing environments. *Administrative Science Quarterly*, 43, pp. 877-904.
- Ruter, R. X. (2004). Ein Corporate Governance Kodex für öffentliche Unternehmen? *Journal for Public and Nonprofit Services*, 27(4), pp. 389-393.
- Ryan, B., & Gross, N. C. (1943). The diffusion of hybrid seed corn in two Iowa communities. *Rural Sociology*, 8, pp. 15-24.
- Sahlin, K., & Wedlin, L. (2008). Circulating ideas: imitation, translation and editing. In R. Greenwood, C. Oliver, K. Sahlin, & R. Suddaby, *The Sage handbook of organizational institutionalism*. London, Thousand Oaks: Sage Publications.
- Salancik, G. R. (1979). Interorganizational dependence and responsiveness to affirmative action: The case of women and defense contractors. *Academy of Management Journal*, 22, pp. 375-394.
- Scheiber, F., Wruk, D., Huppertz, S., Oberg, A., & Woywode, M. (2012). Die Verbreitung moderner Managementkonzepte im Mittelstand. *Zeitschrift für Betriebswirtschaft (ZfB)*, 82, Special Issue 03/2012, pp. 25-69.
- Schmidt, D. (1993). Public opinion and media coverage of labor unions. *Journal of Labor Research*, 14 (2), pp. 151-164.
- Scott, J. W., & Meyer, W. R. (1991). The organization of societal sectors: Propositions and early evidence. In W. W. Powell, & P. J. DiMaggio, *The new institutionalism in organizational analysis* (pp. 108-140). Chicago/London: The University of Chicago Press.
- Scott, W. R. (2003). Institutional carriers: Reviewing modes of transporting ideas over time and space and considering their consequences. *Industrial and Corporate Change*, 12 (4), pp. 879-894.

- Scott, W. R. (2008). *Institutions and organizations*. Thousand Oaks: Sage Publications.
- Selznick, P. (1957). *Leadership in administration*. New York: Harper & Row.
- Seo, M.-G., & Creed, W. D. (2002). Institutional contradictions, praxis, and institutional change: A dialectical perspective. *Academy of Management Journal* , 27 (2), pp. 222-247.
- Sethi, S. P. (1999). Codes of conduct for multinational corporations: An idea whose time has come. *Business and Society Review* , 104(3), pp. 225-241.
- Shapiro, E. (1996). *Trendsurfen in der Chefetage: Unternehmensführung jenseits der Management-Moden*. Frankfurt am Main: Campus.
- Sirmon, D. G., Hitt, M. A., & Ireland, R. D. (2007). Managing firm resources in dynamic environments to create value: Looking inside the black box. *Academy of Management Review* , 32 (1), pp. 273-292.
- Snow, D. A., & Benford, R. D. (1999). Alternative types of cross-national diffusion in the social movement area. In D. Della Porta, H. Kriesi, & D. Rucht, *Social movements in a globalizing world* (pp. 23-39). New York: Palgrave Macmillan.
- Soule, S. A. (1997). The student divestment movement in the United States and tactical diffusion: the shantytown protest. *Social Forces* , 75, pp. 885-883.
- Spanos, Y. I., & Voudouris, I. (2009). Antecedents and trajectories of AMT adoption: The case of Greek manufacturing SMEs. *Research Policy* , 38, pp. 144-155.
- Staw, B. M., & Epstein, L. D. (2000). What bandwagons bring: Effects of popular management techniques on corporate performance, reputation, and CEO pay. *Administrative Science Quarterly* , 45, pp. 523-556.
- Stern, C. W., & Stalk, G. (1998). *Perspectives on strategy from the Boston Consulting Group*. New York: Wiley.
- Strang, D. (1997). Managerial discourse on quality circles as an organizational innovation. *Paper presented at the 1997 meetings of the American Sociological Association, Toronto*.
- Strang, D., & Kim, Y.-M. (2005). The diffusion and domestication of managerial innovations: The spread of scientific management, quality circles, and TQM between the US and Japan. In S. Ackroyd, R. Batt, P. Thompson, & P. S. Tolbert, *The Oxford Handbook of Work and Organization* (pp. 177-199). Oxford: Oxford University Press.
- Strang, D., & Meyer, J. W. (1993). Institutional conditions for diffusion. *Theory and Society* , 22, pp. 487-511.
- Strang, D., & Soule, S. A. (1998). Diffusion in organizations and social movements: From hybrid corn to poison pills. *Annual Review of Sociology* , 24, pp. 265-290.
- Strang, D., & Tuma, N. B. (1993). Spatial and temporal heterogeneity in diffusion. *American Journal of Sociology* , 99(3), pp. 614-639.

