
Just Do It? The Adoption of Sustainable Supply Chain Management Programs from a Supplier Perspective

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Although many multinational companies are engaged in formal sustainability programs in order to upgrade social and environmental conditions within their supply chains, little is known about adoption at the supplier's level. Using neo-institutional theory and building on an in-depth case study of a middle-sized supplier of a multinational company in the food industry in Latin America, we explore how the firm integrates the requirements of a supplier development scheme and to what extent these demands are diffused to next-tier suppliers. Beyond coercive pressures, our results reveal the role of embedding sustainability demands into local network ties to foster adoption and diffusion in the upstream chain.

Keywords: sustainable supply chain management, adoption of social and environmental practices, Latin America, neo-institutional theory

Big corporations are of considerable importance worldwide. In 2009, 44 of the 100 largest economic entities were corporations (Keys & Malnight, 2009). Their impact goes well beyond legal frontiers. A large part of world trade is organized by major multinational firms through supply networks (Gereffi et al., 2001; Millington, 2008) in which multinational companies (MNCs) have an influence on what is to be produced and how (Gereffi et al., 2001).

At the same time, MNCs are increasingly being held accountable for actions beyond their boundaries, raising the importance of managing their supply chains, particularly in emerging markets (Millington, 2008; Visser, 2008). They have therefore established sustainable supply chain management (SSCM) initiatives to monitor the social and environmental performance of their

suppliers and improve their overall performance. Seuring and Müller (2008, p. 1700) define SSCM "as the management of material, information and capital flows as well as cooperation among companies along the supply chain while taking goals from all three dimensions of sustainable development, i.e., economic, environmental and social."

SSCM initiatives include supplier assessment tools, codes of conduct, and collaboration with suppliers (Gimenez & Tachizawa, 2012). Some of these initiatives can also be structured as formal SSCM development programs, built as integrated management systems, covering a list of requirements related to sustainability performance (environmental, social, and economic dimensions) and operational processes (quality management). Suppliers joining the program are then likely to be



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audited by the client or any other external party to check the application of the program within their daily processes (e.g., the supplier development program developed by IKEA; Andersen & Skjoett-Larsen, 2009).

As such, SSCM programs hold the promise of increasing suppliers' environmental capabilities (Lee & Klassen, 2008) and of diffusing social and environmental ideas and practices along the supply chain (Carbone et al., 2012). However, recent crises, such as the Rana Plaza collapse in Bangladesh, which killed over 1,100 workers and injured another 1,000, suggest that the relevance and effective implementation of such programs cannot be taken for granted. Several North American and European brands (such as Primark, Walmart, Mango, and Benetton) were clients of Rana Plaza and had developed SSCM programs.

So far, less attention has been given to SSCM at the supplier's level (Ayuso et al., 2013), and only few studies have explored the role of SMEs in SSCM programs (e.g., Jorgensen & Knudsen, 2006; Pedersen, 2009). As a result, although one better understands why MNCs get involved in such programs, less is known about their diffusion and impact along the chain. The situation is even more complex because many of these suppliers are small and medium-sized enterprises (SMEs), accounting for more than 90% of the worldwide business network (Jenkins, 2004). Some organizational characteristics of SMEs, such as limited resources, lack of skills and knowledge, and prevalence of informal systems (Gimenez & Tachizawa, 2012; Hall & Matos, 2010; Lee & Klassen, 2008; Russo & Tencati, 2008), may lead to decoupling (Meyer & Rowan, 1977) or, at least, limit the adoption of SSCM practices.

In order to better assess the transformative power of multinational companies in emerging markets, this article explores the conditions leading suppliers to resist, fake transformation, or

transform their social and environmental practices in response to SSCM programs. Using a neo-institutional approach, we explore SSCM from the perspective of the first-tier supplier of a large MNC subsidiary. We build on a single case study of a middle-sized company operating in the sugar industry in Latin America (Colombia) and acting as a first-tier supplier of a multinational subsidiary in the agro-food sector. The company is part of a supplier management program established by the multinational in 2009. This program is based on a continuous improvement approach, including economic, social, and environmental evaluation criteria.

How do suppliers adopt SSCM programs and transmit them onto their own suppliers?

This article explores how suppliers adopt SSCM programs and eventually transmit them onto their own suppliers according to institutional factors. To do so, we consider, on the one hand, the programs as a set of different institutional demands and explore to what extent each demand is influenced by relationships within the organizational field. On the other hand, we analyze the strategy of the supplier in responding to each of the MNC's demands (Oliver, 1991) and the diffusion of these sustainability requirements to its own suppliers.

Our results reveal different degrees in the adoption of sustainability demands (ranging from acquiescence to avoidance), suggesting that suppliers adopt and diffuse

SSCM programs selectively and partially rather than exhaustively. Overall, our study reveals the central role of network ties (such as the relationships with industry associations) in adoption processes: such network ties contribute to reducing the institutional distance (Kostova, 1999) separating the SSCM program from the local context. Unexpectedly, we also found that suppliers may transmit some sustainability demands in the upstream chain (i.e., imposing sustainability demands onto their own suppliers) while decoupling these practices within their own organizations.

This article sheds light on two areas of sustainable supply chains. First we take a broad look at sustainable supply chains, including social and environmental practices, because a considerable amount of research on SSCM has been conducted in the environmental area (Carter & Easton, 2011; Sarkis, 2012) but has rarely combined both social and environmental issues (Ashby et al., 2012). Second we broaden the scope of analysis by including different levels of the supply chain in the context of an emerging market and by adopting an SME supplier perspective. Using neo-institutional theory enables us to connect various external dimensions (Sarkis, 2012) influencing SSCM initiatives and address the "relative dearth" in the use of a theoretical lens" in the SSCM literature (Carter & Easton, 2011, p. 55). From a managerial perspective, we offer insights into what practices are best tackled by SMEs in emerging markets, giving inputs on how to design adapted supplier development programs.

This article is structured in four parts. We first introduce our literature review and bring forth our propositions. The second part of the article is dedicated to the empirical set and methodology used. Our results are then summarized and discussed, leading to a final conclusion on the limitations of our research.

