

The influence of institutional pressures and organization culture on Supplier Social Compliance Management Systems

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Abstract

Purpose – The purpose of this paper is to use institutional theory to develop the constructs of institutional pressures for social compliance and argue for a positive relationship between institutional pressures and Supplier Social Compliance Management System (SSCMS). Moreover, the authors theorize that the impact of institutional pressures on SSCMS is moderated by the supplier's organizational culture. This is done in a particularly salient context, which is apparel manufacturing in a developing country.

Design/methodology/approach – The hypothesized model is tested using data of 164 suppliers from the apparel manufacturing sector. PLS-based structural equation modeling is used to test the direct and multi-group moderation hypotheses.

Findings – Empirical examination provides evidence that institutional pressures have a positive impact on supplier social compliance and the types of organizational culture have varied moderation effects.

Research limitations/implications – This research is based on cross-sectional data from one industry. Future research should collect data from diverse sectors in different countries.

Practical implications – The findings suggest that consistent pressures from various stakeholders can increase supplier social compliance. In addition, the partial evidence for moderation effect of organizational culture indicates that supplier's internal value system's alignment with social compliance pressures plays an important role in determining how supplier acts on social compliance initiatives.

Originality/value – The issue of suppliers' adoption of social compliance management systems has become prominent as a consequence of the shifting of manufacturing to developing countries. However, comprehensive frameworks explaining antecedents of adoption of SSCMS using large-scale empirical data are limited. In addition, findings on the relationship between supplier social sustainability practices and their antecedents are inconsistent.

Keywords Organizational culture, Structural equation modelling, Developing country, Institutional pressures, Empirical study, Supplier Social Compliance Management Systems

Paper type Research paper



Introduction

Supplier social sustainability concerns have come into the limelight as global sourcing from Bottom-of-the-Pyramid markets has increased over the years. Supplier social sustainability is of paramount importance for international buyers as non-conformance from suppliers can adversely affect buyer's reputation in their home country. However, supplier social sustainability

in developing countries turns out to be poor (Distelhorst *et al.*, 2015). In 2013, hundreds of workers died and thousands were injured in the Rana Plaza collapse in Bangladesh; this facility manufactured apparel for famous western brands (Porteous *et al.*, 2015). In 2006 after allegations of child labor issues in making hand-stitched footballs, Nike canceled contracts with its Pakistani supplier. This affected the reputation of the industry which was once considered a hub of sports goods manufacturing in Asia. Renowned international buyers now link business contracts with supplier's social sustainability performance.

Supplier social sustainability requirements vary from one buyer to another but concerns about child labor, gender discrimination, employee health and safety, right of unionization and working hours and remuneration are common (Ehrgott *et al.*, 2011; Mamic, 2005; Carter and Jennings, 2004). Suppliers have sought the adoption of Supplier Social Compliance Management Systems (SSCMSs) to address the social sustainability concerns of their stakeholders (Ruwanpura and Wrigley, 2011; Pedersen and Andersen, 2006). These standards provide the needed leverage to stakeholders to reduce the gap between on the ground practice and desired objectives of social sustainability. Notwithstanding the implementation of these standards, social sustainability in the factories of developing country suppliers is far from ideal (Distelhorst *et al.*, 2015).

Research studies are increasingly using institutional theory (DiMaggio and Powell, 1983) to examine the factors that affect the adoption of sustainability practices of supplier firms (Ye *et al.*, 2013; Tate *et al.*, 2011; Simpson, 2012; Distelhorst *et al.*, 2015). An extensive review of empirical quantitative studies on institutional drivers, cultural dimensions and environmental/social sustainability dynamics revealed that a vast majority of earlier studies have focused on themes of environmental sustainability initiatives only [1]. Research studies that examine the factors affecting social sustainability initiatives are limited and generally based on qualitative and anecdotal data (Stigzelius and Mark-Herbert, 2009; Van Tulder and Kolk, 2001; Roberts, 2003; Distelhorst *et al.*, 2015; Mamic, 2005). Further, these studies investigate factors that drive the implementation of local labor standards (Oka, 2010; Toffel *et al.*, 2015), which is a subset of social sustainability. In sum, relatively little research has examined large-scale empirical data to identify the institutional factors affecting adoption of social sustainability initiatives (Porteous *et al.*, 2015; Toffel *et al.*, 2015). Further, the existing empirical studies lack a precise conceptualization of supplier-level institutional mechanisms influencing the supplier's adoption of social sustainability initiatives. There is thus a need for research that seeks to investigate the social processes underlying the association between supplier-level institutional factors and adoption of social sustainability initiatives (Toffel *et al.*, 2015). So as the first contribution of this paper, we use institutional theory perspective to provide a comprehensive framework that defines supplier-level institutional pressures and empirically investigates their impact on SSCMS.

The second key contribution of this research is an investigation into the role of organizational culture in social sustainability adoption in response to institutional pressures. Previous studies provide inconsistent findings on the role of institutional pressures in social sustainability. For example, Ehrgott *et al.* (2011), Zhang *et al.* (2008) and Carter and Jennings (2004) reported that coercive pressures (CPs) from government have insignificant impact, yet others find them significant (Zailani *et al.*, 2012; Ye *et al.*, 2013; Toffel *et al.*, 2015; Zhu *et al.*, 2013; Simpson, 2012). Some scholars argue that a firm's internal structures, value system, decision-making patterns and internal context determine the response to institutional pressures for the adoption of SSCMS (Locke *et al.*, 2009). This point is also echoed by Sartor *et al.* (2016) and Zorzini *et al.* (2015) who called for the need to study organizational-level variables, such as culture, that can moderate the effect of institutional pressures. Our findings confirm that organizational culture is indeed a key determinant in shaping organizational response to institutional pressures.

