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- CSR standards and organizations setting them

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# What drives, and counteracts, standard plurality? - CSR standards and organizations setting them<sup>1</sup>

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## **Abstract**

This article analyzes what drives, as well as counteracts, contemporary standard plurality. The study focuses on standard-setting by business firms and their associations in the area of CSR (Corporate Social Responsibility), organizations that both set and adopt CSR standards. As demonstrated, industry-driven CSR standards exploded in numbers during the 1990's and constitute a large part of the overall CSR standards. From two studies of industry-driven CSR standard-setting, a constellation of three generic drivers for standard plurality, and three counter-drivers, is presented and discussed. Based on a cross-analysis of the drivers and counter-drivers it is argued that the situation with many industry-driven and industry-specific CSR standards is an effect of business firms balancing the conflicting demands of drivers and counter-drivers. The tensions stem from two fundamental organizational demands – legitimacy and efficiency. Altogether, the balancing of conflicting drivers and counter-drivers represent an explanation to the plurality of industry-driven CSR standards, thereby contributing to theory on standard plurality.

## Introduction

In the modern world standards flourish. Organizations all over the world follow standards and standards affect their various activities. Without standards, organizational life would be significantly different. Standards may be described as one generic kind of rule in society, different from the two others: directives and norms (Brunsson & Jacobsson, 2000). Similarly to directives, e.g. laws, standards are written rules. But unlike directives, complying with standards is voluntary, formally speaking. Norms are also formally voluntary to follow but, unlike standards, they remain unwritten and are often implicit. Emanating from the rise of multinational corporations and global value chains, standards are increasingly set to apply across national borders. Transnational standards, increasingly also set by actors of various kinds and geographical locations, have come to represent a large part of modern society's rule expansion (Djelic & Salin-Andersson, 2006; Ahrne & Brunsson, 2006; Tamm Hallström & Bosström, 2010).

The very meaning of the word standard is reduced diversity. Organizations and people that follow standards are to do things in a specific way, assuming consolidation of practices and norms (Timmermans & Epstein, 2010). Standards thereby represent an element of decided order and co-ordination in society, i.e. a generic tool for organizing. In the wake of the increasing standardization would follow convergence, reduction of diversity and homogeneity. However, recent studies of standards have been noticed to generally report the opposite – notably a surprising plurality in the world of standards (Djelic, Tamm Hallstrom, den Hond, 2012). Plurality is particularly the case in the empirical area focused in this article: Corporate Social Responsibility (CSR) standards, and the organizations that set them. Although business firms' responsibility in society has been debated for centuries, the plurality of CSR standards is a relatively new phenomenon. As will be demonstrated, the emerging field of CSR standard-setters, introducing specific sets of CSR standards, exploded in numbers in the 1990's and has continued to grow. In this field, social movement organizations develop and uphold a variety of standards for the same industries, although such plurality is often seen as contra productive (Rasche, 2010; Fransen, 2011). Firms and business associations also invest considerable resources in developing alternative standards, although internationally recognized standards are available (Reinecke, Manning & von Hagen, 2012). This article raises two main questions on the subject of this somewhat puzzling standard plurality. Firstly, who are the principal organizations behind the plurality of CSR standards? And secondly, how can the plurality of CSR standards be explained?

From the overall description of an emerging regulatory field of CSR standards, the study focuses on a large and growing category: industry-driven CSR standard-setting. The reason to this direction of the study is twofold. Firstly, in so much as the subject of standard plurality in the field of CSR has been discussed, it has primarily been based on social movement driven or multi stakeholder initiatives. Secondly, the plurality of industry-driven CSR standards seems to call for different explanations than does standard plurality emanating from other kinds of principal organizations. An elemental difference between industry-driven and other initiatives, appear from the set/adopt dimension. That is, business firms are organizations that both set standards through their industry associations and adopt them, as opposed to for example social movement organizations that primarily act as standard-setters. The set/adopt dimension, arguably, leads to diverse conceptions of the considerable organizational challenges of adopting standards, such as implementation (Winter, 2003), organizational consistency (Brunsson, 1989) and auditing (Power, 1997) – also affecting the setting of standards, including formal control and sanctions. Further, in business firms, standards have to be managed in relation to

other external demands than in social movement organizations or governments. The demand for long-term profits on business firms represents one such fundamental difference. In the article I primarily draw from organizational literature to capture the prerequisites for, and demands on, organizations that both set and adopt standards, in order to contribute to theory on contemporary standard plurality.

The article makes two main contributions. *First* it demonstrates the emergence of the regulatory field of CSR standards (between year 1970 and 2005), by describing and categorizing the principal organizations behind them, the year of the introduction of the standards, geographical location etc. The argument for such a longitudinal mapping and analysis of the field is to view the two cases (micro level) in the light of the whole emerging field (macro level), thereby capturing examples of the large and growing category of industry CSR standard-setting initiatives. The longitudinal mapping may also serve as a base for future studies of how this regulatory field develops.

*Secondly*, the article presents a constellation of three factors that drive the plurality of CSR standards, as well as three that counteract it, in the case of industry-driven CSR standard-setting. The findings are based on two cases of CSR standard-setting, formally driven by two industry associations: the International Council of the Toy Industry (ICTI), and the Electronic Industry Citizenship Coalition (EICC). The constellation of interrelated drivers and counter-drivers, arguably, serves as an explanatory factor to the current situation of a large and expanding number of transnational industry oriented CSR standards. The expansion of this form of standard is driven by the attempts of business firms to balance tensions that arise from two generic demands on organizations - legitimacy and efficiency (Meyer & Rowan, 1977). In addition to the question of what drives and counteracts standard plurality, I discuss the content and trend of this plurality. The article contributes to literature on standardization and organizations, specifically to theory on contemporary standard plurality.

#### *Article outline*

The outline of the article is as follows. In the ‘theoretical framework’ section, research on the topic of standards and organizations is addressed, relevant to the question of standard plurality. The framework highlights the set/adopt dimension of business firms and their associations regarding standards, an aspect indicating other complementary explanations to contemporary standard plurality than the ones primarily based on social movement driven or multi-stakeholder initiatives. As described in the section ‘method and material’, several sources of collecting the data were used: various forms of written material, as well as in-depth interviews conducted in the US. The following empirical section is divided into two parts. First, I begin with the emergence of the regulatory field of CSR standard-setters, demonstrating the large emerging part of industry CSR standard-setting initiatives vis-à-vis other initiatives. Secondly, I describe two cases of CSR standard-setting, standards authorized by two transnational business associations: ICTI (the global toy industry) and EICC (the global electronics industry). Based on the findings, the article then returns to the question concerning the regulatory field of CSR standard-setters, as well as to the question of what drives, and counteracts, standard plurality. After having presented the results, as well as the relation between the drivers and counter-drivers, the content and trend of the CSR standard plurality is discussed. The article ends with a conclusion of the results – on the emerging regulatory field of CSR standard-setting and the suggested explanation to the plurality of industry-driven CSR standards.

## Theoretical framework

Above, standards were described as a specific kind of rule, written and voluntary to follow, formally speaking. Further, standards are set to apply for a plurality of users, not for a single organization or person. However, the targeted users of a standard are often significantly delimited – for reasons investigated in this article – and in very many cases standards are set for a specific global industry. Accordingly, if we define a standard as a rule for voluntary and common use in the broad sense (as proposed by Brunsson, Rache & Seidl, 2012), excluding individual industry standards, we miss out a considerable part of the number of CSR standards as well the dynamics of the overall field of standard-setting. Thus, a standard is here defined as: a written and voluntary rule, intended for a plurality of users.

Organization literature represents a useful, although underutilized, resource for addressing contemporary standard plurality and its explanations. From the perspective of organization studies, standards and organizations are related in different ways. Three aspects of this relationship have been argued to stand out (Brunsson et al, 2012), the standardization *of* organizations, the standardization *by* organizations, and standardization *as* a form of organization. I use these three aspects to set the structure of the theoretical framework in this article on standard plurality and organizations. The framework is specifically useful as two of the aspects – the standardization *by* organizations, and the standardization *of* organizations – help highlighting the set/adopt dimension of standard plurality. As mentioned above, this dimension represents a generic difference between industry-driven standard-setting and standard initiatives driven by other types of organizations.

### *Plurality and standardization as organization*

Questions about plurality in the world of standards are of large concern to the third category: standardization as a form of organization. This category deals with standards as being fundamental instruments of decided order in society, by organizing the many. Outside organizations standards are instruments for organizing markets, with a potential to reduce uncertainty, transaction costs and information asymmetries. Standards are also an important means for reforming many organizations, as their decontextualized nature enables imitation and diffusion. Further, standards are a means for significantly more widespread regulation than directives. Directives in form of state legislation generally apply only to one national territory. Standards are often the only type of rule that can be applied internationally, meeting the demands for regulation that may cope with increasingly transnational and global industries, as well as with weak states (Djelic & Sahlin-Andersson, 2006; Ahrne & Brunsson, 2006). Altogether, standardization seems to be a highly capable tool for order and co-ordination, and for creating convergence and homogeneity in society at large. This potential also supports the general perception of standards as a ‘one and for all’ solution.

However, as mentioned above, recent studies have reported a surprising plurality in the world of standards (Djelic et al, 2012). This plurality of standards has been subject to normative objections. In the vast area of social and environmental standards, standard plurality has been criticised for leading to poor coordination, duplicated activity, increased certification costs and confusion amongst consumers and adopters (Franzen, 2011; Jamali, 2010). Standard convergence has been presented as a solution to some of the problems that arise due to competition between standard-setters (Bernstein & Cashore, 2007; Rasche, 2010). In contrast to this view, competition among standards has been argued to stimulate standard development, as it

promotes innovation as well as learning and adaptation to ‘best practices’ through mutual observation (Reinecke et al, 2012). In summary, standard plurality is the subject of a generic ‘market or organization (hierarchy)’ debate.