Literature review

Companies are embedded in inter-organizational ties fostering the adoption and implementation of new practices (Owen-Smith & Powell, 2008; Westphal et al., 1997). In the case of supply chain relationships, demands for social and environmental responsibility may be analyzed through the lens of resource dependence theory (Pfeffer & Salancik, 1978), in which a powerful client uses coercive pressure through audit schemes to control practice implementation. Neo-institutional theory adopts an extended perspective on adoption, which, beyond coercive pressures, may result from wider social pressures for conformity within the institutional environment (Boxenbaum & Jonsson, 2008; DiMaggio & Powell, 1983, Oliver, 1991). Furthermore, coercive pressure alone may lead to symbolic adoption (Meyer & Rowan, 1977; Kostova & Roth, 2002).

Institutions that can be defined as enduring, constitutive elements of social life, providing stability and meaning to it (Scott, 2001), are sustained by three pillars, namely, cognitive (shared understandings shaping behavior), normative (expectations in specific social settings), and regulative (formal and legal rules). Within this institutional context, organizations are facing pressures from a variety of actors to adopt new practices. These actors may be at the industry or regulatory levels or within professional networks in the organizational field; additionally, the variety and intensity of the relationship is likely to influence the adoption process (Ansari et al., 2010; Raffaelli & Glynn, 2014; Westphal et al., 1997).

Although there has been extensive research on the diffusion of practices, not only do we “lack a deep understanding of SSCM diffusion mechanisms at the inter-organizational level” (Carbone et al., 2012, p. 27) but also there has been a “relative neglect of practice variation at the organizational level” (Ansari et al., 2010, p. 67). We

have opted in this article for a neo-institutional perspective¹ in order to better understand how different institutional pressures influence the adoption of SSCM practices and their diffusion to next-tier suppliers.

Adoption of sustainable supply chain management programs

Adoption of SSCM at the supplier's level has received less attention in supply chain management literature (Ayuso et al., 2013) so far. According to a recent literature review, only 8% of the articles targeted the supplier as the unit of research analysis (Brammer et al., 2011). Most studies adopt a client-centered approach, exploring the drivers, enablers, and strategies of either MNCs or SMEs acting as clients. Previous studies on SSCM and SMEs (see Table 1) have shown that SMEs share some characteristics challenging SSCM implementation, such as limited knowledge at the national and organizational levels or lack of resources. In the case of developing countries, the cultural environment seems to constitute another barrier to successful diffusion of corporate social responsibility (CSR) along the supply chain. However, current research lacks approaches from a SME supplier's perspective to understand how - and to what extent - sustainability-related demands are integrated. We therefore believe that a study at the intra-organizational level specifying the degree of adoption and the interplay among different pressures for adoption is likely to enrich our understanding of the conditions pertaining to effective adoption of SSCM programs.

Oliver (1991) identified five levels of strategic responses that may be understood as incremental levels of adoption (Goodstein, 1994; Ingram & Simons, 1994): (1) acquiesce: firms accede to pressure with different degrees of conscious obedience, (2) compromise: organizations balance between conflicting demands or inconsistencies between institutional expectations and organizational objectives, (3) avoid: organizations

attempt to preclude the necessity of conformity, (4) defiance: organizations actively reject institutional processes, and (5) manipulation: organizations aggressively exert power over the content of external expectations in order to change them.

As such, adoption of sustainability practices in the case of SSCM programs cannot be taken for granted as a voluntary reaction to coercive pressure from clients. Other variables, such as the attitude toward practice, the configuration of multiple exogenous pressures, or the compliance with internal objectives, have to be taken into account so as to understand adoption (Crilly et al., 2012; Kostova & Roth, 2002; Oliver, 1991).

Adoption is generally higher when institutional pressures are strong, the benefits of the new practice being perceived as important and the presence of multiple and contradictory expectations low (Goodstein, 1994; Ingram & Simons, 1994; Oliver, 1991). By contrast, lower levels of adoption and decoupling are likely to occur when members from the target organization do not perceive the value of the practice (Kostova & Roth, 2002; Oliver, 1991), leading to decoupling. Decoupling could manifest itself as an avoidance strategy in which the company may engage in window dressing (Oliver, 1991; Scott, 2001) or when there is a symbolic adoption of practices, disconnecting discourse from practice in order to make legitimacy compatible with technical efficiency constraints (Meyer & Rowan, 1977).

The following propositions regarding levels of adoption of SSCM practices may thus be put forward:

1. Although we acknowledge that stakeholder theory may also be useful to understand responses as the result of power, legitimacy, and urgency of different stakeholders (Mitchell et al., 1997), neo-institutional theory enables the integration of the organization's social context, including explanations for adoption beyond coercive pressure.

Proposition 1a:
Higher levels of adoption of a practice may be associated with a positive perception of the usefulness of the practice for the target organization.

The adoption of a practice is also positively correlated with higher levels of knowledge about the practice at the supplier and country levels (Kostova & Roth, 2002). As companies have more

knowledge of the practice, employees will be less uncertain about the efficiency of the practice, thus encouraging its implementation. This follows to the next proposition:

Table 1
Empirical studies on SSCM and SMEs

Authors	Research focus (SMEs/MNC) and objectives	Methods and empirical setting	Major findings (relevant for this research)
Andersen & Skjoett-Larsen (2009)	Studying how an MNC implements and manages CSR in the supply chain using a supplier development program	Case study of an MNC subsidiary located in South East Asia	Successful implementation of the program is based on knowledge-enhancing mechanisms (at the MNC level and to a lesser extent for suppliers), incorporation of the program into the performance measurement system, firm-specific assets (size, resources, and strong dependence on suppliers), and corporate history.
Ayuso et al. (2013)	Studying how SMEs act as suppliers of large companies and clients pass CSR requirements to their suppliers	Survey of Spanish SMEs	SMEs receive more pressure regarding CSR demands from large companies but impose CSR requirements on all types of companies. SMEs acting as suppliers transmit more or less the same requirements they receive.
Ciliberti et al. (2008)	Analysis of the difficulties faced by SMEs when transferring CSR practices to suppliers located in developing countries	Multiple case studies of Italian SMEs	Barriers to diffusing CSR practices in developing countries are cultural differences, low customer interest, corruption, and problems with information and technology.
Gimenez & Tachizawa (2012)	Literature review on governance structures to extend sustainability to suppliers (assessment and collaboration) studying their impact on performance and their enablers	Literature review	Assessment and collaboration have a positive impact on performance, but to improve sustainability a collaborative approach is necessary.
Hall & Matos (2010)	Analysis of sourcing from impoverished communities	Case study on the biofuels supply chain in Brazil	Two challenges arise: lack of business knowledge and mistrust in the industrial sector and governmental policies.
Jorgensen & Knudsen (2006)	Exploration of the role of SMEs in global value chains	Survey of Danish SMEs	SMEs receive more demands than they transmit to their suppliers.
Lee & Klassen (2008)	Mapping the drivers and enablers promoting environmental capabilities of SME suppliers	Case study of the Korean automotive industry	External resources are critical to obtain environmental knowledge. The combination of assessment and collaboration creates synergies that foster environmental management.
Pedersen (2009)	Mapping the characteristics of SMEs that try to manage CSR in the supply chain	Survey of Danish SMEs	Size affects CSR in the supply chain: larger SMEs are more likely to implement CSR in the supply chain. SMEs with more CSR activities are more likely to implement CSR in the supply chain.
Russo & Tencanti (2009)	Studying the differences between formal and informal CSR strategies	Survey of Italian firms	SMEs have limited strategies to manage CSR in the supply chain.