The third contribution of our study is that it provides a better understanding of the dynamics of managerial response to institutional pressures. Previous studies note that

managerial response can manifest itself in a variety of choices (Kostova and Roth, 2002; Greenwood *et al.*, 2011), ranging from diligent compliance to active manipulation of the situation to appease the effect of pressures (Oliver, 1991). However, which underlying processes shape each type of response is unclear. In other words, under what situations a manager will seek proactive social compliance and which factors will entice managers to manipulate the situation or exhibit opportunistic behaviors. Our findings combined with the institutional processes frameworks (Oliver, 1991; Kostova and Roth, 2002) provide a clearer understanding of the organizational processes shaping managerial response and how institutional processes enact.

Finally, a salient feature of this paper is that it uses data from apparel manufacturing suppliers in a developing country, Pakistan, which is the ninth largest apparel goods exporter (Fukunishi *et al.*, 2013). Egri and Ralston (2008, p. 325) noted that “it is particularly troubling that there has been relatively little on-the-ground CR [corporate responsibility] research in countries where the need for corporate responsibility is most pressing due to greater poverty, environmental degradation, and institutional governance issues.” Thus, the empirical setting of this research is complementary to its purpose.

Conceptual framework and hypotheses

Supplier social sustainability

Supplier social sustainability refers to the ability of a supplier to meet or exceed standards related to health and safety of workers, discrimination in the workplace, fair compensation, forced and child labor, and freedom of speech and association (Ehrgott *et al.*, 2011; Mamic, 2005). Social sustainability is a key consideration for international buyers in supplier selection as violations at the supplier end can adversely affect the reputation of the buyer in its home country (Ehrgott *et al.*, 2011). Many international buyers seek the adoption of social compliance standards by their suppliers as a means to evaluate their social sustainability (Mueller *et al.*, 2009). Accordingly, the use of international standards (e.g. SA8000, ISO 26000 and BSCI) is common among manufacturers in developing countries (Hahn, 2013; Mueller *et al.*, 2009). The adoption of these international standards reduces the principal-agent problem of the lack of trust stemming from information asymmetry and incomplete contracts (Ciliberti *et al.*, 2011). Although these international standards are sometimes questioned regarding their effectiveness, in the absence of better substitutes their implementation is considered a prosocial behavior (Ciliberti *et al.*, 2011; Mueller *et al.*, 2009; Hahn, 2013). These standards provide more regulatory legitimacy to the certified organization.

Institutional theory and SSCMS

Institutional theory argues that organizations operate in a social environment that constitutes certain organizational forms, practices, rules, policies and behaviors emerging from the interaction of various institutions in the environment (March and Olsen, 1984; DiMaggio and Powell, 1983). These institutionalized rules serve as the basis to determine organizational actions and the associated payoffs. Institutional theory argues that organizations follow isomorphic behavior under institutionalized norms and rules to become homogenous in organizational structure and process. The isomorphism of organizational structure and processes takes place under three types of institutional pressures: normative, coercive and mimetic pressures (MPs) (DiMaggio and Powell, 1983).

Normative pressures (NPs). NPs usually stem from trade associations, professional bodies, industry groups, public opinion and even from other partners in supply chain (Teo *et al.*, 2003; DiMaggio and Powell, 1983). The collective norms and rules to some extent obligate and constrain the focal organization from taking calculated actions to maximize its benefit (March and Olsen, 1984). Thus, in normative isomorphism, organizations behave in ways that lend them perceived legitimacy among their peers (Meyer and Rowan, 1977;

Dimaggio and Powell, 1983). Although previous research has established the role of NPs in the adoption of various supply chain initiatives, the role of NPs in implementation of SSCMS is not yet clear (Teo *et al.*, 2003; Liu *et al.*, 2010; Zhu and Sarkis, 2007). We argue that increasing use of socially sustainable practices in supply chains and supplier industry may create norms and sense of responsibility which, in turn, generate NPs to adopt socially compliant behavior (Toffel *et al.*, 2015). This sense of responsibility and learning of norms increases firm's willingness to adopt SSCMS. Similarly, to avoid being branded as a maverick and locked out of cooperative relationships from a network, and to ensure continuity of business with customers, a supplier would respond to NPs for social compliance by adopting socially encouraged practices. Therefore, we propose that NPs can positively influence implementation of SSCMS:

H1. Perceived NPs for social compliance have a positive impact on implementation of SSCMS.

Coercive pressures. CPs are formal or informal pressures exerted on an organization by powerful stakeholders upon which it is dependent for acquisition of resources (Dimaggio and Powell, 1983). Organizations do not have all resources they need to achieve their goals and depend on resources of other stakeholders to perform their functions (Pfeffer and Salancik, 2003). The interdependence of focal firm on these entities creates an asymmetry of power. Consequently, the dependent partner may comply with the demands of other partner for continued access to scarce resources and maintenance of status (Pfeffer and Salancik, 2003). CPs for social compliance may stem from various actors. International buyers may require suppliers to comply with buyer-specific social sustainability requirements as well as rules and laws of the local government (Ruwanpura and Wrigley, 2011). Since the key customers in the global apparel supply chain are mainly from sustainability-sensitive European and North American markets, CPs can play a vital role in enhancing implementation of SSCMS (Toffel *et al.*, 2015). CPs may also originate from other stakeholders such as a parent company, investors or government regulators (Sarkis *et al.*, 2010; Oka, 2010; Mueller *et al.*, 2009). Regulators, for example, can push a firm to comply with local and international labor laws (Sarkis *et al.*, 2010). Hence, we hypothesize:

H2. Perceived CPs for social compliance have a positive impact on implementation of SSCMS.