The fragmented world of standards not only calls for questions about what kind of order and co-ordination standards contribute to at the societal level. When discussed, standard plurality also tends to be perceived as a problem in academia, despite some opposite ideas, corrected by more organization. Nevertheless standard plurality, not the opposite, is prevailing, stressing further the demand for explanations. Looking further into this circumstance and its reasons, the two other aspects of standards and organizations become relevant – standardization *by* organizations and standardization *of* organizations.

### *Plurality and standardization by organizations*

The aspect standardization by organizations refers to the fact that most standards are products of formal organizations. Traditionally, standard-setting organizations have been designed as associations whose members represent firms, industry associations, civil society or states (Farrel & Saloner, 1988). Members may include other organizations or individuals that have ideological or economic interests in forming specific standards or possess special expertise. The standards produced by standard-setting organizations are often categorized in various types, e.g whether they are product or process oriented, and whether they are technical or non-technical. Technical standards are usually aimed at creating compatibility and interoperability among the components of a technical system. Where different firms within an industry have adapted to different technically and product oriented standards, standard plurality is often a considerable source for competition and rivalry. An often cited case of competition between product standards, is the battle between three video recorder standards – VHS, Betamax and V-2000 – in the 1980s’, where the firms behind VHS eventually outmaneuvered the two other standards, despite a later start and inferior technical quality (Cusumano et al, 1992). Important to the literature on technical standards is how specific standards, through various mechanisms, become dominant over time. The existence of switching costs (Greenstein, 1997), and the presence of network externalities (Katz & Shapiro, 1986) are examples of such argued mechanisms that counteract standard plurality.

Social and environmental standards – or CSR standards as they are referred to here (a more elaborate definition of CSR is presented in page 11) – are often contrasted to technical standards, although CSR standards may be highly technical in nature as demonstrated in the empirical section of this article. As with technical standards, standard plurality is described as a driver for competition and conflict between standard-setters. However, scholars of CSR standards have also reported conflict and rivalry to be a common theme within standard-setting organizations (Gilbert & Rache, 2007; Tamm Hallström & Boström, 2010). As the inclusion of many and different kind of members in the standard-setting process is described as an established way of increasing the legitimacy of the standard and recruit potential adopters (Boström, 2006), it also drives more conflict. In summary, there are more types of stakeholders involved in CSR standard-setting than in technical standard-setting, as referred to above. This difference goes hand in with the political and normative dimension of CSR standards. That is: their existence may be justified in terms of public policy objectives – at least on a rhetorical level (Reinecke, 2010). For several reasons, CSR standards seem to represent a case in point (Brunsson et al ,2012).

Although standard plurality in the CSR area has received little research interest (Fransen, 2011), the subject has begun to attract some attention. This attention has mainly focused on plurality from the standard-setter's perspective, not taking into account that many standard-setters also adopt the standards they set (the set/adopt dimension). One recent report studied the market for sustainable coffee (Reinecke et al, 2012). Industries in general are subject to standard plurality, as there are many multi-industry CSR standards available – such as ISO 26000, GRI guidelines, SA 8000, FLA code and UN Global Compact – as well as individual industry CSR standards. However, as is the case to the coffee industry, many industries are also targets for several different industry-specific standards, e.g. forestry (Sasser et al 2006), textiles (Fransen 2011), and flowers (Riisgaard 2009). The authors' explanation to why the co-existence of multiple CSR standards has sustained for sustainable coffee is that the different standard-setters behave similar to suppliers on a market. Instead of supporting one single industry standard, standard-setters invest money in developing and marketing different standards, and position themselves and their standards vis-à-vis each other in order to gain adopters. While market-like behavior of standard-setters preserves standard plurality, the standards are at the same time converging on core criteria and over-arching principles (Reinecke et al, 2012). Using a market metaphor to understand the plurality of CSR standard-setters, it has been argued that various nuanced types of market relations are analytically useful (Jutterström, 2007). In practice, markets are subjects to several other types of relations than competition in the strict sense of parallel strives for the approval of potential buyers. Such other empirically grounded types of relations between competitors include conflict, cooperation, collusion, and co-existence (where actors on the supply side are not aware of each other) (Easton, 1988; Easton & Araujo, 1992). This typology may capture various forms of relations between standard-setters, ranging from peaceful coexistence, or even unawareness, to open conflict and 'standard wars' (Shapiro & Varian, 1999).

Another explanation to standard plurality is that standards are set with different purposes (Gilbert, Rasche & Waddock, 2011). For example the United Nations Global Compact standard consist of 10 over-arching principles, with the purpose of providing potential adopters with a gate into more detailed CSR standards, varying in scale and scope (Jutterström & Norberg, 2011, 2013). Such differences in purposes may not only reflect market like positioning of standards vis-à-vis other standards and standard-setters. They also reflect different preferences among social movement oriented standard-setters (Fransen, 2011), as a driver for standard plurality. All in all, at least two explanations to standard plurality may be unfolded from previous literature on the subject: the 'market metaphor' and the 'purpose/preference diversity'.

### *Plurality and standardization of organizations*

Investigating standard plurality, also the aspect 'standardization of organizations' needs to be taken into account. One aspect of standard plurality derives from what happens to standards in organizations that decide to adopt them. Internalization of general rules, such as standards, is characterized by translation to various degrees and in various forms (Czarniawska & Sévon, 1996; Røvik, 2000), thus generating more informal plurality than formal. Plurality driven by translation of standards, is however outside the scope of this article, focusing on standard plurality in the sense of the number of formal CSR standards.

The need for translation of general rules into local practices demonstrates one of many generic challenges for organizations. There are, however, many others, since long known to schol-

ars of organizations – regarding decision-making (March, 1988), implementation (Winter, 2003), consistency (Brunsson, 1989), resource allocation (Wallander, 1994), auditing (Power, 1997) and so on. The recognition of such challenges is often absent in public and academic discussions of to what extent business firms actually adapt to the standards they formally declare to follow. Accordingly, while organizations with exposed differences between presented and actual adaptation to CSR standards, also minor ones, tend to be described as strategic hypocrites in the debate, differences could rather result from generic organizational problems in activities as mentioned above. All in all, standard adoption would, arguably, represent something different in organizations that follow standards than in organizations setting them primarily for others to follow.

However, business firms are not only standard adopters. To a large extent they also set standards for many organizations, as demonstrated in the empirical section. Even though industry associations often appear as formal standard-setters, they rely on their member firms for doing a large part of the common work as business firms possess the necessary resources and knowledge (Jutterström, 2004). Divergent perspectives on standards and standard adoption, due to reasons discussed above, would affect also the delimitation, setting and revision of standards, calling for different explanations to standard plurality than those based on studies of social movement organizations. In other words, by recognizing the set/adopt dimension we link the aspect ‘standardization *of* organizations’ to the aspect ‘standardization *by* organizations’ in order to develop theory on contemporary standard plurality. Explanations to standard plurality based on social movement organizations and others that set standards primarily for others to follow, could only provide for a part of the overall picture. Adding to the differences are the diverse generic *raison d’être* of business firms in comparison to social movement organizations and others – such as the demand for long-term profits on business firms – demands that have to be managed also in relation to standards and standard-setting.

If we again turn to standard adoption as isolated from standard-setting, two fundamental values for organizations – legitimacy and efficiency – are sometimes used to discuss effects and causes of CSR standard adoption (Long & Driscoll, 2007; Scherer, Palazzo & Seidl 2013; Jutterström & Norberg, 2011, 2013). Organizations are legitimate to the extent they reflect institutionalized expectations and demands, manifested also as standards – thereby attracting the resources required from their environments to survive in the long term (Meyer & Rowan, 1977; Pfeffer & Salancik, 1978; Suchman, 1995). Traditionally, institutional theorists have highlighted the coercive, normative and mimetic pressures on standard adoption (DiMaggio & Powell, 1983), indicating organizational isomorphism and single standard solutions rather than plurality. Among consultants and other practitioners, common arguments for organizations to adopt CSR standards are that it increases legitimacy in form of goodwill and brand value, as well as avoiding possible effects of low legitimacy such as consumer boycotts and negative media (Jutterström et al, *ibid*). Formal adoption of standards may also be a conscious act of talking rather than taking responsibility, however at the risk of lost legitimacy if such decoupling is exposed. Adopting standards also affects efficiency – the ratio between input and output resources – as it uses, and potentially also saves, resources. Jamali (2010) found that managers consider CSR standards to significantly increase legitimacy to their organizations, however expressing concerns of reduced efficiency.

While legitimacy and efficiency have been used to understand the adoption of standards, they have, however, been neglected in the analysis of standard-setting and in explicitly targeting standard plurality. Nevertheless, as two fundamental organizational demands, they are suitable for reaching a more profound understanding of the plurality of industry-driven CSR stand-

ards. After having presented the empirical section and the results thereof – a constellation of three drivers, and three counter drivers, to standard plurality, based on the two cases of industry-driven CSR standard-setting – the two notions legitimacy and efficiency will be used to analyze the underlying tensions between drivers and counter drivers.

## **Method, material and analysis**

The empirical material is divided in two parts. First, the longitudinal mapping of the field of CSR standard-setters introducing CSR standards in the period from 1970 to 2005, capturing the emergence and expansion of the regulatory field of CSR standards. Secondly, the two cases of CSR standard-setting by two industry associations: ICTI (the International Council of the Toy Industry), and EICC (the Electronic Industry Citizenship Coalition). The main purpose of the longitudinal mapping of the field is to demonstrate the large and growing industry-driven part of CSR standard-setting, in relation to other types of CSR standard initiatives. The two cases (micro level) can thereby be seen in the light of the emerging field (macro level), representing in-depth examples of the expansive category of industry CSR standard-setting initiatives.