Proposition 1b:

Higher levels of adoption of a practice may be associated with higher pre-existing knowledge related to that practice at the country and organizational levels.

Supply chain relationships play a key role in the diffusion of SSCM practices (Ciliberti et al., 2008; Kovács, 2008; Lee & Klassen, 2008). However, relational networks within the organizational field exert a positive influence over practice adoption (Raffaelli & Glynn, 2014; Westphal et al., 1997), thus “any effort to understand institutional processes must take networks into account and vice versa” (Owen-Smith & Powell, 2008, p. 594). The most influential inter-relational pressures in the organizational field may be mimetic from industry networks and normative from professional networks (Raffaelli & Glynn, 2014). We then construct proposition 2 as follows:

Proposition 2:

Higher levels of adoption of a practice are more likely to occur when the client’s demand is backed up by other network ties.

Suppliers as transmitters of sustainable supply chain management programs

Suppliers may diffuse social and environmental demands from clients to their own suppliers. The literature addressing suppliers as clients is noticeably less developed (Ayuso et al., 2013; Ciliberti et al., 2008; Millington, 2008; Pedersen, 2009).

Kovács (2008) shows that environmental demands for responsibility may go beyond first-tier suppliers. Jorgensen and Knudsen (2006) stress the fact that SMEs do not set the standards for their suppliers, rarely pass on requirements to their suppliers, and in most cases do not communicate or verify such requirements. By contrast, Ayuso et al. (2013) found that SMEs pass on approximately the same requirements they receive from their clients.

Evidence is therefore not yet conclusive about the reasons for diffusion and which demands are diffused to the next-tier supplier, particularly for SME suppliers: “it cannot be asserted if surveyed SMEs actually pass on requirements to the next tier of the supply chain because customers impose this or if they do it for other reasons” (Ayuso et al., 2013, p. 20). For instance, are adopted demands systematically diffused to next-tier suppliers? This leads us to the following proposition:

Proposition 3:

Diffusion to the next tier level is more likely to occur when there are higher levels of adoption of the practice and when other network ties reinforce the practice.

Methods

Our empirical material is based on a study of three levels of a supply chain in the food industry. Specifically, we conducted an in-depth case study of the SME supplier of a multinational subsidiary in Colombia operating in the sugarcane industry. We used interviews, observation, and internal document analysis. This material was supplemented by interviews at the client (the multinational’s subsidiary) and the next-tier supplier levels. One of the researchers has been following the focal company since June 2011.

Context

The sugar industry is economically important in Colombia because it represents 0.5% of GDP and accounts for 265,000 jobs throughout its value chain (Arbeláez et al., 2010). Worldwide, sugar is one of the most traded and consumed commodities. World trade of raw sugar represented approximately 50 billion US dollars in 2012–2013 (United States Department of Agriculture, 2013) with an average global consumption of 160 million tons per year between 2007 and 2011. Sugar production is dominated by emerging markets, whereas major sugar importers are the United

States, Europe, China, and Indonesia. Of the sugar obtained from sugarcane, 80% is used by a wide range of industries, mainly in food and beverages.

Meanwhile, the industry is socially and environmentally controversial. It has been through several bouts of tension with the surrounding communities and particularly its low-skilled workers (sugarcane cutters and factory workers), and it has had a long history of strikes and conflicts since the 1930s (Sánchez Ángel, 2008). The industry is currently facing a series of challenges, such as wage terms, fair conditions to suppliers, and labor and human rights (Maloni & Brown, 2006), which are particularly salient in emerging markets. In 2008, a major strike from sugarcane cutters asking for better work conditions blocked access to the production site for two months. Regarding environmental practices, communities have historically blamed sugarcane mills for using water for plantations and polluting them. Thus, the company under study is not only facing coercive pressures from clients but also is under pressure from different local stakeholders regarding its social and environmental impacts.

In response to these environmental and social issues, the industry set up a formal association, founded in 1959 as a response to the threat of rural reform and social unrest among workers (Sánchez Ángel, 2008). Today it holds committee meetings on a regular basis and officially promotes sustainable development.

The focal company

Surrounded by sugarcane plantations, the focal company is located in a rural area, with the nearest village having approximately 900 inhabitants. The remains of a small village are still visible on the company site: offices are spread out with some of the administrative buildings being former employee houses. Latin America has a long history of philanthropic and paternalistic

approaches in its business-society relationship (Sanborn, 2006). At the beginning, the company housed most of its employees. The mill was founded in the 1940s by a wealthy local family who first lived next to the mill. Today, the owner family still holds 80% of the stock. The sales are evenly distributed between the domestic and international markets and the main products are raw and refined sugar and molasses.

In 2010 the company entered a supplier management scheme designed by a multinational subsidiary in the beverage industry. The MNC subsidiary is a major family-owned local company that was sold in 2005 to a global group headquartered in Europe. The program is aimed at certifying selected suppliers in 11 categories on social, financial, and environmental criteria. It is designed for strategic suppliers (considerable purchasing volume and critical in terms of production processes or quality standards) and is based on a continuous improvement philosophy evaluating the supplier's

performance on a yearly basis. Each of the four levels comprises a checklist with which the supplier needs to comply. If the supplier fails to comply, an action plan needs to be presented. Every assessment gives the supplier a total grade based on a weighted average. Although the program gives more importance to production requirements, environmental, labor conditions, food security, and CSR are separate categories with equal weight. The total grade is used as an input for the yearly purchasing decisions made at top management level. The assessment is conducted by the MNC subsidiary and follows three steps: document analysis, on-site audit, and action plan follow-up. Some assistance to suppliers is offered: information related to the demanded practice is diffused on request and access to the MNC subsidiary production sites is facilitated.