Mimetic pressures. MPs stem from the desire to be like successful organizations in the environment by mimicking their practices, policies and structures. Mimetic isomorphism pushes an organization to adopt a practice or innovation to model itself after successful organizations sharing similar goals and objectives (Dimaggio and Powell, 1983). Organizations also mimic successful organizations to avoid uncertainty in the market, to minimize experimentation cost, or to avoid risk associated with being early adopters (Tate *et al.*, 2014). An important aspect in MP dynamics is the adoption of a practice based on perceived success or utility rather than its technical merits (Liang *et al.*, 2007) even when its technical utility is yet to be established. Such mimicry, though associated with a bandwagon effect (Staw and Epstein, 2000), develops a strong pressure on decision makers to adopt the practice. In developing countries a large number of apparel goods manufacturers seek to sell their products to well-recognized brands of developed countries (Ehrgott *et al.*, 2011). SSCMS requirements of international buyers are also well known among competing firms and in market circles. In order to secure more business opportunities with international buyers, suppliers may mimic the sustainability practices of successful exporters. Therefore, we argue that if a supplier learns that its competitors benefitted from SSCMS, it will imitate successful competitors' adoption of SSCMS:

H3. Perceived MPs for social compliance have a positive impact on implementation of SSCMS.

Organizational culture

Organizational culture is the collection of shared values, beliefs and norms in an organization that guide its members' understanding and organizational functioning, and reflect in organizational practices and goals (Deshpandé *et al.*, 1993). Though there are various models describing organizational culture (Hofstede *et al.*, 1990; O'reilly *et al.*, 1991), the Competing Values Model (CVM) (Cameron and Quinn, 2011) is more commonly used in corporate sustainability literature (Linnenluecke and Griffiths, 2010; Linnenluecke *et al.*, 2009). The CVM defines organizational culture in terms of two key dimensions, "flexibility-control" and "external-internal focus." The flexibility orientation encourages change, spontaneity, creativity and risk-taking, whereas control orientation encourages order, stability, predictability and efficacy. On the external-internal focus dimension, the external focus values competition and differentiation, whereas internal focus values smooth operations, integration and internal maintenance (Cameron and Quinn, 2011; Deshpandé *et al.*, 1993). Thereby the CVM presents four different types of cultures: clan, adhocracy, market and hierarchy culture. It is important to note that these four types of cultures represent dominant ones and are not mutually exclusive. The key features of each type are shown in Figure 1.

Institutional pressures, organizational culture and SSCMS

Organizations respond to institutional pressures in a way that accommodates their interests. Oliver (1991) noted that depending upon dominant culture type and internal contingencies, organizations can respond to these pressures through diligent compliance or active manipulation of the situation. Organizational culture can impact managerial abilities to process information, make decisions and exercise discretion in their decision-making process (Liu *et al.*, 2010). Thus, organizational culture provides an overarching frame of reference to make choices and respond to institutional pressures (Cameron and Quinn, 2011; Pedersen and Dobbin, 2006; Suddaby *et al.*, 2010).

Competitive and industry pressures may not motivate organizations to achieve the higher social sustainability targets if organizational commitment is lacking (Locke *et al.*, 2009). Organizational culture influences the commitment for sustainability practices, which affects the decision to adopt internal or external social sustainability initiatives



Figure 1.
The Competing
Value Model

Source: Adapted from Deshpandé *et al.* (1993)

(Mamic, 2005; Linnenluecke and Griffiths, 2010). Following this line of argument, we develop hypotheses to explore the moderating effect of organizational culture. Figure 2 illustrates all the hypothesized relationships in this study.

Clan culture. The clan culture organization is a friendly and extended family place and values teamwork, participation and consensus (Cameron and Quinn, 2011). These features of the clan culture are congruent with the normative requirements for social sustainability (March and Olsen, 1984). Therefore, a high clan culture will provide a more conducive setting for positive response to NPs for social sustainability practices. Linnenluecke and Griffiths (2010) argued that clan culture places greater emphasis on development of their people to achieve social sustainability. Similarly, a supplier with high clan culture, which exhibits sensitivity to concerns of wellbeing of its people, will respond more positively to CPs for social compliance to improve the well-being of its employees (Pedersen and Andersen, 2006). Also, clan culture's sensitivity to customer expectations will motivate the supplier to respond to CPs from customers for social compliance more diligently (Goodman *et al.*, 2001). Companies with this culture tend to have a long-term orientation, which is reflected in their focus on human resource development. This, in turn, manifests in receiving CPs in a positive way (Linnenluecke and Griffiths, 2010). Finally, a supplier with high clan culture, which ascribes more to internal focus and seeks inspiration from the internal value system, would tend to resist mimicking its competitors (Cameron and Quinn, 2011; Griffiths and Petrick, 2001). However, the inherent features of SSCMS are aligned with the family-type orientation of the clan culture. Taken the two views together, we propose that the clan culture does not moderate the influence of MPs. So, we hypothesize:

- H4a.* Perceived NPs will have significantly higher impact on implementation of SSCMS when clan culture is higher than when it is lower.
- H4b.* Perceived CPs will have significantly higher impact on implementation of SSCMS when clan culture is higher than when it is lower.
- H4c.* Perceived MPs will not have significantly different impact on implementation of SSCMS when clan culture is higher than when it is lower.