Data about the field of CSR standard-setting organizations was collected from written material of CSR organizations and from the internet, including data about specific initiatives from the web-page of each organization. Five categories of data were collected for each organization: the name of the organization, the geographical location of the head office, the web address, the name of the CSR standard, and the year the standard was first presented. This data is presented in a list of 100 CSR standard-setters (appendix).

Why does the list contain 100 CSR standard-setters? Firstly, the definition of CSR (see page 11) makes up for a relatively delimited field of CSR standards, excluding not least mere environmental standards. A broader definition would, obviously, have resulted in a more extensive list. Including environmental standards could have been an option in this study (for such a review see Golden, 2010), although disregarding the earlier different tracks of development of CSR and sustainability standards (Sweet, 2012). However, an inclusion of environmental standards would not have changed the overall result of the first part of the empirical section – that industry CSR standards make up for a large and growing part of the overall number of CSR standards. Secondly, as the number of standard-setters neared 80, it became increasingly difficult to find written and on-line material about CSR standard-setters, and the goal of obtaining 100 organizations for the list was set and finally reached. Even if it does not claim to be a complete list of CSR standard-setters in the world, given the definition of CSR, the data collection was carried out thoroughly. The list may be useful in further research on the development of the regulatory field. The analysis of the data consisted of categorizing the material into six sub types of CSR standard-setters (figure 2), comparing data in terms of quantity, year of standard introduction and geographical location. I did not distinguish between the standards in terms of whether they are for example principle-based, certification, reporting or process standards (Gilbert et al, 2011), as it was regarded peripheral to the delimitations and scope of this study.

Following the theoretical framework of the study, the two cases of CSR standard-setting were first of all chosen because they are industry-driven initiatives. Both standards were largely

developed by individual business firms also adopting them, providing data of the set/adopt dimension of CSR standard-setting. Of more practical importance was that they were fairly recent and dynamic initiatives, thus increasing the possibility that the people involved remembered the process of developing them. The empirical material was collected through interviews (a total of 20), written sources in the form of documents and web-site information from ICTI and EICC, as well as newspaper articles and other public reports. In the case of ICTI some of the interviews were carried out with the help of two students at the Stockholm School of Economics, data also used in their master's thesis<sup>2</sup>. Interviews were carried out in New York and San Francisco in 2006 and 2007, visiting the offices of ICTI, EICC, TIA (Toy Industries of America) and member companies. The interviews provided an important data source for nuancing and completing the case descriptions as well as providing a source for further triangulation of different data sources (Yin, 2003). In addition to the interviews about the ICTI and EICC cases, interviews were conducted within other CSR organizations in New York and San Francisco, including UN Global Compact, Social Accountability International, Interfaith Centre on Corporate Responsibility, Global Policy Forum and Social Venture Network, providing an enhanced understanding of the field of CSR standards and standard setting. Interviews were in-depth, semi structured and normally around one hour long.

Although the theoretical framework was necessary for developing and positioning the study, the analysis of the empirical data followed an inductive approach (Langely, 1999). The two cases were analyzed first separately, then in a cross-analysis, identifying drivers, as well as counter-drivers, to standard plurality in the material. Data on drivers and counter-drivers were then condensed into a number of categories, interpreted as a constellation of positively or negatively charged independent variables in a function explaining the situation of industry-driven and industry-specific CSR standard plurality. Most data in the separate cases could be ordered chronologically, serving as a basis for the two descriptions of industry-driven CSR standard-setting. The mainly longitudinal case descriptions allowed for contextual data in addition to more delimited data on drivers and counter-drivers, contributing to the comprehension of standard plurality.

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<sup>2</sup> (Axelsson & Adaktusson 2006), supervisor: Mats Jutterström.

## CSR standard-setters

Organizations that try to make companies, and others, more CSR-adapted – ‘CSR organizations’ as referred to here – do different things. Their main activities commonly involve monitoring, giving advice, applying pressure for adaptation, organizing conferences and networks, publishing information and setting standards (Jutterström & Norberg, 2011, 2013). A trend among CSR organizations, as well as among business firms themselves, is also to try to influence consumer preferences by informing them about the manufacturing processes of individual firms (for example Dubuisson-Quellier, 2013), what could be seen as expanding the standard four Ps of traditional consumer marketing – price, product, place and promotion (Kotler & Armstrong, 2003) – with a fifth one: production.

Regarding what basic activities occupy CSR organizations, there is no greater difference between social movement driven and industry-driven organizations in general. As the cases will demonstrate, monitoring and applying pressure for adaptation are also basic activities for industry standard-setting organizations. Social movement driven and industry-driven standard-setters also recognize each other as collaborating partners in the CSR standard movement, thereby building a transnational community around a collective frame of action (Djelic & Quack, 2010). We may talk of a regulatory field that has emerged during the last decades, a development that will now be further explored.

### *Organizations that set CSR standards*

Standards represent a fundamental tool for changing a large number of companies, as well as a requirement for most other activities in CSR organizations. It is in relation to standards that CSR organizations are able to monitor, compare and identify deviations in companies daily processes. CSR standards also constitute a tool for helping companies and other organizations with the change process. CSR rules are given many different names: *guidelines, codes of conduct, charters, investment screening mechanisms, global agreements* or *benchmarks*, to name a few. Regardless of what the rules are called, they suit the earlier definition of standards, by being written and by compliance being voluntary, formally speaking. It also happens that CSR standards imply the adoption of directives. For example, in 2004, a tenth principle was added to the original nine UN Global Compact standards, with the tenth dealing with bribery, a crime in practically all nations.

What organizations classify as CSR standard-setting organizations? In order to make such a classification the concept of CSR needs to be defined. CSR is here defined as organizations’ integrated responsibility for three areas: environment, working conditions and human rights. Although there are many definitions and much confusion around the concept (Matten & Moon, 2008), this over-arching definition is common among practitioners. It is also reflected in widely diffused CSR standards such as the UN Global Compact. Here, this definition is used to determine whether an organization is a CSR standard-setter or not.

An organization becomes a CSR standard-setter when it assumes the position as the formal authority behind a standard for other organizations that regulates one, two or all three of the above-mentioned areas of CSR. There is, however, one important exception here. Organizations behind standards that only address environmental concerns are not considered CSR standard-setters. The reason for this is that, among practitioners, standards strictly focusing on the natural environment have traditionally not been treated as CSR standards, but as some-

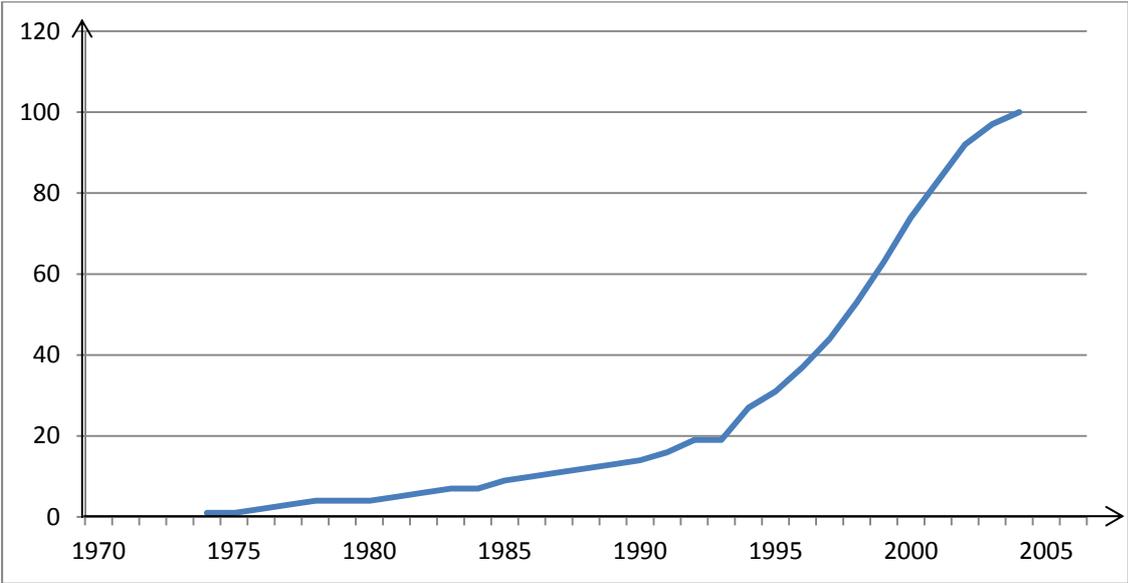
thing else. This delimitation gives the field of analysis a relatively narrow limit. However, more recently the content of the labels ‘CSR’ and ‘sustainability’ have begun to converge, as many traditional environmental standards have expanded to cover also aspects of human rights and working conditions (Sweet, 2012). This development has increased the plurality of CSR standards even further, according to the definition of CSR above.

Further, CSR-policies solely developed for one business firm are not included in the empirical material. Individual business firms may develop such standards for their own operations and supply chain only. IKEA, Starbucks and Nike are examples of business firms that have developed their own CSR-standards. Such standards for the very few rather than for the many, increase standard plurality. However, the mapping of the field of CSR standard-setters focus on organizations that develop standards for other organizations than only the ones in their own value chain, as this correspond to the usual meaning of standards.

*An explosion of CSR standard-setters*

From the mid-1990s and over a decade onward, the number of CSR standard-setters increased dramatically, which is demonstrated in the figure below. This change can best be described as an ‘explosion’ in the population of CSR standard-setters. The figure represents organizations that are the formal authorities behind each standard. As described later in the article, however, many other organizations, not least business firms, are often also involved in their development. Furthermore, the organizations in the diagram are considered CSR standard-setters from the year that their respective standard was introduced to be used by others. Organizations producing CSR standards that had not been presented as ready for use by 2005, are not included in the figure. At the time of the survey, ISO was such an example. ISO’s CSR standard, ISO 26000, was established in 2010.