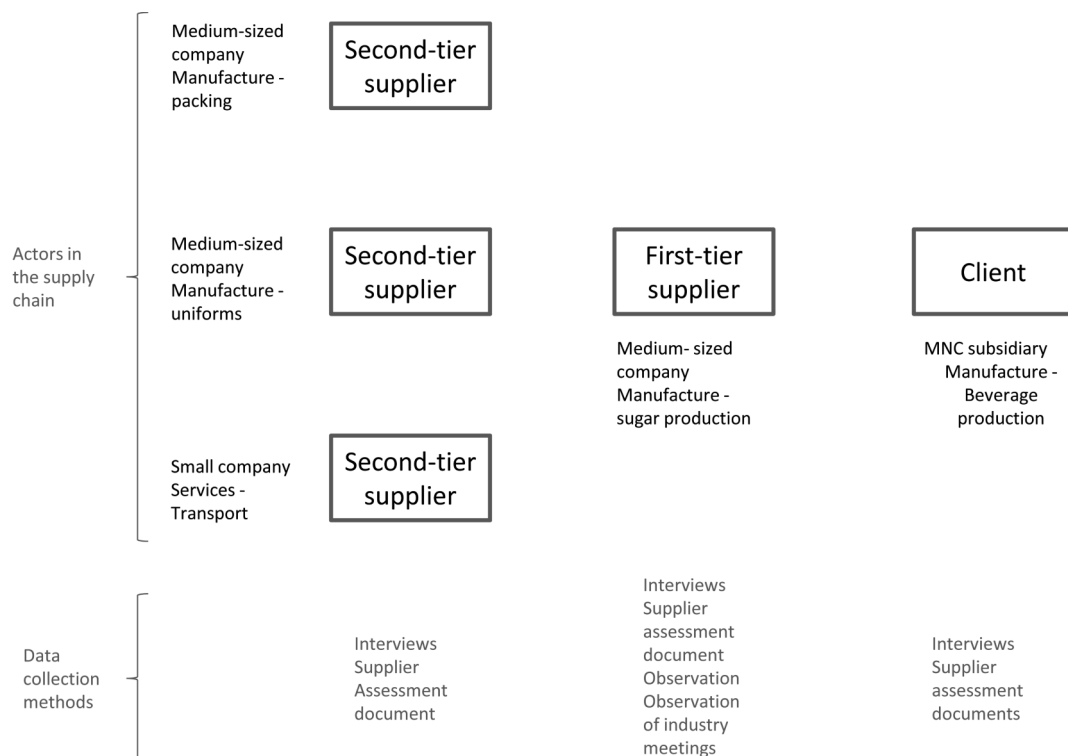
Data collection

A case study methodology is chosen because case studies

enable a deeper understanding of the context (Yin, 2003). We restricted our empirical data set to one industry because sustainability issues in the supply chain are industry specific (Maloni & Brown, 2006). Four main reasons were considered in the case selection:

1. At the time of the research our focal company was the only supplier in the industry involved in a formal supply chain management development program. Other companies in the industry received audits from multinational clients but were not involved in SSCM schemes. Because the program started only one year before the analysis we were able to capture real-time adoption.
2. The supplier operates in an industry with poor social and environmental reputations but of considerable importance at national and international levels.
3. The supplier is acting as a client assessing its own suppliers on social and environmental criteria.

Figure 1
Empirical set and data collection methods



4. Our study contributes to filling the research gap related to SMEs particularly in emerging countries.

Multiple data sources were used combining primary data (interviews and observation) with secondary data (document

analysis) to increase the reliability and validity of the study. Interviews were conducted at three levels of the supply chain with managers in

Table 2
Data analysis process

Stage	Description	Coding categories	Data sources
1. Selection of sustainability-related categories	Six categories selected based on <ul style="list-style-type: none"> - Maloni and Brown's (2006) framework - The eleven categories of the supplier development scheme 		Assessment documents Interviews
2. Individual analysis of each category	Analysis of each of the six categories individually. We use an Excel matrix to map each practice of the following elements:		
	Client demand	Identification of the demanded practice	Assessment documents Company interviews MNC interview
	Mimetic mechanisms	Industry expectations	Interviews Industry meetings Company meetings
	Normative expectations	Beliefs, norms, and standards Actors involved in the normative pressure	Interviews Company and industry meetings
	Knowledge about the practice	Knowledge about the practice at the supplier and country levels (limited versus extended)	Interviews Company meetings Company documents
	Perception of the practice	Perception of the practice as useful	Interviews Company meetings
	Supplier response	See Table 3	Interviews Company meetings Company documents
	Practice diffusion to next-tier suppliers	Comparison of demands between the assessment documents from the MNC subsidiary and the focal company	Assessment documents Interviews
3. Cross-category analysis	Comparison of the six categories through pattern matching		

charge of the supplier assessment scheme. In the focal – that is, supplier – company, 30 interviews were conducted with managers involved in social and environmental practices. We also observed 27 sustainability-related meetings and three meetings held to define a supplier development scheme. We also attended six industry meetings held by human resources managers (usually in charge of sustainability-related activities) in the context of a training scheme developed by the industry association. Most of the meetings were recorded and all were documented with field notes. Interviews lasted between 30 minutes and 2 hours and were recorded and transcribed. We also had access to SSCM assessment documents from the multinational subsidiary and the focal company.

Furthermore, the person in charge of the supplier development program at the client level and the employees receiving the auditing visits at the second-tier supplier level were interviewed. We used a semi-structured interview protocol

to assess the evolution of social and environmental practices, the role of the clients and other forces in that evolution, the changes made in response to clients' demands, and the benefits and difficulties relative to these changes. The interviews were conducted between 2012 and 2013.