Adhocracy culture. A supplier with high adhocracy culture will respond more favorably to NPs for social sustainability practices. This is because adoption of such practices can help the supplier achieve greater legitimacy and positive image in its network, which, in turn, lead to greater market penetration, expansion and resources acquisition, which are the core features of the adhocracy culture (March and Olsen, 1984; Cameron and Quinn, 2011). Also, a high adhocracy culture due to its emphasis on being on leading edge will respond more positively to social sustainability initiatives when they are becoming a norm in the industry (Linnenluecke *et al.*, 2009). Similarly, such a culture because of its openness

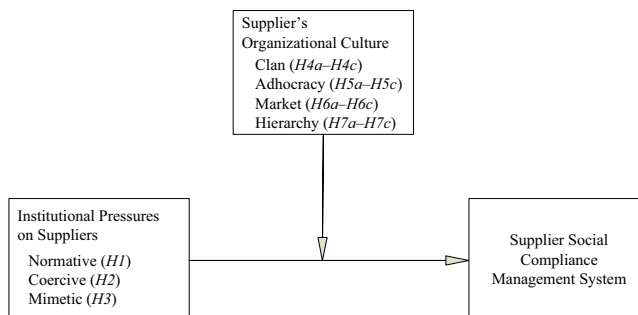


Figure 2.
Theoretical model
showing the role of
institutional pressures
and organizational
culture on supplier
social compliance

orientation will react more positively to the social sustainability requirements from stakeholders, i.e., CPs (Linnenluecke and Griffiths, 2010). This is because being perceived as socially sustainable provides the supplier with opportunities for increasing market share and getting recognition of being a leader and trend-setter, which are important to the adhocracy culture (Porteous *et al.*, 2015; Naranjo-Valencia *et al.*, 2011). Finally, a supplier with higher adhocracy culture will also respond more favorably to MPs for social compliance because mimicking such practices of successful organizations is in line with opportunity and growth seeking behavior of the adhocracy culture (Ye *et al.*, 2013). Therefore, a supplier with higher adhocracy culture will respond more favorably to MPs for social compliance. Hence, we hypothesize:

- H5a.* Perceived NPs will have significantly higher impact on implementation of SSCMS when adhocracy culture is higher than when it is lower.
- H5b.* Perceived CPs will have significantly higher impact on implementation of SSCMS when adhocracy culture is higher than when it is lower.
- H5c.* Perceived MPs will have significantly higher impact on implementation of SSCMS when adhocracy culture is higher than when it is lower.

Market culture. A supplier with a market culture values hard-driving competitiveness, productivity and goal achievement (Cameron and Quinn, 2011). Since these organizations tend to focus on efficiency goals, they are less likely to be influenced by NPs. High market culture organizations may resist NPs because such pressures might be considered a hindrance to achievement of greater efficiencies, which lies at the core of market culture (March and Olsen, 1984; Linnenluecke and Griffiths, 2010). For instance, in order to achieve production and marketing goals, a market culture firm might drift toward exploitation of human and material resources which is contrary to NPs. However, a supplier with a higher market culture will respond more favorably to CPs for social compliance. This is because complying with social requirements of the stakeholder provides access to the needed resources such as increased business from the buyer and incentives from the government (Zailani *et al.*, 2012). Further, the market culture's emphasis on winning, reputation and success with regard to meeting expectations and requirements of key stakeholders will motivate the supplier to respond more diligently to CPs from them (Cameron and Quinn, 2011; Linnenluecke and Griffiths, 2010). Along the same lines, a supplier with high market culture, which is committed to market and financial performance, will be more inclined to mimic sustainability practices if they are perceived as leading to greater business performance (Meyer and Rowan, 1977; Linnenluecke *et al.*, 2009). MPs, which come from success stories of competitors, are also aligned with the very nature of the market culture's desire for greater competitiveness through accepted and successful practices (Cameron and Quinn, 2011). Hence, we hypothesize:

- H6a.* Perceived NPs will have significantly lower impact on implementation of SSCMS when market culture is higher than when it is lower.
- H6b.* Perceived CPs will have significantly higher impact on implementation of SSCMS when market culture is higher than when it is lower.
- H6c.* Perceived MPs will have significantly higher impact on implementation of SSCMS when market culture is higher than when it is lower.

Hierarchical culture. The hierarchical culture assigns value to adherence to internal rules and procedures and emphasizes stability and smooth operations (Cameron and Quinn, 2011). This will lead to less attention to externally touted social sustainability norms. The dominant emphasis of hierarchical culture organizations is on economic performance as

opposed to the sustainability of broad social systems (Linnenluecke and Griffiths, 2010). Scholars argue that the hierarchical culture is negatively associated with the quality of work life (Goodman *et al.*, 2001) thus implying that high hierarchical culture does not provide conducive context for following norms of socially sustainable practices. Similarly, such firms will be less likely to concede to CPs also because adopting new initiatives related to social sustainability, which may require several changes in operations, procedures and responsibilities, is not congruent with the hierarchical culture (Naranjo-Valencia *et al.*, 2011). Sustainability initiatives that typically require development of new routines can engender possible resistance from people who have a mindset of “adherence for efficiency and economic outcomes” (Cameron and Quinn, 2011; Linnenluecke and Griffiths, 2010). The direct and indirect disruptions associated with social sustainability initiatives will be more likely to be considered as outweighing the benefits of mimicking successful competitors (Linnenluecke and Griffiths, 2010). Thus, high hierarchical culture companies will be less responsive to MPs than low hierarchical companies. Hence, we hypothesize:

- H7a.* Perceived NPs will have significantly lower impact on implementation of SSCMS when hierarchy culture is higher than when it is lower.
- H7b.* Perceived CPs will have significantly lower impact on implementation of SSCMS when hierarchy culture is higher than when it is lower.
- H7c.* Perceived MPs will have significantly lower impact on implementation of SSCMS when hierarchy culture is higher than when it is lower.