Number of CSR standard-setting organizations



Year

Figure 1: Number of CSR standard-setting organizations.

The CSR standard-setting organizations in the figure are also presented as a list (see Appendix). In addition to the names of the organizations, the list also contains additional data on the CSR standard-setters such as where they are located, their web addresses, the name of the respective CSR standard, and the year the developed standards were introduced. All of the organizations in the figure have launched their own CSR standard – the large increase of CSR standard-setters shown in the figure thus corresponds to a similar explosion in the number of CSR standards.

*Further analysis of the population*

The CSR standard-setters on the list make up a field of organizations, i.e. we can distinguish an area or group of organizations that work with and discuss the same issues. I will now look more closely at what characterizes this field.

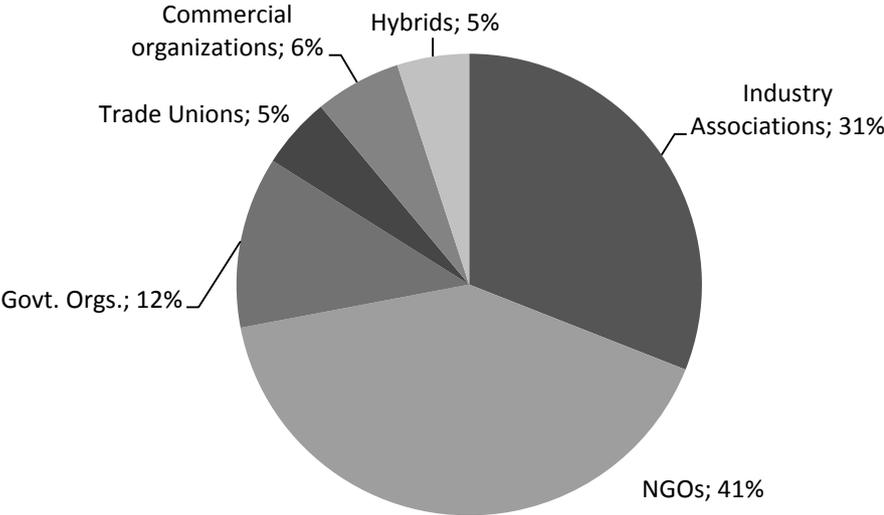


Figure 2: CSR standard-setters by category.

Even if not explicitly stated in the list, CSR standard-setters differ in nature. The 100 sampled CSR standard-setting organizations are distributed as follows: 31% industry or multi-industry associations; 41% non-governmental organizations (NGOs), defined here as philanthropic, non-profit organizations; 5% trade unions; 12% government or intergovernmental organizations; 5% hybrid organizations (exclusively co-operations between trade unions and industry organizations); and 6% more or less commercial, for-profit organizations.

Generally speaking, did any of the different types of CSR standard-setters start earlier or later than the others? In order to answer this question, the material was divided into an early phase (from 1974 up to and including 1993) and a main phase (from 1994 to 2005). The early phase comprises about one fifth of the total number of standard-setters (19 organizations). Consequently, the main phase represents approximately four fifths of the total (81 organizations). In

the early phase, industry organizations make up 32% of all of the CSR standard-setter, NGOs 47%, trade unions 5%, and government and intergovernmental organizations 16%. To summarize, while NGOs are overrepresented in the early phase, hybrid and commercial organizations are not represented there at all. Industry organizations constitute about one third of the population in the early as well as in the main phase.

Where are the standard-setters located? The list shows that a large majority of them have their head office in Western Europe and North America, although their standards are often spread globally. 32% of the standard-setters are located in the US and Canada, 12% in the UK, 46% in other European countries, and 10% in other parts of the world. Were any of these geographical regions overrepresented in the early phase? Almost half, just over 47%, of the organizations that launched their CSR standards in the early phase were in the US and Canada, a clearly overrepresented region for the period. This corresponds with popular management ideas in general, that to a large extent are developed, or at least conceptualized, in North America (Sahlin-Andersson & Engwall, 2002).

## **Two studies of industry-driven CSR standard-setting**

The description of the emerging field of CSR standard-setting organizations not least demonstrates that industry-driven CSR-standards make up for a substantial part of the total number of CSR standards. The article now moves from the aggregated level to a closer study of the standard-setting work of two separate industry associations. The cases illustrate the production and diffusion of CSR standards, aspects related to standard plurality. The cases also contain data on what contributes to, but also counteracts, the large number of individual CSR standards – and in this sense they are mainly similar instead of diverse. They thereby represent two empirical studies of one case (industry CSR standard-setting) suitable for comparison with not least social movement driven standard-setting. The two empirical studies exemplify the active role of companies and their industry associations in setting standards that they themselves are the target for.

### *ICTI and the global toy industry*

The International Council of the Toy Industry is an umbrella organization for 22 national trade association members (figures from 2009). The number of members has increased: in 2005, there were 18. One of ICTI's influential members is the trade association for the US toy industry, Toy Industries of America (TIA), whose members in turn include some of the world's biggest toy manufacturers. ICTI was formed in 1974, and one of its first main tasks was to contribute to ensuring safer toys for children. Revenues in the toy industry are big: in 2009, global toy sales totalled around 80 billion USD<sup>3</sup>.

In 1993, 188 people died, mainly young women, in a fire at a toy factory in Thailand (ILO Report 1993). The tragic event contributed to strong demands on the toy industry to review how toys were produced. As a result of this pressure, two of the world's largest toy companies – Mattel and Hasbro, most of whose production is in Asia – developed a standard for fire safety. This standard was comprehensive with detailed technical specifications. The standard

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<sup>3</sup> [www.toy-icti.org](http://www.toy-icti.org)

was also adopted by the US industry organization, TIA, which at the same time developed a shorter, more general standard for working conditions. The standards spread rapidly to more and more companies. In 1995, ICTI adopted TIA's standard for working conditions. The following year, ICTI expanded the code to include the fire safety standard developed by Mattel and Hasbro. Along with contributing to safer products, ICTI had thereby undertaken another major task: contributing to safe and humane production processes.

Why did the initiatives developed mainly by two large corporations attain such wide diffusion? One key reason has to do with the strong external demands on the manufacturers. Toy retailers and NGOs in particular were important demand-setters. Retailers are sensitive to the opinions of end-users, and quickly passed on the criticism to the toy producers. NGOs worked continuously to spread the negative reports via the mass media. The toy companies and their various trade associations needed to show that they were doing something to meet the demands. According to one respondent, the reason why the external demands on this particular industry became so strong was not only the exposed accidents and irregularities in themselves, but also the fact that products for children are emotionally charged.

However, the wide diffusion of the standard did not just have external explanations. It was in large part also due to internal pressure from *within* the industry. The US trade association, TIA, wanted the standard to be used by as many toy makers as possible, both in- and outside the US. There were several reasons for this. The fact that some toy manufacturers were not following the standards was considered a blight on the entire industry. TIA's larger member companies in particular were protective of their brands and felt they were being collectively punished despite their own extensive CSR work. There were also fears that companies that did not place CSR demands on their subcontractors would save costs and skew competition. Yet another reason was that big American toy manufacturers and TIA felt that others should join in and help to pay for the development, administration and control of standards. The development and application of the standards required considerable resources. With wide diffusion of the rules, and thereby more subcontractors paying certification fees, the thinking was that the system would pay for itself.

TIA's desire to get as many toy makers as possible to adopt the standards led to the organization introducing the 'Date Certain' campaign. The campaign entailed a guarantee on the part of TIA's member companies to use only subcontractors who had adapted to the standards by a certain date. TIA also put pressure on its international equivalent, ICTI, to increase the diffusion of CSR standards, and also got ICTI to begin working with Date Certain. Thus, via ICTI, this way of working spread to other national trade associations. In 2007, TIA made adaptation to the standards compulsory for member companies. In 2009, ICTI followed suit. The rules became mandatory for any company that wanted to be a member. Large US toy manufacturers were not only behind much of the forming of the standards, but were also a significant driving force behind the increased diffusion of the rules. These companies were influential within TIA, especially Mattel and Hasbro, because of the technical expertise and experience of developing their own standards. Through TIA, they were also influential in ICTI.

The amendment and expansion of ICTI's standard has continued since the mid-1990s. In 1997, a method section on how to implement the rules was added to the standard, as well as a checklist to support toy companies that employed subcontractors in their manufacturing including an action plan for subcontractors who deviated from the standards. The version of ICTI's standard that entered into force in 2002 still applied in 2009. A lot of work over a long period of time lay behind the standard. Within the PR firm that helped TIA and ICTI develop

the standard, the complexities of setting rules for many are emphasized. This is something not always understood by demand-setting NGOs, according to the respondent: they want to see results right away. ICTI's objective is to review the standards every five years.

In order to convince the surrounding environment, the rule-setters also deemed it necessary to have a credible control system to monitor compliance with the standards. Inspections needed to be transparent and independent. ICTI therefore developed an organization of its own to inspect the subcontractors of toy manufacturers. Several large toy manufacturers were, however, opposed to the industry investing a lot of money in its own control body. They would rather be able to hire external inspectors themselves. Thus, ICTI shut down its control body after a couple of years and created ICTI Care in its place, a small organization separate from ICTI with an overall responsibility for monitoring compliance with the standard, but where outside inspectors are hired. In 2004, the first inspections were carried out. In 2005, 112 subcontractors were certified according to ICTI's standard. In December 2008, the number had grown to 747. In October 2012, 1418 subcontractors were certified with an ICTI seal of compliance<sup>4</sup>. As of the spring of 2007, a total of three certified subcontractors had been exposed for being involved in massive fraud regarding compliance with the standard.