Data analysis

We approached our data analysis in three stages with a view to identifying similarities and differences among sustainability practices. We first chose the social and environmental practices we wanted to study. Based on Maloni and Brown's (2006) framework for the food supply chain and the client's assessment scheme, the following categories were selected: environment, community issues, labor and human rights, health and food safety, procurement, and ethics and CSR management (including CSR policy, performance indicators, and stakeholder management).

The second stage involved the analysis of each category separately. We analyzed a total of 40 sustainability practices and characterized each practice in terms of its embeddedness within the relational network of the field, the knowledge at the supplier's level, and the perception of its usefulness. The final stage is based on a cross-case analysis in which differences and similarities for the six categories were identified. Table 2 summarizes the process.

In assessing supplier responses we looked at the level of adoption according to the substantive action undertaken by the focal company. Table 3 summarizes the coding scheme.

Results

The institutional dimension of supplier responses

Our results reveal different degrees in the adoption of sustainability demands (ranging from acq-

Table 3
Coding scheme for supplier responses

Supplier response	Coding scheme	Example of quote
Acquiesce	The practice is fully implemented: it is part of the operating processes.	<i>Let's say I took it from our client [the MNC]. [Now] before I buy again from a supplier that made a mistake, I need an action plan.</i>
Compromise	The focal company feels the need to balance conflicting demands from multiple sources or between external pressures and internal objectives. The implementation is partial but the company does not try to conceal it.	<i>We will show [during the audit] a plan to prove that although we are not certified, we have a system [referring to occupational health and safety assessment certification].</i>
Avoid	Voluntary concealment of non-conformity and no implementation occurs.	<i>We have been showing them a commercial offer [to do a company ethics code] for two years now, but we cannot do that anymore.</i>
Defy	The focal company publicly dismisses the practice or attacks the source of the pressure. The practice is not implemented.	We did not find support for a defiance strategy.
Manipulate	The focal company actively tries to change the content of the practice. The practice is not implemented.	We did not find support for a manipulation strategy.

Table 4
Coding scheme for supplier responses

Category	Practice (demand from the MNC subsidiary)	Reinforced by the industry association	Reinforced by the normative environment	Knowledge of the supplier	Perception is useful	Supplier response (*previous practice)	Diffused to next-tier supplier
Environment	Environmental management system defined and implemented	No	Yes	Extended	Yes	Acquiesce*	Yes
	Compliance with local and national legislation	No	Yes	Extended	Yes	Acquiesce	Yes
	Follow-up of resource use (energy)	No	No	Limited	No	Avoidance	No
	Follow-up of resource use (water)	Yes	No	Extended	Yes	Acquiesce*	No
	Reuse and recycling practices and solid waste management	No	Yes	Extended	Yes	Acquiesce	Yes
Community	CSR programs with the community	Yes	Yes	Extended	Yes	Acquiesce*	Yes
Labor and human rights	Human resources management (competencies, functions, career plan, and so on)	No	No	Limited	Yes	Compromise	Yes
	Occupational health policy and indicators	No	Yes	Extended	Yes	Acquiesce	Yes
	OSHAS 18001 applied and monitored	No	No	Limited	No	Compromise	No
	Labor rules and hiring policy including freedom of association, child work, and diversity	No	No	Limited	No	Avoidance	No
	Child labor policy	Yes	Yes	Limited	No	Compromise	Yes
	Freedom of association policy	Yes	Yes	Limited	No	Compromise	Yes
	Hiring policy for vulnerable populations	No	Yes	Limited	No	Compromise	Yes
	Programs to benefit employees	Yes	Yes	Extended	Yes	Acquiesce*	Yes
Health and food safety	Risk management; has a matrix to map and control risks (including inventory shortages)	No	No	Limited	Yes	Compromise	No
	Cleaning and maintenance plan	Yes	Yes	Limited	Yes	Acquiesce	Yes
	Competencies of employees handling the product	No	No	Limited	Yes	Compromise	No
	BASC policy (business alliance for secure commerce)	No	Yes	Extended	Yes	Acquiesce*	Yes
	HACCP implementation	Yes	Yes	Limited	Yes	Acquiesce	Yes
	Good manufacturing practices	Yes	Yes	Extended	Yes	Acquiesce	No
	Efficiency of improvements in the storage and distribution areas	Yes	Yes	Limited	Yes	Acquiesce	Yes
Procurement	Extension of quality programs to suppliers	No	No	Extended	Yes	Acquiesce	No
	Results of sustainable development initiatives with suppliers	No	Yes	Limited	Yes	Acquiesce	Yes
	Has an ethics policy establishing ethical principles (organization and for suppliers)	No	No	Limited	No	Compromise	No
	Training for suppliers on CSR	No	No	Limited	No	Avoidance	Yes
	Supplier has a tool to map and select suppliers	No	No	Limited	Yes	Acquiesce	No
	Measures and manages its suppliers	No	No	Limited	Yes	Acquiesce	Yes
	Evaluates its critical suppliers twice a year	No	No	Limited	Yes	Compromise	No
Ethics and corporate social responsibility management	Has given feedback to critical suppliers	No	No	Limited	Yes	Acquiesce	No
	Corporate governance code and diffusion to stakeholders	No	No	Limited	No	Avoidance	No
	Has its stakeholders defined	No	Yes	Limited	Yes	Acquiesce	No
	Sustainable development report (includes CSR)	No	Yes	Limited	Yes	Acquiesce	No
	CSR policy	No	Yes	Limited	Yes	Acquiesce	No
	CSR program with performance measures	No	Yes	Limited	Yes	Compromise	No
	Has any CSR programs with its stakeholders	Yes	Yes	Limited	Yes	Acquiesce*	No
	Has done training activities regarding CSR in the organization	Yes	Yes	Limited	No	Compromise*	No
	Client satisfaction indicators	No	No	Limited	Yes	Acquiesce	Yes
	Ethical principles with suppliers including anti-corruption	No	No	Limited	No	Compromise	No
	Has a clear position within the industry	Yes	No	Extended	Yes	Acquiesce*	No

scence to avoidance). We identified three types of supplier responses: acquiesce, compromise, and avoidance. We did not find support for defiance or manipulation strategies (see Table 4) because of the limited resources of the supplier and its strong dependence on the MNC subsidiary (accounting for around 30% of its sales volume).