Research methodology

Conceptual validation, construct operationalization and pretest

The extensive literature review, which preceded and followed detailed interviews with managers from the industry, aided in generating questionnaire items. The objective of the interviews was to seek basic understanding of the internal and external factors that may influence social compliance practices and the scale to measure social compliance management system objectively in the apparel exporting industry (Montabon *et al.*, 2018). The interviewees (three social compliance managers, a factory manager, a chief executive from a manufacturing company, a chief executive and a manager from an international buying house, and three managers from compliance certification firms) were selected because of their extensive knowledge of the industry. The average work experience of the interviewees in the apparel industry was 18 years. The discussion in these interviews was semi-structured and lasted from 2 to 3 h with each (or a pair of) interviewee(s).

Following the approach of Teo *et al.* (2003) we operationalized NPs as a first-order formative construct covering pressures from suppliers, customers and overall industry (Zhu and Sarkis, 2007; Sarkis *et al.*, 2010; Ehrgott *et al.*, 2011). The construct of MPs was operationalized as a first-order formative construct with two items measuring the extent of social compliance of competitors and perceived benefits of social compliance to competitors (Zhu and Sarkis, 2007; Ye *et al.*, 2013). Finally, the construct of CPs was operationalized as a second-order formative construct consisting of two first-order reflective constructs (buyer pressures and government pressures) and two single-item constructs (NGO and civil society pressure, and parent group or company pressure) (Simpson, 2012; Zailani *et al.*, 2012; Zhu *et al.*, 2013).

The organizational culture assessment instrument of Deshpandé *et al.* (1993) was used to measure organizational culture. This 16-item instrument measures each of the four types of organizational culture on four dimensions: organization-dominant characteristics, management of employees, organizational glue and criteria of success (Naranjo-Valencia *et al.*, 2011; Linnenluecke *et al.*, 2009).

SSCMS was measured in terms of implementation of the social compliance standards SA8000, ISO 26000 and the BSCI Code using a scale developed in earlier studies (Melnik *et al.*, 2003; Montabon *et al.*, 2000). Following the approach similar to Melnik *et al.* (2003) a factory was given score of 1 if its status for all three standards was: "Not-Applicable," "Not Being Considered," "Future Consideration" or "Assessing Suitability." The factory was given score of 3 if it was at "Successfully Implemented" stage in at least one of these standards. In all other cases, which meant the factory was at "Planning to Implement" or "Currently Implementing" stage in at least one of these standards but was not at "Successfully Implemented" stage in any of these standards, the factory was given score of 2. This scale puts each factory in one of the three discrete and ordinal phases suitable for statistical analysis: not implementing, implementing and successfully implemented (Peng and Lai, 2012).

Number of employees, annual revenue, percentage export of total sales and number of years of export experience of the business unit were included as control variables because these variables may have positive impact on adoption of SSCMS (Jiang, 2009; Masakure *et al.*, 2011; Curkovic *et al.*, 2005; Zhang *et al.*, 2008).

The questionnaire was pretested with six production and compliance managers for adequacy, language, identification of the best potential respondents, sensitivity of the information and overall layout (Krause *et al.*, 2018). Based on the pre-test findings the questionnaire was revised. The revision was then discussed with a social compliance auditor and two relevant faculty members working in the target sector that lead to a minor revision before the large-scale data collection[2].

Data collection

Data were collected from apparel manufacturing and exporting factories in Pakistan who supply to large brands of developed countries. We approached the target respondents, production and social compliance managers of senior to top level, through multiple channels. We obtained contact information from industry associations' registrations, three large buying houses, two multinational auditing companies and executive education database of the university hosting this research.

The total design methodology was used to guide the questionnaire delivery and response collection (Dillman, 2007). An *ex ante* approach to reduce common method bias by seeking multiple respondents per factory was adopted (Podsakoff *et al.*, 2003). The interviews with managers during questionnaire development and pretest revealed that production and social compliance managers (or equivalent) in apparel industry in general and exporting factories in particular have broad knowledge about the information sought in the questionnaire. We contacted one manager (production manager or social compliance manager) as a key respondent and coordinator per factory. We asked the key respondent to provide their response on their respective section and coordinate with the other relevant manager to complete the other section(s) of the questionnaire. The social compliance managers were requested to provide information about institutional pressures and implementation of social compliance standards. The production managers were requested to provide information about organizational culture. We used a key respondent in each factory because we lacked contact information of both potential respondents to develop direct contact.