When it comes to the large number of CSR standards in society, it is claimed within ICTI that their content is about 95% the same. When new CSR standards are developed, standard-setters to a large extent utilize already-existing standards. On the question of why there are still so many different CSR standards instead of just one, responses within ICTI is that there are several reasons. One relates to the differences between industries and geographical regions. According to respondents within ICTI, a much more important explanation is, however, that companies and industries do not want to relinquish their identity and right to decide. Because ICTI's standards for toy manufacturing cover many different manufacturing materials, the standard could also be suitable for the textile-, forestry- and metal industries, according to ICTI insiders. ICTI is not, however, trying to spread the standard to these industries.

Important arguments put forward by ICTI for members to use its CSR standard are that it attracts potential employees, motivates existing employees, and creates greater order in the production. The stick is also used as an argument: according to ICTI, toy manufacturers' threats to stop using subcontractors who do not adopt the standards or try to cheat the system have proven effective. Large toy companies like Hasbro also help their subcontractors adapt to the standards.

Retailers who sell more than just toys would prefer that different industries did not have different CSR standards, since it complicates their work. Rather, they would like industry standards to be arranged under an overall 'super standard', such as ISO 26000. This is also seen as a plausible future scenario from ICTI's point of view.

### *EICC and the global electronics industry*

In 2002, a report from CAFAR, a Catholic organization in the UK, was issued on irregularities concerning subcontractors to large electronics companies. The report received a lot of attention, not least in the US. Companies like IBM, Dell and HP were under a lot of pressure from the media and NGOs, and decided to do something about the situation. To resolve the

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<sup>4</sup> <http://www.icti-care.org/>

problem, the companies agreed to produce a CSR standard for the electronics industry and its subcontractors. Even big contract manufacturers like Flextronics and Selectron wanted to take part. Each one of these large corporations could have developed their own specific CSR standard. The reason that they instead opted to develop a common standard was partly to avoid unnecessary duplication of work, and partly to avoid numerous different standards in the industry. As a step towards developing a CSR standard, the companies formed an organization named the Electronic Industry Citizenship Coalition (EICC). From the start, EICC members have been large corporations in the electronics sector. In 2007, the organization comprised mainly US corporations. But even large corporations with headquarters in other countries have joined, including Sony (Japan), Lenovo (China) and Philips (Holland).

In 2004, EICC presented its CSR standard as ready to use. The number of members increased from 8 in 2004, to 26 in mid-2007. Only one company – Lucent – left the Coalition during this time. Lucent opted to be member of only one business association, an organization similar to IECC: Global e-Sustainability Initiative (GeSI). GeSI is headquartered in Europe and concentrates more on the telecom industry, where Lucent has its competitors. In contrast to EICC, GeSI does not have its own CSR standard. GeSI members have instead developed their own standards or follow the widely used Global Reporting Initiatives (GRI) CSR standard. According to EICC, GeSI companies are pushing for GeSI to develop its own industry-specific CSR standard for its members. The main reason expressed are that costs for standard-setting and auditing may be shared, and that the umbrella organization GeSI is an established way for the industry to work together.

Business for Social Responsibility (BSR), whose head office is located in San Francisco, has from the start helped EICC to organize the work. BSR is a non-profit organization that charges a fee for helping member companies with CSR issues. The organization worked with the companies driving the push for an industry-wide standard – IBM, Dell and HP – even before the CAFAR report, and was therefore invited to take part in developing the initiative. The companies were also already members in BSR. EICC's rules took nearly a year to develop. In the work to draft the CSR standard, inspiration came from other existing standards on human rights, working conditions and the environment. People inside EICC were of the opinion that existing standards were good for different things. At the same time, no standard contained exactly what EICC was after. A key requirement was that the standard should be suited to the electronics industry's process-oriented management system, which the companies considered different from other industries.

For human rights, standards from SAI<sup>5</sup> and ETI<sup>6</sup> were used as models, as well as the UN Declaration of Human Rights.<sup>7</sup> The section about working conditions was based on ILO<sup>8</sup> Guidelines and OHSAS 18001 (an occupational health and safety assessment series standard), developed by BSI.<sup>9</sup> For the environment part of the CSR standard, they used the ISO 14001 and EMAS<sup>10</sup> standards. EICC's CSR standard also contains a section on the electronics industry's management system and one on business ethics. These were developed without the support of other standards.

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<sup>5</sup> Social Accountability International

<sup>6</sup> Ethical Trading Initiative

<sup>7</sup> Universal Declaration on Human Rights (UDHR)

<sup>8</sup> International Labour Organization

<sup>9</sup> British Standards Institution

<sup>10</sup> ECO Management and Audit System

The year after the 2004 launch, the rules were revised. Changes to the standard are considered every year, and every year EICC also organizes four big meetings for its members, in different places in the world. There are, in addition, several separate task forces made up of people from the member companies that meet weekly or every other week. According to those in charge at BSR, developing EICC's standard was not easy and it continues to pose problems. It is often difficult to agree on the details, even if there is a general consensus amongst members. One issue that members have a hard time agreeing on is the right of trade unions to organize employees. This right was, however, included in the standard as of 2007, although voluntary for members to follow. Worth mentioning is that others than EICC members are allowed use the EICC CSR standard.

EICC does not market itself or its standard to any great extent. The organization has, however, attempted to get more Japanese companies to join through the help of Sony, a member company. That lack of success is explained within BSR as due to Japanese companies have been more interested in natural environment issues than working conditions and human rights. At BSR, Japanese companies are, however, described as group-oriented – when some join, more follow. At the same time, people from EICC express the opinion that having more members can make it harder to reach consensus. The suggested solution is that member companies do not need to be equally active in the future: different levels of activity can be accepted, which is currently not the case.

On BSR's side of things, they believe that the multitude of CSR standards for companies contributes to a certain degree of competition between standards, particularly between big trans-sector CSR standards. But this is not the case for EICC, which BSR considers to have the leading CSR standard for the electronics industry. Within BSR, the feeling is that there will be fewer CSR standards in the future. At present, the situation for the manufacturing industry is a mish-mash. Subcontractors must adapt to several different standards that sometimes conflict with one another. Even if EICC and its member companies themselves decide on their CSR standard, EICC maintains continuous contact with NGOs. The Good Electronics organization in particular – a co-operation between NGOs – is involved in EICC's work in different ways, though not in the work with the CSR standard. EICC participates to some extent in other CSR organizations' activities, for example ILO's.

EICC has come to the conclusion that the work is meaningless without far-reaching implementation and monitoring. But the members can choose different approaches for this. Monitoring compliance with the rules is, however, not something they do themselves: this should instead be done by an external auditor. However, if the risk for cheating is deemed small, no inspection is carried out. There are clear differences between how progressive the member companies are in their CSR work, say the people in BSR. For some, implementation is important and they are working diligently on this; others have a more relaxed attitude to standard implementation. However, an increasing amount of the work done in EICC has come to deal with implementation of the CSR standard and problems with this implementation. At BSR, this is seen as a sign that companies are embracing the CSR idea more and more, and that the reform work is being taken seriously.

## What drives, and counteracts, CSR standard plurality?

This article has demonstrated the emergence of a regulatory field, i.e. the emerging plurality of CSR standards exploding in numbers from the mid 1990's. Industry-driven CSR standards make up for a large part of this population. They differ from social movement driven initiatives as the organizations behind industry-driven standard-setting are also standard adopters (business firms), or organizations representing the interests of standard adopters (business associations). In the introduction of the article I posed the question of what drives, as well as counteracts, contemporary standard plurality. There is something antithetical about a standard commonly being seen as a tool for homogeneity and variety reduction, at the same time as the chapter has mapped out 100 different CSR standards. Based on the two presented empirical cases – ICTI and EICC – I will argue for three factors that drive the plurality of CSR standards (identity, decision-making autonomy and organizational variation), as well as three factors that counteract it (subcontractor adaptation, economization and social conformity).

Important to emphasize here, is that the presented drivers and counter-drivers represent a constellation of systemic properties, not a list of separate factors. That is, as they are interrelated they need to be seen in the light of each other. After having presented the empirically grounded drivers and counter-drivers, the tensions between them will be analysed from their relation to legitimacy and efficiency, under the heading 'discussion'.

### *Identity*

When it comes to factors that drives standard plurality, the strive for *identity* constitutes a first explanation in the cases. Although organizations in many respects are more similar than different, a phenomenon that needs to be explained (DiMaggio & Powell, 1988), they are under the same pressure for being special as are individuals, applying to the institutionalized idea of actor-hood in modern society (Mayer et al, 1987; Meyer & Jepperson, 2000; Brunsson & Sahlin-Andersson, 2000). The identity-creating work carried out by organizations is usually extensive (Gioia et al, 2010), including also such business practices as corporate social responsibility (Hatch & Shultz, 2002).

In the empirical material respondents within ICTI described identity as an important aspect of standard plurality, as business firms do not want to relinquish their identity by converging to more general, i.e. multi-industry, standards. The two cases also demonstrated that the reactions to the highlighted crises was to develop both business firm specific (Mattel and Hasbro together) and industry-specific standards (ICTI Care and EICC). Accordingly, identity was not only relevant to the level of the business firm, and its reactive 'reputation management', but also on the level of the specific industry being blamed as an entity in the public debate. Further, not least Mattel and Hasbro considered themselves as parts of this specific entity. They pressured other toy producers to adopt the industry-specific standards, so that they would not be held responsible for illegitimate actions by other firms. This result on industry-specific identity goes hand in hand with the argument that membership is a part of what constitutes organizational identity (Rao et al, 2000).

### *Decision-making autonomy*

A second factor driving CSR standard plurality in the cases is *decision-making autonomy*. In the ICTI-study, decision-making autonomy is described as something the industry values considerably. This was also the situation in the EICC-study. Although members mainly agreed, it was described as difficult to agree on the margins. An increased number of member firms were also described as negative in this sense, as it generally would be less easy to agree and make decisions.