Overall, the SSCM program can be considered to be a set of strong coercive pressures. Within the multinational company, SSCM demands are mandatory for the subsidiary: *“the headquarters asks us to audit our suppliers according to SMETA,² and 55% of the requirements are included in this [SSCM] program”* (MNC manager). Coercive pressures are strong because social and environmental risks are associated with supply shortages and reputational loss. As a manager from the multinational company explained, *“they [the supplier] face important risks, for instance a strike from sugarcane cutters,³ or floods⁴ in the sugarcane plantations. If such risks materialize, we might end up without sugar. This constitutes a shortage risk for us, and we are closely monitoring that they control their risks.”* Even if production-related risks have a higher grade in the assessment, social and environmental conditions could also lead to delisting the supplier from the program. Not only has the company different suppliers offering the same product (white sugar) but also if social and environmental risks are not controlled, it could lead to the multinational company changing suppliers: *“what happens here in this industry is that ... because of the risk of strikes of sugarcane cutters and all kinds of risks... when there is too much risk [we] always have different suppliers”* (MNC manager). This risk is clearly perceived by the supplier: *“if we do not get the yearly certification, they might replace us with any other supplier”* (change management officer - supplier).

Acquiescence strategies

There is no unique configuration of institutional factors leading to acquiescence. However, in addition

to the client demand, at least one of the conditions mentioned in propositions 1 and 2 is associated with an acquiescence strategy.

Acquiescence generally occurs for sustainable practices with direct market implications, embedded into local ties, and combining coercive, normative, and mimetic institutional forces. Acquiescence strategies are found when actors believe in the value of the practice, finding support for proposition 1a. The issue of health and food safety illustrates it well because the topic has become a major issue worldwide (Maloni & Brown, 2006). The supplier is adopting a series of measures to *“fulfill and improve the client’s requirements”* (document presented to the MNC subsidiary). Inside the organization, food safety is defined by a series of practices, with the explicit objective to move toward the FSSC22000 certification. For most interviewees, this new trend goes beyond a mere response to client demands. Food safety is perceived as a strategic issue, implying a paradigmatic shift in the organization, aiming at transforming the identity of the organization from an agricultural commodity supplier to a food company, guaranteeing traceability at all stages of the supply chain *“from the field to the table”* (management and supplier development - logistics department - supplier).

Health and food safety constitutes a key concern for the industry association as well, which perceives it as crucial to the economic development of the sector: *“[it] is a key issue for the industry association because it will give us access to international markets”* (health and safety - supplier). Accordingly, the industry association plays a pivotal role in the diffusion of such practices: *“we identify the failures and establish criteria to improve the topic and articulate [the industry] with governmental entities”* (industry association sustainability coordinator).

Avoidance, concealment, and compromise strategies

Lower levels of adoption occur when coercive forces are less associated with direct market access and when practices are distant from the normative and cognitive references of the supplier. In such situations, network ties (such as the relationships with the industry association) play a key role in reducing the institutional distance (Kostova, 1999) separating the SSCM program from the local context.

Avoidance strategies are associated with the absence of the conditions mentioned in propositions 1 and 2. Cultural distance - normative and cognitive institutions (Aguilera-Caracuel et al., 2013) - is important, and the issues are not supported by network ties.

We could not find any regular pattern for compromise strategies, but compromise and avoidance strategies are always related to limited pre-existing knowledge (proposition 1b) about the practice or cultural distance. In such a context, our results reveal the central role of network ties in adoption processes.

Compromise strategies

We found a large proportion of compromise strategies, that is, partial implementation of the client’s demands, particularly in the labor and human rights category. The requirements to design policies to prevent child labor and protect human rights constitute examples of such situations. In our case, the industry association was promoting the discussion on human rights while the supplier displayed a compromise strategy limited to what the industry association advocated: *“[the company has to] implement a child policy in the organization; [it] is not enough to adhere to the industry policy”* (assessment document - MNC). Suppressing human rights abuses is a major issue in emerging countries, but there is still a lack of knowledge:

“we didn’t know how to define and translate human rights into our activities [...] today we are starting

to understand their logic" (industry association manager). In fact, the industry

has been depicted as "a family business sustaining its colonial heritage mixed with overexploitation capitalistic logics" (Sánchez Ángel, 2008, p.35), in which labor abuses have long been the norm (as mentioned in one of the industry meetings). The focal company has not included any substantive actions on the subject. For instance, even if the company signed the global compact, no diffusion regarding human rights has been done.

Coercive demands are thus filtered by the institutional context (Kostova, 1999), and in this specific case by the cognitive and normative institutions of the country. Even if the program was designed in the same country and is not an off-the-shelf solution from the headquarters, it includes internationally oriented practices that are not common among local SMEs.

Avoidance and concealment strategies

The supplier's response to the demand of developing corporate governance and an ethics code illustrates voluntary concealment and avoidance strategies. Ethics appears as a subject that is poorly handled in emerging markets (Baskin, 2006), and this statement holds true for our supplier. The requirement for a code has been present since the launch of the program, yet the supplier avoided it for two years until in one meeting a manager declared, "the clients are putting pressure on us about the code! (human resources - supplier). During that same meeting, actors were more concerned about the existence of a formal document to be presented to the client than about the content of the code itself (ethics, human rights, corruption practices, etc.) or the inclusion of these practices within daily activities. Ethics and corporate governance are new practices for the organization and more largely

in the Latin American context: "certain practices, such as conflicts of interest and lack of transparency in corporate governance, are common in large Mexican firms, but would be unethical, if not illegal, in the US" (Logsdon et al., 2006, p.54). Following the first visit by the client in 2010 the performance of the supplier was graded at the lowest level: the audit recommended to "develop an ethical policy, formalize ethical principles, or a formal document where ethical behavior is defined within the organization and towards the suppliers. The document has to be distributed to employees and suppliers" (MNC assessment document). For two years, the company avoided this requirement: "we have been coping with the demand by showing them a proposal by an external consultant to develop such a code. We have been doing that for two years now, but we cannot do that anymore" (quality manager - supplier).

The company finally decided to write the document with the help of an educational institution acting as consultants because "we didn't know how to do it" (quality manager - supplier). However, the document was never distributed; it was only posted on the intranet without any awareness campaign: "we haven't really changed in terms of ethical processes, but now we have the corporate governance document" (health and safety manager - supplier). In the words of a manager, the code remains "a huge thing that is on the website but that nobody ever reads."