Follow-up to the initial e-mails was carried out using e-mail, telephone and personal visits. Most of the follow-ups happened over e-mail and telephone. A member of the research team personally visited 90 factories. In these field visits, the research team member ensured the key respondents involved the relevant managers. In the remaining factories, the research team coordinated with and relied on the key respondents to ensure that relevant managers participated in filling out the questionnaire. These conscious efforts may not eliminate common method bias but were focused toward reducing it to a pragmatic level (Flynn *et al.*, 2018).

A total of 185 questionnaires were returned from a sampling frame of 394 factories, of which 21 were incomplete, yielding a total of 164 useable responses (Table I) and an effective response rate of 41.62 percent, thus providing a reasonable sample size (Hair *et al.*, 2016). The approach suggested by Armstrong and Overton (1977) was used to test for response bias. *t*-Tests indicated that differences in 10 randomly selected items in 25 early and 25 late responses were not significant thus providing evidence for lack of significant non-response bias. In addition, *t*-tests indicated that the size in terms of number of employees of early and late respondent companies was not significantly different, thus providing further evidence of non-response bias. Finally, the data were tested for any potential biases associated with the three channels (i.e. e-mail, courier and personal visits). *t*-Tests indicated that differences in each pair of the groups in 10 randomly selected items in 20 randomly selected responses from each group were not significant.

Finally, we tested the data for social desirability bias in reporting the extent of implementation of SSCMS. We corroborated the SSCMS adoption data of 20 suppliers from their respective buying houses to test this bias. We asked the buying houses whether according to their information the supplier had implemented (or not implemented) SSCMS when the data for this research were collected. The data from the buying houses significantly endorsed the original data provided by the respondents with a 96.67 percent match and 0.934 correlation (significant at *p*-value < 0.01) thus lending confidence to the quality of data regarding SSCMS adoption. In survey research, such triangulation of data from an independent source brings more confidence to the data quality and ensuing results (Krause *et al.*, 2018).

Measurement validity

The CPs construct has two first-order reflective constructs, CPs-Govt and CPs-Buyer, which are subject to confirmatory factor analysis (CFA). We used AMOS version 22 to run the CFA analysis to test the measurement structure of the reflective constructs. The CFA model provided acceptable model fit ($\chi^2_{8df} = 25.019$, $\chi^2/df = 3.12$, CFI = 0.978, TLI = 0.942,

Number of employees	Frequency	Revenue (\$ million)	Frequency
Less than 250	21	Less than 2	21
251–500	34	2–4	14
501–750	22	4–6	13
751–1,000	10	6–8	5
1,001–1,250	9	8–10	7
1,250–1,500	8	More than 10	57
More than 1,500	47	Not reported	47
Not reported	13		
Percentage exports	Frequency	Ownership	Frequency
0–25	8	Local	140
26–50	7	Joint venture	10
51–75	13	Foreign	4
76–100	111	Not reported	10
Not reported	25		
Key respondent experience (years)	Frequency	Titles of key respondents	Frequency
0–5	39	Owner	8
6–10	38	Plant/GM	16
11–20	73	Senior manager	29
21–30	8	Manager	68
31–40	1	Deputy/Assistant manager	23
41 or more	1	Other	13
Not reported	4	Not reported	7

Note: Sample size = 164

Table I.
Profile of data
and respondents

IFI=0.979, NFI=0.969). Table II shows the values of Cronbach's α , average variance extracted, CFI and factor loadings of the constructs CPs-Govt and CPs-Buyer.

Factor loadings of all the retained items are above the satisfactory limit of 0.60 (Hair *et al.*, 2016) except CPs-Buyer4, which was dropped because of its low factor loading (0.495). All values of Cronbach's α are greater than 0.70 thus satisfying the construct reliability and internal consistency (Nunnally and Bernstein, 1994). All values of CFI are greater than 0.90 thus satisfying the condition of unidimensionality. Similarly, all values of AVE are greater than 0.50 satisfying the condition of convergent validity. Unidimensionality and convergent validity indicate that all items in the construct measure the same construct (Bagozzi *et al.*, 1991). The squared inter-construct correlation (SIC=0.292) between CPs-Govt and CPs-Buyer was less than the individual construct's AVE values thus providing evidence for satisfactory discriminant validities of the constructs (Segars and Grover, 1993). Finally, the authors conducted an *ex post* analysis to test for common method bias in the data. A significant increase (at p -level < 0.05) in the value of χ^2 from 25.019 at eight degrees of freedom to 29.980 at nine degrees of freedom when comparing a single-factor model to one in which items were loaded onto their respective constructs provided evidence of the absence of significant common method bias (Podsakoff *et al.*, 2003).

Formative constructs and structural model

The measurement model of the formative constructs and path coefficients of the direct hypotheses (H1–H3) were estimated using PLS modeling using SmartPLS version 3.2.1. PLS modeling was used because it allows formative and reflective constructs in the same hypothesized model and works well with non-interval data (Peng and Lai, 2012). A bootstrap resampling technique with 500 subsamples was applied to determine the path estimates and their significance.

The guidelines of Petter *et al.* (2007) were used to test the measurement model of the formative constructs of the institutional pressures. The weights of all dimensions of NPs are significant at p -level 0.01 except NPs-Suppliers (Figure 3), though it was retained for maintaining content validity. Also, weights of all dimensions of CPs and MPs are significant at p -level 0.01 and 0.05, respectively, thus providing satisfactory evidence of the construct validities. VIF values of CPs, NPs and MPs are 1.233, 1.151 and 1.140, respectively. VIF values below 3.0 indicate that multicollinearity is not a significant concern in these formative constructs. Overall, all correlation values of the research constructs and control variables in Table III are below 0.90 thus indicating that all constructs are distinct (Bagozzi *et al.*, 1991).