- Sturdy, A. (2002). Front-line diffusion: the production and negotiation of knowledge through training interactions. In T. Clark, & R. Fincham, *Critical consulting - New perspectives on the management advise industry* (pp. 130-151). Oxford, Malden: Blackwell.
- Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review* , 20(3), pp. 571-610.
- Suddaby, R., & Greenwood, R. (2005). Rhetorical strategies of legitimacy. *Administrative Science Quarterly* , 50(1), pp. 35-67.
- Süß, S. (2009a). Die Institutionalisierung von Managementkonzepten. Eine strukturationstheoretisch-mikropolitische Perspektive. *Zeitschrift für Betriebswirtschaft* , 79, pp. 187-212.
- Süß, S. (2009b). Managementkonzept. *Die Betriebswirtschaft* , 69(1), pp. 113-117.
- Süß, S., & Kleiner, M. (2008). Dissemination of diversity management in Germany: A new institutionalist approach. *European Management Journal* , 26, pp. 35-47.
- Sutton, R., & Galunic, D. C. (1995). Consequences of public scrutiny for leaders and their organizations. In B. M. Staw, & L. L. Cummings, *Research in organizational behavior: An annual series of analytical essays and critical reviews* (pp. 201-250). Elsevier Science/JAI Press.
- Swan, J. A., & Newell, S. (1995). The role of professional associations in technology diffusion. *Organization Studies* , 16(5), pp. 847-874.
- Tarrow, S. (1989). *Democracy and disorder: protest and politics in Italy, 1965-1975*. Oxford: Clarendon.
- Teece, D. J. (1980). The diffusion of an administrative innovation. *Management Science* , 26(5), pp. 464-470.
- Thomas, P. (2003). The recontextualization of management: A discourse-based approach to analysing the development of management thinking. *Journal of Management Studies* , 40(4), pp. 775-801.
- Thornton, P. H., & Ocasio, W. (1999). Institutional logics and the historical contingency of power in organizations: Executive succession in the higher education publishing industry, 1958-1990. *The American Journal of Sociology* , 105 (3), pp. 801-843.
- Tobin, J. (1958). Estimation for relationships with limited dependent variables. *Econometrica* , 26(1), pp. 26-36.
- Tolbert, P. S., & Zucker, L. G. (1983). Institutional sources of change in the formal structure of organizations: The diffusion of civil service reform, 1880-1935. *Administrative Science Quarterly* , 28(1), pp. 22-39.
- Tolbert, P. S., & Zucker, L. (1996). The institutionalization of institutional theory. In S. R. Clegg, C. Hardy, & W. R. Nord (Eds.), *Handbook of organization studies* (pp. 175-191). London: Sage Publications.

- U.S. Small Business Administration. (2010). <http://www.sba.gov>. Retrieved September 29, 2011, from [http://www.sba.gov/sites/default/files/Size\\_Standards\\_Table.pdf](http://www.sba.gov/sites/default/files/Size_Standards_Table.pdf)
- Vaara, E., & Tienari, J. (2009). A discursive perspective on legitimation strategies in multinational corporations. *Academy of Management Review*, 33(4), pp. 985-939.
- Valente, T. (1993). Diffusion of innovations and policy decision-making. *Journal of Communication*, Winter, pp. 30-45.
- Vidal, M. (2007). Lean production, worker empowerment, and job satisfaction: A qualitative analysis and critique. *Critical Sociology*, 33 (1-2), pp. 247-278.
- Vohl, H.-J. (2004). *Balanced Scorecard im Mittelstand*. Hamburg: Murmann Verlag.
- Voss, C., Blackmon, K. L., Cagliano, R., Hanson, P., & Wilson, F. (1998). Made in Europe: Small companies. *Business Strategy Review*, 9(4), pp. 1-19.
- Walgenbach, P., & Meyer, R. E. (2008). *Neoinstitutionalistische Organisationstheorie*. Stuttgart: Kohlhammer.
- Wartick, S. L. (1992). The relationship between intense media exposure and change in corporate reputation. *Business & Society*, 31, pp. 33-49.
- Weaver, G. R., Trevino, L. K., & Cochran, P. L. (1999). Corporate ethics practices in the mid 1990s: An empirical study of Fortune 1000. *Journal of Business Ethics*, 18, pp. 283-294.
- Weber, M. (1988). *Gesammelte Aufsätze zur Wissenschaftslehre* (Vol. 7). Tübingen: UTB.
- Weick, K. E. (1976). Educational organizations as loosely coupled systems. *Administrative Science Quarterly*, 21, pp. 1-19.
- Werr, A. (2003). The internal creation of consulting knowledge: A question of structuring experience. In M. Kipping, & L. Engwall (Eds.), *Management consulting - Emergence and dynamics of a knowledge industry* (pp. 91-108). New York: Oxford University Press.
- Westney, D. E. (1993). Institutional theory and the multinational corporation. In S. Ghoshal, & D. E. Westney, *Organization Theory and the Multinational Corporation* (pp. 51-76). London: St. Martin's Press.
- Westphal, J. D., & Zajac, E. J. (2001). Decoupling policy from practice: The case of stock repurchase programs. *Administrative Science Quarterly*, 46, pp. 202-228.
- Westphal, J. D., & Zajac, E. J. (1994). Substance and symbolism in CEOs' long term incentive plans. *Administrative Science Quarterly*, 39, pp. 367-390.
- Westphal, J. D., & Zajac, E. J. (1998). The symbolic management of stockholders: Corporate governance reforms and shareholder reactions. *Administrative Science Quarterly*, 43, pp. 127-153.
- Westphal, J. D., Gulati, R., & Shortell, S. M. (1997). Customization or conformity? An institutional and network perspective on the content and consequences of TQM adoption. *Administrative Science Quarterly*, 42(2), pp. 366-394.