Decision-making in transnational multi-stakeholder standard-setting organizations is, however, a significantly different story, being permeated by conflict and long term processes (Tamm Hallström & Boström, 2010). In such standard-setting processes, business associations and firms not only give up most of their formal decision-making influence. They also become part of a considerably more complex decision-making process.

The relatively unproblematic decision-making processes in industry-driven standard-setting, in relation to multi-stakeholder situations, may be understood by applying two generic grounds for decisions: (bounded) rationality and the logic of appropriateness<sup>11</sup> (March, 1978; March & Olsen, 1989). In industry-driven decision-making, rationality tends to be reduced in the sense that fewer alternatives and consequences normally are taken into account among homogenous decision makers (Janis, 1971). This facilitates decision-making, as more rationality tends to block decisions (Brunsson, 1982). Secondly, in decision-making with more homogenous decision makers the logic of appropriateness produces less varied preferences and alternatives. The situation with multi stakeholder decision-making is the opposite of industry-driven: rationality increases and the logic of appropriateness leads to more varied outcomes, prolonging decision-making processes and blocking decisions.

In summary, as industries and business firms value their decision-making autonomy and try to facilitate decision-making, the reasons for industries and single business firms developing their own CSR standards becomes clearer. The perceived value of decision-making autonomy also indicates that the actual content of CSR standards matters to adopters – this factor would have been regarded of less importance if the adoption of CSR standards was only an act of strategic hypocrisy and impression management (cf. Ramus & Montiel, 2005).

### *Organizational variation*

A third contributing factor to standard plurality is *organizational variation*. When the industry coalition EICC was formed as a response to public pressure, no standard available was deemed to match the specific processes of the electronics industry. EICC thereby used parts of many other CSR standards to create their own – what can be referred to as a ‘combination’ way of translating general rules (Røvik, 2000). Also within ICTI, technological variation between industries was explained as a driver for standard plurality. Thus, differences in technological cores, i.e. the operational parts of organizations forming inputs into products (Thompson, 1967), made up for a part of what constitutes variation between organizations in the cases. However, in the ICTI-study, organizational variation was perceived as a less significant driver to standard plurality than identity and decision-making autonomy. The ICTI standard

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<sup>11</sup> As a generic social explanation to decisions and preferences, the logic of appropriateness can be described as three questions decision-makers implicitly answer: what kind of person am I; what kind of situation is this; and what is appropriate for a person like me to do in a situation like this.

was also seen as technically appropriate for other industries with the same kind of inputs, i.e. having a multi-industry potential.

Further, cultural differences were seen as adding to organizational variation in the material. In the EICC-study, the very few members in the form of Japanese business firms were seen as the result of cultural differences. As the EICC standard contained standards for working conditions and human rights, regarded as less important factors than the natural environment by Japanese firms in general at the time, the standard was explained to not suit these firms very well. Organizational variation thus contributes to heterogeneous demands for CSR standards among potential adopters, driving standard plurality.

### *Subcontractor adaptation*

From the three presented factors that contribute to standard plurality in the empirical material, the article now turns to factors that counteract this plurality. One aspect that counteracts standard plurality is the *subcontractor adaptation*. Subcontractors who must adapt their activities to different CSR standards encounter problems. First, being part of the value chain of different business firms and industries, subcontractors have to adjust their operations to many different standards. Subcontractors thereby face a complex and complicated situation of adaptation even when different standards are consistent.

Secondly, different standards conflict with each other to some degree. In the empirical studies, the problem of conflicting CSR-standards is said to be prevalent among subcontractors in China. However, neglecting adaptation because of standard complexity and conflict is risky for subcontractors as organizations like ICTI threat to stop using subcontractors that do not adapt or rather talk than act.

The subcontractor problem with complex and conflicting standards, as well as the similar perceived problem among retailers, is also a reason for the belief within ICTI that the trend will be towards fewer and more widespread CSR standards in the future. Further, one reason behind the EICC collaboration was that the involved business firms did not want to contribute to a development in the opposite direction – ending up with numerous CSR standards in the electricity industry. The number of conflicting standards was also a reason behind the development of Global Compact: to promote the harmonization of different CSR standards (Jutterström & Norberg, 2011, 2013).

### *Economization*

Another factor that counteracts plurality is economization, i.e. how firms and associations manage scarce resources when developing standards. Developing CSR standards, with the accompanying organizing of certification and control, requires a lot of time, knowledge and other resources. At the same time as business firms and associations do not want to give up too much of their decision-making autonomy over standard-setting, the case studies demonstrate that due to cost considerations they are often not eager to develop and administrate CSR standards entirely on their own either.

The standard-setting collaboration between large business firms in the electronics industry, instead of a number of firm specific CSR standards, was partly due to a wish amongst busi-

ness firms to avoid duplication of work and help each other out. In the case of ICTI, a main reason behind large American toy manufacturers and their national business association wanting other toy manufacturers to join the standard was to share the costs for development, administration and control of the CSR standard. To summarize, as economization countervails an even more exhaustive standard plurality, the case studies demonstrate that industry associations represent an established co-operative way for splitting costs and sharing knowledge.

### *Social conformity*

Social conformity is a factor that counteracts standard plurality. In the case studies, social conformity mainly appeared as an explicit pressure on business firms within the two global industries to follow the specific industry standard on CSR. In the case of ICTI, the American business association TIA and some of its larger member firms put pressure on other members to adopt the standard. TIA also put pressure on ICTI who later on introduced the ‘Date Certain’ campaign, requiring members to only use subcontractors that would adjust to the standard within a certain date. Eventually, both TIA and ICTI made standard adoption mandatory for membership. The number of members and subcontractors adopting the standard also increased drastically over the years. Adopting standards was not ‘voluntary’ but subject to pressure from other organizations (see also Turcotte, de Bellfeuille & den Hond, 2007). Explicit pressure within the global industry was also the case within EICC, however of a much less authoritative kind. EICC attempted to persuade more Japanese business firms to adopt the standard, however with little success.

Social conformity, e.g. in the explicit form demonstrated above, may counteract standard plurality within a specific global industry. Different standards can be displaced by an industry-driven standard, counteracting standard plurality such as in the coffee industry where eight industry-specific standards sustain (Reinecke et al, 2012). However, social conformity is not totally distinct in its effects on standard plurality. Firstly, in terms of standard plurality in the whole field of CSR standards and not in an individual industry, the social conformity demonstrated in the cases may also displace multi-industrial CSR standards to the benefit of more delimited standards. Secondly, certain business firms have also adopted several CSR standards (Jamali, 2010), a factor in itself contributing to standard plurality in terms of the number of formal standards. Adopting an additional standard because of the explicit pressure for social conformity would thereby add on to plurality and complexity.

## **Discussion**

### *Standard plurality – legitimacy and efficiency tensions*

Analyzing the six presented factors in relation to one another allows us to recognize the interplay between the factors that drive and counteract standard plurality. From the analysis, the many industry-driven and industry-specific CSR standards seem highly reasonable, as they imply a way of balancing the conflicting demands between the factors. In other words, the balancing of the conflicting factors constitutes an explanation to the many industry-driven and industry-specific CSR standards.

The obvious conflict between the factors is whether they imply demands on organizations that drive or counteract standard plurality. Based on the empirical material, three factors of each kind have been presented. However, further analyzing the conflicting demands I will argue that they stem from two fundamental demands on all organizations - efficiency and legitimacy (Meyer & Rowan, 1977; Brunsson, 1989; Scott & Meyer, 1994). The two demands were introduced and defined in the theoretical section of the article. Analysing the conflicting factors from these two generic demands not only provides for a more profound organizational perspective on standard plurality, in line with the purpose of this study. It also demonstrates the importance of handling the conflicting factors for organizations that both set and adopt CSR-standards, as managing the demands of efficiency and legitimacy is essential to most organizations.

Each of the six factors may be categorized according to whether they primarily affect legitimacy or efficiency. This gives us two 'legitimacy' factors – *identity* and *social conformity* – and four efficiency factors – *decision-making authority*, *organizational variation*, *subcontractor adaptation* and *economization*. Managing the conflicting demands of the described drivers and counter-drivers of standard plurality implies balancing tensions between legitimacy and efficiency factors, between different legitimacy factors, as well as between different efficiency factors. From the perspective of standard plurality, a cross-comparison of the factors gives us three types of basic conflicts between drivers of standard plurality and counter-drivers (figure 3). 1) Legitimacy/legitimacy conflicts, 2) legitimacy/efficiency conflicts, and 3) efficiency/efficiency conflicts.

In the first group – legitimacy/legitimacy conflicts – there is one conflict: between identity (driving standard plurality) and social conformity (counteracting standard plurality). That is, trying to be unique by e.g. developing a company specific standard to promote legitimacy, may be hard whilst being under pressure to adopt to industry-specific, or even multi-industry, standards.

In the second group – legitimacy/efficiency conflicts – there are four conflicts. First, identity vs. sub-contractor adaptation: the strive for identity and increased legitimacy through standard-setting is hard to match with promoting efficiency by facilitating the complex situation to subcontractors, having to meet the demands of numerous and conflicting standards. Secondly, identity vs. economization: the strive for identity conflicts with developing standards with others, promoting efficiency by splitting costs and sharing knowledge. Third, social conformity vs. decision-making authority: adjusting to the pressure of following standards for the many or very many conflicts with not splitting the right to decide over standards with many others. Fourth, social conformity vs. organizational variation: adjusting to pressure for social conformity implicates a conflict with organizations technical cores, norms and local environment to the extent that they vary and thereby drives standard plurality.