Three structural models were estimated: the full model (the study constructs and control variables), the theoretical model (the study constructs only) and the control model (the control variables only). The results in Table IV indicate that our full model explains reasonably large amount of variance, i.e., greater than 33 percent as suggested by Teo *et al.* (2003). The full model's explained variance is 26.00 percent higher than that of the control model.

Table II.

Operationalization of
reflective constructs

Factor items	Factor loading
<i>CPs-Govt: coercive pressure from government (Cronbach's α = 0.927, AVE = 0.811, CFI = 1.000)</i>	
CPs-Govt1	0.933
CPs-Govt2	0.940
CPs-Govt3	0.822
<i>CPs-Buyer: coercive pressures from buyers (Cronbach's α = 0.859, AVE = 0.617, CF = 1.000)</i>	
CPs-Buyer1	0.917
CPs-Buyer2	0.960
CPs-Buyer3	0.678

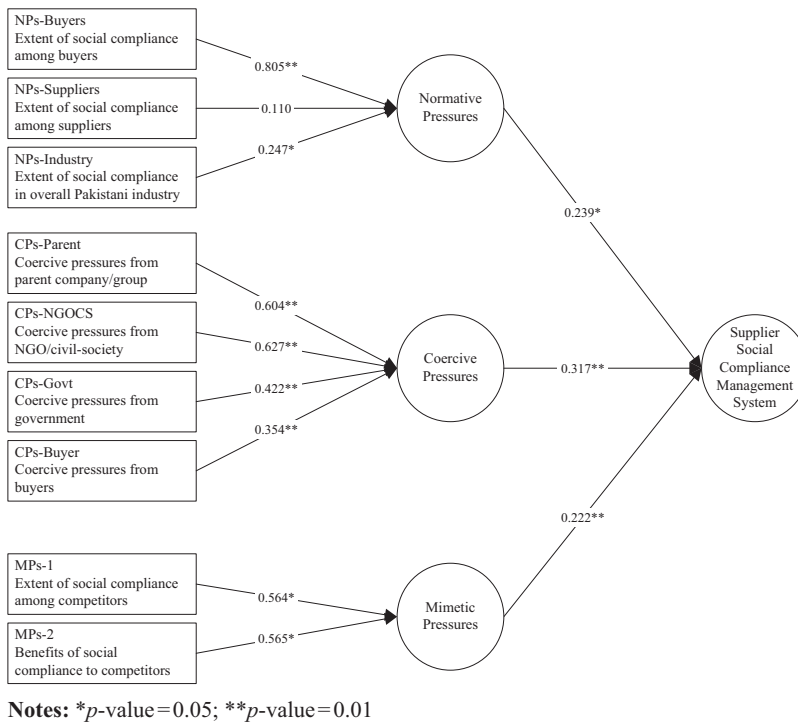


Figure 3.
Results of formative
constructs and
hypothesized model

Examination of results of the full and the theoretical models in Table IV suggests that $H1-H3$ representing the impact of NPs, CPs and MPs, respectively, on implementation of SSCMS are supported.

Moderation hypotheses testing

The PLS approach was used for the moderation $H4a-H7c$ because it is more robust to model complexity and sample size challenges in multi-group moderation test (Qureshi and Compeau, 2009). We used multi-group moderation approach because of its suitability with the complexity and nature of our constructs and hypotheses (Hair *et al.*, 2016). Consistent with standard econometric conventions, culture scores were used to create three subsamples for each culture type, labeled “high,” “medium” and “low.” The top and bottom 35 percent of the cases were selected so as to obtain two subgroups reflecting high and low scores on the moderator (Kohli, 1989). The middle (i.e. medium) 30 percent of the cases were omitted to improve the contrast between the subgroups and increase the power of the subsequent statistical tests (Kohli, 1989). A detailed discussion of this procedure is provided by Johnston (1972, p. 219). Table V provides values of average, range and standard deviation of each subsample created in this manner.

We tested the path estimates of the four culture-based pairs to determine if they were significantly different within each low-high to test the hypotheses (Table VI). If the path estimates were different between low and high culture groups in a pair then the direction of change was examined. Table VI shows that $H4c$ is supported because, as hypothesized, the path estimate was not significantly (at p -value > 0.05) different between low and high clan culture groups. $H4a$, $H6b$ and $H6c$ are supported because path estimates of high culture groups are significantly (at p -value < 0.05) greater than those of the respective low culture group.

Table III.
Correlations of
research constructs
and control variables

Variables	1	2	3	4	5	6	7	8	9	10	11	12
1. Normative pressures	1.000											
2. Coercive pressures	0.309	1.000										
3. Mimetic pressures	0.159	0.393	1.000									
4. SSCMS	0.353	0.498	0.372	1.000								
5. Market culture	0.030	0.050	0.015	-0.049	1.000							
6. Adhocracy culture	0.172	0.102	-0.006	0.082	-0.444	1.000						
7. Hierarchy culture	0.041	0.074	0.075	-0.037	-0.159	-0.219	1.000					
8. Clan culture	-0.175	-0.168	-0.069	-0.005	-0.594	-0.160	-0.322	1.000				
9. Employees	0.139	0.236	0.021	0.309	-0.114	0.093	0.103	-0.020	1.000			
10. Revenue	0.149	0.055	0.051	0.219	0.015	-0.014	0.026	-0.020	0.521	1.000		
11. Percentage exports	0.267	0.182	0.050	0.125	0.031	0.101	-0.013	-0.094	0.112	0.135	1.000	
12. Export experience	-0.017	0.128	0.075	0.025	-0.070	-0.083	-0.030	0.131	0.122	0.156	-0.020	1.000

Similarly, *H5c* is supported because path estimate of high culture group is significantly (at p -value < 0.01) greater than that of the respective low culture group. Finally, *H6a* and *H7c* are supported because path estimate of high culture group is significantly (at p -value < 0.05) lower than that of the low culture group. However, *H4b*, *H5a* and *H5b* are not supported because path estimates of high culture groups are not significantly greater than those of the respective low culture groups. Finally, *H7a* and *H7b* are not supported because path estimates of high culture groups are not significantly lower than those of the respective low culture groups.