Concealment is also evidenced in issues related to the CSR management category (e.g., development of formal policies for diversity, CSR, ethics, and freedom of association). As described by a quality manager, "[when the client came for the evaluation], she asked us: what are the CSR programs that you have? You have to define some objectives. Define some indicators." In order to fulfill this requirement the focal company worked with the same educational institution on the conceptualization of a sustainability strategy, the definition of indicators, and stakeholder

mapping. During the meetings several discussions were held about the definitions of sustainability and stakeholders because both concepts were new within the country and for the organization: "I had to ask for examples of a CSR policy" (human resources team - supplier). This was also mentioned by the MNC manager in charge of the SSCM program: "someone explained to us and to our suppliers how to write the report, apply the GRI guidelines, etc. In these cases I always send them [suppliers] examples." Today, although these definitions have been formalized, they are not used in daily management: "[during the audit] we checked everything to be compliant, in order to please the client. [...] it was just to look nice in the picture." Indeed, no indicators have been defined or clearly used to monitor the operation.

In an nutshell, an approach to CSR based on a management system setting formal targets and objectives as promoted by the SSCM program does not seem to make much sense for the employees interviewed at the supplier's site. All CSR activities mentioned by the employees during the interviews revolve around traditional practices rooted in paternalistic and philanthropic orientations (such as community support through education and health services, donations, and financial support to employees). The lack of knowledge is related to the sustainability traditions of the country: "people still think that CSR is what we do with the community and the training activities for employees" (human resources team - supplier). As mentioned by the client, "people in Colombia think that corporate social responsibility is only related to community relationships" (MNC manager). Such practices remain informal and are not integrated within management systems. In fact, as mentioned by one informant, "even today, I do not know what a person in charge of sustainability is supposed to do..." (change management team - supplier).

Overall, lower levels of adoption and decoupling are related to the cultural distance between the SSCM program and the local context, which supports proposition 1b. The previous two examples demonstrate that without pre-existing knowledge about the practice and help from other actors (such as the industry association or external experts), decoupling is not likely to occur.

The mediating role of network ties

We previously noted the role of actors such as the industry associations or professional networks in the adoption of some practices that are new for the cultural environment (e.g., ethics and CSR management or health and food safety). No reinforcement from any external actor is related to lower levels of adoption. Without any network ties in the organizational field backing up the demand, the supplier is more likely to opt for a compromise strategy, partially adopting the required practice or even voluntarily hiding non-implementation. Reciprocally, we find higher levels of adoption when sustainability demands are embedded in strong relational ties. Among external actors, the industry association seems to exert more influence, leading to some acquiescence strategies, although interaction with consulting and educational actors did not systematically prevent decoupling.

Our results thus confirm the central role of network ties in sustainability adoption processes: such network ties, particularly the industry association, contribute to narrowing the institutional distance separating the SSCM program from the local context. The industry association specifies potentially ambiguous demands, gives technical support, spreads information, and sponsors meetings to share and improve practices through exchange between members. This relationship matters precisely because it infuses meaning (Owen-Smith & Powell, 2008), improving

the adoption of internationally oriented, not-well-understood demands, thus helping the supplier to make sense of the client's demands by adapting these demands to local cultural expectations (Ansari et al., 2010).

Suppliers as transmitters to next-tier suppliers

Unexpectedly, we found that suppliers may transmit some sustainability demands in the upstream chain (i.e., impose sustainability demands to their own suppliers) while decoupling these practices within their own organization. Hence, the diffusion of sustainability practices by the supplier is not directly related to the adoption of the practice or to a coercive demand from the MNC.

The focal company may transmit a fraction of the requirements, complying with the demands of their client (extending the requirements in the procurement practices of the suppliers): *"we have some responsible procurement principles, we ask our suppliers to diffuse them to their suppliers"* (MNC subsidiary). The focal company is diffusing demands that are of importance for the MNC subsidiary but for which it has limited knowledge and partial levels of adoption (such as human resources management). Diffusion of the client's requirements is not linked to strong levels of adoption. On the contrary, diffusion may occur in the case of an avoidance strategy (for example, in the case of child labor policy).

In line with Ayuso et al.'s (2013) suggestion, our study looked at factors that strengthen diffusion to next-tier suppliers. We found that all relational ties account for the diffusion of requirements to the next-tier suppliers. The focal company is replicating some of the demands of the MNC subsidiary and including the assessment requirements from other actors. In 2012 the supplier company included the food safety category into its own assessment checklist.

The industry association pushed for it, and although the MNC subsidiary was not specifically asking to extend it to next-tier suppliers, second-tier suppliers integrated food safety as a requirement from the focal company (similar to other companies in the industry): *"since last year our client has been focusing on food safety and has evolved towards a holistic approach"* (packing supplier). Diffusion may also be fostered by other actors than the industry association. For instance, control over solid waste is an ISO 14000 standard and a local legislation requirement.

In some cases, diffusion to next-tier suppliers occurs even in the case of partial adoption and limited knowledge about the practice from the focal company. This comes from the replication of the SSCM audit scheme along the whole chain: *"[our client's] model helped us to design our own supplier evaluation model [...]. We did something based on what they do with us"* (logistics department manager - supplier). This also came from a recommendation by the certifying organization to develop a *"more specific supplier evaluation"* (quality manager - supplier).

Consequently, proposition 3 is only partially supported because the first-tier supplier is demanding a comprehensive range of practices regardless of whether such practices have been adopted or not within the focal organization.

An interesting finding is that beyond the specific demands of the client, the focal company is replicating the philosophy of the development program by going beyond the audit scheme: *"the client asks us to develop our suppliers. The idea is that our company manages to do what the client is doing with us: a supplier development program"* (logistics department - supplier). The focal company adapted the SSCM program, adopting its principles and recently launching a supplier development program based on training sessions. A function to

manage and develop suppliers has been created in the logistics department. Taking as an example the action plan required by the MNC subsidiary, the focal company has recently begun asking suppliers for action plans to follow up on the assessment visit.

Discussion

Our case reveals the central importance of observing SSCM programs from the point of view of suppliers - rather than clients - in order to analyze their transformative potential. Indeed, the variance observed in response to the institutional demands conveyed by the SSCM program suggests that suppliers adopt and diffuse SSCM programs selectively and partially rather than exhaustively. By themselves, formal coercive demands from clients, aggregated into a SSCM program, do not offer any guarantee as to their actual adoption.