Counter-drivers to standard plurality Drivers of standard plurality	Subcontractor adaptation	Economization	Social conformity
Identity	LEG./EFF. (2)	LEG./EFF. (2)	LEG./LEG. (1)
Decision-making authority	EFF./EFF. (3)	EFF./EFF. (3)	EFF./LEG. (2)
Organizational variation	EFF./EFF. (3)	EFF./EFF. (3)	EFF./LEG. (2)

Figure 3: Legitimacy- and efficiency-tensions in standard-setting

In the third group – efficiency/efficiency conflicts – there are also four conflicts between the factors. First, decision-making authority vs. subcontractor adaptation: protecting the formal influence over decisions on standards conflicts with facilitating the complex situation of subcontractors having to cope with many conflicting standards. Secondly, decision-making authority vs. economization: protecting the formal influence over decisions on standards conflicts with developing standards with others, both factors promoting efficiency. Thirdly, organizational variation vs. subcontractor adaptation: differences in organizations technical cores, norms and local environments, driving the demand for standard variation, conflicts with the attempts to facilitate the complex situation of many standards, for the benefit of subcontractors. Fourthly, organizational variation vs. economization: differences in organizations technical cores, norms and local environments conflicts with developing standards with others, to save resources.

From this analysis, the underlying characteristics of the conflicting demands emerge. As both legitimacy and efficiency are at stake in various ways, the tensions between the conflicting demands are substantial to business firms and their interest organizations. I will argue here, that from the perspective of the conflicts between drivers and counter-drivers of standard plurality, and from the nature of the tensions in terms of efficiency and legitimacy, the many industry-driven and industry-specific CSR standards represent a highly reasonable way of balancing the over-all tensions. Further, there is a legitimacy factor that contributes to standard plurality (the institutionalized idea of identity) instead of isomorphism (cf. DiMaggio & Powell, 1983) supporting a more nuanced view on the effects of institutions. Some efficiency factors also drive plurality, implying that functionality in some respect counteracts single standard solutions, rather than unambiguously diffuses the most efficient standard to everyone (cf. Røvik, 2000).

By setting industry-specific standards, business firms and their associations are able to preserve a reasonable decision-making authority, keep a certain industry-specific identity and adjust to organizational variation in terms of industry-specific technology and norms. At the same time, industry-specific standards reflect the counter-drivers to standard plurality. Indus-

try-specific standard-setting facilitates the situation of subcontractors, in relation to what would be the case if all business firms developed their own individual CSR standards. Further, these initiatives provide a significant ground for cost splitting and knowledge sharing. Developing standards through the familiar channels of industry associations also provide the associations and stronger firms with the membership 'tool' for social conformity within industries, important to associations and firms in the empirical cases. Social conformity also provides single business firms with increased legitimacy within the industry.

This over-all balancing of conflicting demands may not necessarily be an act of strategic 'standard management', as adjustments to contradicting demands are not always conscious acts of organizations. Nevertheless, it provides an answer to the question of why business firms and their associations invest resources in developing alternative standards, although internationally recognized standards are available (Reinecke et al, 2012). It also helps us understand why standard-setting initiatives emerge in certain forms and numbers, and not in others, in the world of standards.

### *Standard plurality: content and trend*

Regarding the content of the exhaustive number of CSR standards, this study affirms earlier reported characteristics of CSR standards as in large part coherent, and also similar, in content (Turcotte et al, 2007). This was most distinct in the EICC-study, where the industry-specific CSR standard was developed by putting together various parts from other standards. Multi-industry standards have also been reported to have as an explicit purpose to further harmonization of CSR standards' content, not least the UN Global Compact. Further, in the empirical cases, the factor of organizational variation, that would demand many different standards in terms of content variation, was described as less important than other factors. All-together, we may speak of a relatively harmonized plurality of CSR standards.

Speculating about the future trend of standard plurality, the general idea expressed in the empirical studies was that we will probably see a decrease in the number of CSR standards, in the years to come. The main reason to this decrease was believed to be the complex situation sub-contractors were facing, due to the extensive standard plurality. However, this may not necessarily be the case. The message in this article rather supports the opposite trend, where standard plurality will sustain or even continue to increase. The reason behind this assumption is that the many industry-specific CSR standards constitute an established and reasonable way of balancing drivers and counter-drivers to standard plurality, stemming from legitimacy and efficiency tensions. Many firms have also started to adopt several different standards (Jamali, 2010), an interesting dimension of how legitimacy may be handled without too much complication as CSR standards increasingly harmonize.

## **Conclusion**

This paper has focused on standard plurality in the area of corporate social responsibility. From the study of the emerging regulatory field of CSR standard-setters, it was demonstrated that industry-driven CSR standard-setting initiatives make up for a large and expanding part of the CSR standards. Explicitly taking into account that many standard-setters are also standard adopters (the set/adopt dimension), as well as the organizational aspects thereof, the arti-

cle has argued that the plurality of industry-driven CSR standards calls for different explanations than the plurality of social movement driven standards. From the two empirical studies of industry-driven CSR standard-setting, a constellation of three factors driving standard plurality (identity, decision-making autonomy and organizational variation), and of three factors that counteract standard plurality (subcontractor adaptation, economization and social conformity), was presented and discussed. Analyzing the drivers and counter-drivers in the light of each other, it was argued that the situation with many industry-driven and industry-specific CSR standards, is an outcome of balancing conflicting demands stemming from two generic values to organizations – legitimacy and efficiency.

The explanation to standard plurality proposed in this article – standard plurality as a result of balancing elemental organizational demands – may serve as a complement to other empirically grounded results on the subject, stemming mainly from studies of social movement driven standard-setting. Two such explanations highlighted in the theoretical section were the ‘market metaphor’ and the ‘purpose/preference diversity’. More studies of not least industry-driven standard-setting are however needed for the further disentangling of, and theorizing on, contemporary standard plurality.

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## APPENDIX 1: CSR STANDARD-SETTERS

No.	Organization	Location, head office	Web address	Name of CSR standard	Year first presented
1.	American Petroleum Institute (API)	Washington DC, USA	www.api.org	API Guiding Principles	2001
2.	Amnesty International	London, United Kingdom	www.amnesty.org	Human Rights Guidelines for Companies	2003
3.	Association of Computing Machinery (ACM)	New York, USA	www.acm.org	ACM Code of Conduct	1992
4.	Association of Independent Tour Operators (AITO)	Middlesex, United Kingdom	www.aito.co.uk	Responsible Tourism Guidelines	2000
5.	Biotechnology Industry Organization (BIO)	Washington DC, USA	www.bio.org	BIO's Statement of Principles	1995
6.	British Standards Institution (BSI)	London, United Kingdom	www.bsiglobal.com	OHSAS 18001	1999
7.	Business For Social Responsibility	San Francisco, USA	www.bsr.org	Designing a CSR structure	2002
8.	Business in the Community	London, United Kingdom	www.bitc.org.uk	Business in the Community Principles	1982
9.	Business Roundtable	Washington DC, USA	www.brtable.org	Corporate Governance Principles	2002
10.	Canadian Association of Petroleum Producers (CAPP)	Calgary, Canada	www.capp.ca	Stewardship Initiative	1998
11.	Canadian Business for Social Responsibility (CBSR)	Vancouver, Canada	www.cbsr.bc.ca	Canadian Business for Social Responsibility Guiding Principles (CBSR-principles)	1995
12.	Care & Fair	Hamburg, Germany	www.care-fair.org	Catalog of Demands	1994
13.	Carpet Export Promotion Council (CEPC)	New Delhi, India	www.india-carpets.com	Kaleen Label	1996
14.	Caux Round Table	Minneapolis, USA	www.caux-roundtable.org	Caux Principles for Business	1994
15.	CEI-BOIS & EFBWW	Brussels, Belgium	www.cei-bois.org & www.efbww.org	Charter for Social Partners in the European Woodworking Industry	2002
16.	Center for Ethical Business Cultures	Minneapolis, USA	www.cebcglobal.org	Minnesota Principles	1988
17.	Centre des Jeunes Dirigeants et des Acteurs de l'Economie Sociale (CJDES)	Paris, France	www.cjdes.org	CJDES Bilan Sociétal	1994
18.	Centre for Business Ethics	Zittau, Germany	www.dnwe.de	Value Management System Principles	1998
19.	Ceres – Investors and Environmentalists for Sustainable Prosperity	Boston, USA	www.ceres.org	Ceres Principles	1989
20.	Clean Clothes Campaign	Amsterdam, Holland	www.clean-clothes.org	Code of Labour Practices for the Apparel Industry including Sportswear	1998
21.	Confederation of Norwegian Business and Industry (NHO)	Oslo, Norway	www.nho.no	Human Rights from the Perspective of Business and Industry – A checklist	1998
22.	Conservation International	Washington DC, USA	www.conservation.org	Principles for Responsible Large Scale Mining	2000
23.	Consumers International	London, United Kingdom	www.consumersinternational.org	Consumers Charter for Global Business	1997
24.	Cotance	Brussels, Belgium	www.cotance.com	Code of Conduct in the Leather and Tanning Sector	2000
25.	Defense Industry Initiative (DII)	Washington DC, USA	www.dii.org	Business Ethics Conduct	1986
26.	Ecological and Toxicological Association of Dyes and Organic Pigments Manufacturers (ETAD)	Basel, Switzerland	www.etad.org	ETAD Code of Ethics	1997
27.	Ecotourism of Australia	Brisbane, Australia	www.ecotourism.org.au	Code for Operators	1994
28.	EFFAT & CEFS	Brussels, Belgium	www.effat.org & www.cefs.org	CSR in the European Sugar Industry, Code of Conduct	2003
29.	Electronic Industry Citizenship Coalition (EICC) Implementation Group	San Francisco, USA	www.eicc.info	Electronic Industry Code of Conduct	2004
30.	Equator Principles	Washington, USA	www.equator-principles.com	Equator Principles	2003
31.	Ethical Trading Initiative – Norway (Initiativ for Etisk Handel (EHI))	Oslo, Norway	www.etishandel.no	IHEs Etiske Retningslinjer	2001
32.	Ethical Trading Initiative (ETI)	London, United Kingdom	www.ethicaltrade.org	ETI Base Code	1998
33.	Euratex, and ETUF:TCL	Brussels, Belgium	www.euratex.org & www.etuf-tcl.org	Charter by the Social Partners in the European Textile and Clothing Sector: Code of Conduct	1997
34.	Eurocommerce & Euro-FIET	Brussels, Belgium	www.eurocommerce.be	Declaration on Fundamental Rights and Principles at Work	1999
35.	European Association for Bioindustries	Brussels, Belgium	www.europabio.org	EuropaBio Core Ethical Values	1998
36.	European Baha'i Business Forum (EBBF)	Chambéry, France	www.ebbf.org	EBBF Core Values	1992
37.	European Coffee Federation	Amsterdam, Holland	www.ecfcoffee.org or www.sustainablecoffee.net	Common Code for the Coffee Community (4C)	2004
38.	European Confederation of the Footwear Industry (CEC) & European Trade Union Federation of Textiles, Clothing and Leather (ETUF:TCL)	Brussels, Belgium	www.cecshoe.be	Code of Conduct on Child Labour	2000
39.	European Federation of Biotechnology	Barcelona, Spain	www.efbpublic.org	EFB Code of Conduct for Biotechnologists	1996
40.	European Union	Brussels, Belgium	www.europa.eu.int	EU Principles	2001
41.	Fair Labor Association (FLA)	Washington DC, USA	www.fairlabor.org	Workplace code of conduct	1999
42.	Fairtrade Labelling Organizations International (FLO)	Bonn, Germany	www.fairtrade.net	International Fairtrade Standards	2001
43.	Fair Wear Foundation	Amsterdam, Holland	www.fairwear.nl	Fair Wear Code of Labour Practices	1999
44.	Federation of the Korean Industries (FKI)	Seoul, Korea	www.fki.or.kr	FKI Charter of Business Ethics	1996
45.	Finnish Forest Certification Council	Helsinki, Finland	www.ffcsfinland.org	Finnish Forest Certification System	1996
46.	Flower Label Program	Köln, Germany	www.fairflowers.de	FLP-Standard	1999
47.	Food and Agriculture Organization of the United Nations (FAO)	Rome, Italy	www.fao.org	International Code of Conduct on the Distribution and Use of Pesticides	1985
48.	Forest Stewardship Council (FSC)	Bonn, Germany	www.fsc.org	FSC Principles & Criteria of Forest Stewardship	1994
49.	FTSE (Organization founded by Financial Times and London Stock Exchange, now independent)	London, United Kingdom	www.ftse.com	FTSE4Good Criteria	2001
50.	GES Investment Services	Stockholm, Sweden	www.gesinvest.com	Global Ethical Standard (GES)	2001
51.	Global Alliance for Vaccines and Immunization (GAVI)	Geneva, Switzerland	www.vaccinealliance.org	GAVI Guidelines	2000
52.	Global Reporting Initiative (GRI)	Amsterdam, Holland	www.globalreporting.org	GRI Guidelines	1997
53.	Globalizing the Principles	Pretoria, South Africa	www.benchmarks.org	Principles for Global Corporate Responsibility: Bench Marks	1995
54.	Good Corporation	London, United Kingdom	www.goodcorporation.com	Good Corporation Standard	2001