- Wetterberg, A. (2007). *Concept vs. content: The institutionalization of labor self-regulation in the global apparel industry*. Berkeley: University of California.
- White, R. E., Pearson, J. N., & Wilson, J. R. (1999). JIT manufacturing: A survey of implementations in small and large U.S. manufacturers. *Management Science* , 45(1), pp. 1-15.
- Wick, I. (2005). *Workers' tool or PR ploy? A guide to codes of international labour practice*. Bonn: Friedrich Ebert Stiftung.
- Womack, J. P., Jones, D. T., & Roos, D. (1991). *The machine that changed the world: The story of lean production*. New York: Harper Collins.
- Woywode, M. (2002). Global management concepts and local adaptations: Working groups in the French and German car manufacturing industry. *Organization Studies* , 23(4), pp. 497-524.
- www.manager-magazin.de. (2008). Retrieved 02 24, 2012, from <http://www.manager-magazin.de/unternehmen/imageprofile/0,2828,530216,00.html>
- Yin, R. K. (1994). Enhancing the quality of case studies in health services research. *Health Service Research* , 34(5), pp. 1209–1224.
- Yli-Renko, H., Autio, E., & Sapienza, H. J. (2001). Social capital, knowledge acquisition, and knowledge exploitation in young technology-based firms. *Strategic Management Journal* , 22(6-7), pp. 587-613.
- Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal* , 38, pp. 341-363.
- Zajac, E. J., & Westphal, J. D. (1995). Accounting for the explanation of CEO compensation: Substance and symbolism. *Administrative Science Quarterly* , 40 (2), pp. 283-308.
- Zbaracki, M. J. (1998). The rhetoric and reality of Total Quality Management. *Administrative Science Quarterly* , 43 , pp. 602-636.
- Zilber, T. B. (2008). The work of meanings in institutional processes and thinking. In R. Greenwood, C. Oliver, K. Sahlin, & R. Suddaby, *The SAGE handbook of organizational institutionalism* (pp. 151-169). London: Sage.
- Zilber, T. B. (2006). The work of the symbolic in institutional processes: Translations of rational myths in Israeli high tech. *Academy of Management Journal* , 49 (2), pp. 281-303.
- Zott, C., & Huy, Q. (2007). How entrepreneurs use symbolic management to acquire resources. *Administrative Science Quarterly* , 52, pp. 70-105.
- Zucker, L. G. (1986). Production of trust: Institutional sources of economic structure, 1840-1920. In B. M. Staw, & L. L. Cummings, *Research in organizational behavior* (Vol. 8, pp. 53-112). Greenwich: JAI Press.

- Zucker, L. G. (1977). The role of institutionalization in cultural persistence. *American Sociological Review* , 42(5), pp. 726-743.
- Zuckerman, E. (2000). Focusing the corporate product: Securities analysts and de-diversification. *Administrative Science Quarterly* , 45 (3), pp. 591-619.
- Zuckerman, E. (1999). The categorical imperative: Securities analysts and the illegitimacy discount. *American Journal of Sociology* , 104 (5), pp. 1398–1438.
- Zuckerman, E., Kim, T.-Y., Ukanwa, K., & von Rittmann, J. (2003). Robust identities or nonentities? Typecasting in the feature-film labor market. *American Journal of Sociology* , 108(5), pp. 1018-1074.

## **CURRICULUM VITAE**

Dipl.-Kfm. Florian Scheiber

Lehrstuhl für ABWL, Mittelstandsforschung und Entrepreneurship

Universität Mannheim

### ***Akademischer Werdegang***

2003 – 2008	Universität Mannheim, Studium der Betriebswirtschaftslehre (Diplom)
03/2011 – 06/2011	Stanford University, Kalifornien, USA, Gastwissenschaftler des Scandinavian Consortium of Organizational Research (SCANCOR)
2008 – 2013	Universität Mannheim, Doktorand der Betriebswirtschaftslehre und wissenschaftlicher Mitarbeiter am Lehrstuhl für ABWL, Mittelstandsforschung und Entrepreneurship

### ***Veröffentlichungen***

Scheiber, F.; Wruk, D.; Huppertz, S.; Oberg, A.; Woywode, M.: Die Verbreitung moderner Managementkonzepte im Mittelstand, Zeitschrift für Betriebswirtschaft, Special Issue „Management im Mittelstand“, 03/2012