The imbalance in power relationships between actors seems to play a central influence on institutional responses to SSCM programs (see Lund-Thomsen & Lindgreen [2014] for a converging observation). In our case, given the lower size, limited resources of the local supplier, as well as its dependence on the multinational company, the supplier did not engage into active resistance (defiance or manipulation strategies). Rather, forms of "silent" resistance were observed, taking the form of compromise, avoidance, or concealment strategies. Such strategies are, in essence, less visible for the external observer and require direct observation at the local level. However, our case suggests that such silent resistance represents a large proportion of institutional responses to SSCM demands. Because SCM research has not systematically explored this issue so far, further work could draw on multiple case study methodology to investigate how varying degrees of dependence between suppliers and clients affect the adoption of SSCM programs.

Overall, higher levels of adoption can be observed when demands bring a clear market benefit. In other cases, a large variance may occur in the adoption of institutional demands.

Overcoming compromise and avoidance strategies requires a mediator, in our case, the industry association. Industrial associations play a key role in diminishing the institutional distance between the source and the destination of the demands. As such, our study contributes to exploring the role of networks in limiting decoupling (Boxenbaum & Jonsson, 2008) by exposing how the industry association acts as a mediator of decoupling, translating institutionally distant practices. This is convergent with calls to better account for the role of industry associations as sources of collective action to promote CSR practices (Lund-Thomsen & Nadvi, 2010).

Our results also suggest that one key dimension of adoption lies in the cultural and cognitive distances between SSCM programs and local practices. Indeed, practice adoption varies according to its coherence with the local institutional environment, particularly regarding the perception of its cultural relevance. Our study shows the difficulty faced by managers in understanding the content of some international practices, such as sustainability performance measures or ethical and human rights issues, which are perceived as emanating from a distant institutional environment. For such demands, the level of knowledge within the company and in the field level is limited. The sustainability approach of the MNC subsidiary is rooted in a different conception of what responsibility means. It based on a strategic and market-oriented vision of CSR (see Porter & Kramer, 2011; Vogel, 2004), in which CSR has to be managed through performance indicators, articulated with strategy, and rest on ethical and economic justifications (Salamon, 2010). The SSCM program as such includes a number of practices that are institutionally distant from the

local context, largely overlooking the local environment (Logsdon et al., 2006) in which suppliers operate. As pointed out by the MNC informant, CSR means reducing risk and enhancing the reputation for the MNC. Although a large proportion of the SSCM demands covers issues that can damage the global reputation of the MNC substantially (e.g., labor and human rights), such issues are not necessarily perceived as relevant within the local context. Reciprocally, the SSCM program tends to break away from the local approach to CSR because community-related issues (which constitute the central frame of reference locally) are addressed only through one element within the SSCM program, which has clear implications for the literature on cultural CSR (Maignan & Ralston, 2002; Matten & Moon, 2008; Waldman et al., 2006). The definition and implementation of SSCM programs should deserve much more consideration because they constitute an interesting and potential source of cultural hybridization among alternative views of CSR. In this perspective, SSCM programs can be analyzed as a tool or artifact reshaping the very understanding of CSR in the local context. As a consequence, SSCM programs should not only be analyzed as drivers of CSR practices but also as a CSR culture and managerial philosophy. In our case, beyond substantial changes and adoption of specific institutional demands, the SSCM programs also promoted qualitative changes, a new managerial philosophy based on quality management frameworks, reporting, and audits (see Power [1997] for a description of such a management philosophy based on audits). Interestingly, although adoption of SSCM practice was heterogeneous within the supplier's operations, the logic of the program and the type of tools seemed to be more easily adopted and passed onto next-tier suppliers. SSCM programs could thus serve as an interesting empirical setting for investigating the extension of audits to new areas of social life.

Our research also has managerial implications. First our study indicates that SSCM managers need to better acknowledge the network ties in which suppliers are embedded. In order to boost the adoption of SSCM requirements along the chain, they should act beyond dyadic relationships with their clients in order to get involved at a more collective level, for example, within industry associations. Second, MNCs interested in establishing SSCM schemes should adopt a collaborative approach rather than a command-and-control one. In line with Gimenez and Tachizawa (2012), the compliance-based paradigm - the most common one - has limited impacts. A collaborative scheme is necessary (for a critical discussion see Lund-Thomsen and Lindgreen [2014]) to improve sustainability within suppliers, particularly in emerging markets and SMEs when ethical boundaries are blurred and legal compliance is considered a social responsibility. Our empirical setting highlights the fact that the level of adoption is mediated by a supplier's understanding of the practice.

MNCs should therefore be aware that adoption cannot be taken for granted in the context of a coercive demand. Appropriation of demands may be improved through dialogue so as to encourage progressive implementation when institutional distance is higher and considerable resources are needed. In this case MNCs could rely on other actors in the supply network, particularly in industry associations, to translate such practices into the local normative and cognitive frames. Regarding the next-tier suppliers, diffusion is not guaranteed. In this sense, local networks are pivotal as mediators in the diffusion to upstream supply chain members.

There are of course some limitations in this study. First, we resorted to one in-depth case study to illustrate our purpose, limiting its generalization. However, the variables we specified could be used in further research in other industries and countries. Second, we acknowledge a potential bias in

the client's evaluation, but we believe that using other sources of data improved the reliability of the study, particularly regarding compromise and avoidance strategies.

Our conclusions highlight the importance of the industry association for SMEs, but further research could investigate to what extent this is the case for larger industry members. We are aware of other filters at the inter-organizational and intra-organizational levels, which could be further explored, such as logistical integration or the role of agents of change inside the organization (Carbone et al., 2012; Gimenez & Tachizawa, 2012). It would also be interesting to boost the robustness of the study by extending the research to other suppliers of the MNC subsidiary.

We believe that our study contributes to the debate over local responsiveness and global sustainability practices by stressing the importance of local ties and the institutional context in the adoption of new internationally oriented ideas, and positing that sustainability cannot be viewed as a collection of clearly defined practices, particularly in Latin America, where a strong tradition of social business commitment exists. We are convinced that studies highlighting how sustainability traditions and external ties influence the adoption of new practices constitute an interesting avenue for research in SCM. Finally, if supply chain managers want to ensure higher levels of adoption, they need to recognize the interplay of local and global sustainability traditions as well as the networks in which suppliers are embedded.

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