55.	Governments of USA and of United Kingdom	Kingdom Washington, USA & London, United Kingdom	www.voluntaryprinciples.org	Voluntary Principles on Security and Human Rights	2000
56.	Green Globe 21	Canberra, Australia	www.greenglobe21.com	Green Globe 21 Standard	1994
57.	Hong Kong Toy Coalition (& Hong Kong Christian Industrial Committee)	Hong Kong, China	http://members.hknet.com/~hkciic/	Charter on the Safe Production of Toys	1994
58.	Institute of Electrical and Electronics Engineers (IEEE)	New York, USA	www.ieee.org	IEEE Code of Ethics	1990
59.	Institute of Social and Ethical Accountability	London, United Kingdom	www.accountability.org.uk	AccountAbility 1000 (AA1000)	1999
60.	Interfaith Centre on Corporate Responsibility (ICCR)	New York, USA	www.iccr.org	Proxy Resolutions Book	1974
61.	International Centre for Responsible Tourism	Kent, United Kingdom	www.icrtourism.org	Cape Town Declaration	2002
62.	International Chamber of Commerce (ICC)	Paris, France	www.iccwbo.org	Business Charter for Sustainable Development	1991
63.	International Confederation of Free Trade Unions (ICFTU)	Brussels, Belgium	www.icftu.org	ICFTU/ITS Basic Code of Labor Practice	1997
64.	International Council of Chemistry Associations (ICCA)	Brussels, Belgium	www.iccachem.org	Responsible Care	1985
65.	International Council of Toy Industries	New York, USA	www.toyicti.org	ICTI Code	1997
66.	International Council on Mining & Metals (ICMM)	London, United Kingdom	www.icmm.com	ICMM Principles	2003
67.	International Federation of Building and Wood Workers (IFBWW)	Geneva, Switzerland	www.ifbww.org	Model Framework Agreement	2000
68.	International Federation of Organic Agriculture Movements (IFOAM)	Bonn, Germany	www.ifoam.org	IFOAM Basic Instruments	1978
69.	International Labour Organisation (ILO)	Geneva, Switzerland	www.ilo.org	ILO Declaration of the Fundamental Principles and Rights at Work	1998
70.	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Association (IUF)	Petit-Lancy, Switzerland	www.iuf.org	Code of Conduct for the Tea Sector	1996
71.	Irish National Caucus	Washington DC, USA	www.irishnationalcaucus.org	International Code of Conduct for the Production of Cut-Flowers	1998
72.	Keidanren	Tokyo, Japan	www.keidanren.or.jp	MacBride Principles	1983
73.	Leon H. Sullivan Foundation	Washington DC, USA	www.globalsullivanprinciples.org/principles.htm	Charter for Good Corporate Behavior	1991
74.	Mining Association of Canada	Ottawa, Canada	www.mining.ca	Global Sullivan Principles	1977
75.	Organisation for Economic Co-operation and Development (OECD)	Paris, France	www.oecd.org	TSM (Towards Sustainable Mining) Guiding Principles	2004
76.	Pacific Asia Travel Association (PATA) & Asia Pacific Economic Cooperation (APEC)	Bangkok, Thailand & Singapore	www.pata.org & www.apec.org	OECD Guidelines for Multinational Enterprises	1976
77.	Public Services International (PSI)	Ferney Voltair, France	www.world-psi.org	PATA/APEC Code for Sustainable Tourism	2001
78.	Q-Res (CELE)	Milano, Italy	www.qres.it	PSI Water Code	2002
79.	Rainforest Alliance	New York, USA	www.rainforestalliance.com	Q-Res Codes of Ethics	1999
80.	Government Offices of Sweden (Regeringskansliet)	Stockholm, Sweden	www.regeringskansliet.se	Rainforest Alliance certification	1987
81.	Rugmark	Washington DC, USA	www.rugmark.org	Globalt Ansvar	2002
82.	Sigma Project	London, United Kingdom	www.projectsigma.com	Rugmark Certification	1994
83.	Social Accountability International	New York, USA	www.sa-intl.org	Sigma Integrated Guidelines for Management	1999
84.	Social Venture Network (SVN)	San Francisco, USA	www.svn.org	Social Accountability 8000 (SA8000)	1998
85.	South African Petroleum Industry Association	Cape Town, South Africa	www.sapia.org.za	SVN Standards on Corporate Social Responsibility	1999
86.	Spanish Association for Standardisation and Certification (AENOR)	Madrid, Spain	www.aenor.es	Charter for the South African Petroleum Industry	2000
87.	Stakeholder Alliance	Washington DC, USA	www.stakeholderalliance.org	AENOR PNE 165001 & PNE 165010	2002
88.	Standards Australia	Sydney, Australia	www.standards.com.au	Sunshine Standards	1996
89.	STEP Foundation	Basel, Switzerland	www.stepfoundation.ch	AS 8003-2003	2003
90.	Sweatshop Watch	Los Angeles, USA	www.sweatshopwatch.org	STEP Label Certificate	1995
91.	TCO Development (TCO stands for Tjänstemännens CentralOrganisation, i.e. Swedish Confederation of Professional Employees)	Stockholm, Sweden	www.tcodevelopment.com	Sweatshop Watch Code of Conduct for University Trademark Licensees	1998
92.	Tour Operators' Initiative (TOI)	Paris, France	www.toinitiative.org	TCO Guidelines	1992
93.	Transparency International	Toronto, Canada	www.transparency.ca	Supply Chain Guide to Good Practice	2002
94.	United Nations (UN)	New York, USA	www.unglobalcompact.org	International Code of Ethics for Canadian Business	2000
95.	Worker Rights Consortium	Washington DC, USA	www.workersrights.org	Global Compact	2000
96.	World Economic Forum	Geneva, Switzerland	www.weforum.org	WRC Model Code of Conduct	2000
97.	World Federation of the Sporting Goods Industry	Germany	www.wfsgi.org	Global Corporate Citizenship Initiative	2001
98.	World Health Organization	Geneva, Switzerland	www.who.int	WFSGI Code of Conduct	1997
99.	World Tourist Organization	Madrid, Spain	www.worldtourism.org	International Code on Marketing Breast-milk Substitutes	1981
100.	Worldwide Responsible Apparel Production	Washington DC, USA	www.wrapapparel.org	Global Code of Ethics for Tourism	1999
				Apparel Certification Program Principles	2002