A summary of results of all (direct and moderation) hypotheses is provided in Table VII.

Discussion

Institutional pressures and SSCMS

This study found that various dimensions of institutional pressures have different extents of direct effects on suppliers' adoption of SSCMS. The findings show CPs have the strongest effect, followed by normative and MPs, respectively. This is an interesting finding in the context of extant research providing contradicting evidence on the influence of institutional pressures on various management initiatives. Some studies have reported NPs having the strongest impact (Liu *et al.*, 2010; Teo *et al.*, 2003; Zhu *et al.*, 2013), while others have reported that CPs have the strongest impact (Simpson, 2012; Ye *et al.*, 2013; Liang *et al.*, 2007). MPs seem to play secondary or tertiary role in most of these studies. Though the results in these studies are inconsistent CPs, in general, have the strongest impact in environmental studies (Simpson, 2012; Ye *et al.*, 2013; Zhu *et al.*, 2013).

One explanation for a relatively stronger effect of CPs is that implementation of SSCMS is perceived as a cost by the supplier (Sancha *et al.*, 2016; Pedersen and Andersen, 2006). Therefore, companies may be unwilling to adopt sustainability initiatives unless compelled by powerful stakeholders including buyers, regulators, civil society, investors and parent company (Toffel *et al.*, 2015; Mueller *et al.*, 2009). International regulators and buyers, and consumers from developed countries demand implementation of global standards of social sustainability practices (Toffel *et al.*, 2015). If suppliers do not demonstrate satisfactory evidence of socially sustainable behavior such as implementation of SSCMS, they risk losing business from international buyers. Consequently, suppliers in developing countries are more likely to submit to CPs and implement SSCMS.

NPs are also positively related to implementation of SSCMS. Although NPs may comprise informal mechanisms, they have a strong effect on management decision making (Liu *et al.*, 2010). Failure to respond to these pressures would imply an unorthodox behavior leading to insecurity within a socially conscious industry (Dimaggio and Powell, 1983; Zhu *et al.*, 2013). The apparel industry in a developing and relatively small economy like Pakistan is socially connected and not very large. Any violation of norms is spread

Constructs	Path coefficients		
	Full model	Theoretical model	Control model
Normative pressures	0.223*	0.239**	
Coercive pressures	0.277**	0.317**	
Mimetic pressures	0.236**	0.222**	
Number of employees	0.203**		0.264*
Annual revenue	0.027		0.052
Export proportion	-0.007		0.079
Export experience	-0.040		-0.013
Variance explained in social compliance	35.60%	31.10%	9.60%

Notes: * p -value = 0.05; ** p -value = 0.01

Table IV.
Comparison of full
model, theoretical
model and
control model

quickly all over the industry through social networks that are common in hierarchical and socially cohesive societies. This social connectivity creates pressure at top management level and thus support for the adoption of SSCMS. The strong effect of NPs complements and endorses earlier findings of the positive effect of NPs on environmental compliance practices (Zhu *et al.*, 2013).

Consistent with the research on environmental compliance (Simpson, 2012; Ye *et al.*, 2013) the effect of MPs turns out to be the weakest. One possible reason for this could be that MPs have stronger effect when the innovations being mimicked are peculiar, highly complex to understand and less compatible with existing management processes (Teo *et al.*, 2003). Since SSCMSs are relatively straightforward, explicitly communicated and usually well understood, the motivation to imitate social sustainability practices of competitors is relatively weak. This may reduce the attribution of competitive advantage with SSCMS, thus MPs create weaker motivation.

Institutional pressures and moderating role of organizational culture

Normative pressures. NPs show mixed results for the moderation effect of organizational culture. Consistent with our expectation, the effect of NPs on SSCMS is low when a firm is characterized by high market culture. This could be because of the contrast in value system of market culture and the underpinning of NPs. In a market culture, competitiveness and higher efficiencies are achieved at the expense of increased exploitation of resources, potentially leading to adverse environmental and social impacts (Linnenluecke and Griffiths, 2010). Conversely, NPs for social compliance value conservative use of resources, appropriate conduct and doing actions perceived as right. This inconsistency of NPs and market culture suggests that the economic maximization attribute of market culture suppresses the normative requirements of social sustainability.

In line with our hypothesis, the clan culture positively moderates the effect of NPs on SSCMS. The underpinning values of the clan culture, such as friendly workplace, employee development, sensitivity for customer and concern for people are aligned with NPs for SSCMS requirements (Hahn, 2013). This suggests that an organization with high people-oriented culture accepts responsibility of adopting the social sustainability initiatives that become norms (Carter and Jennings, 2004).

Contrary to our expectations, adhocracy culture did not moderate the impact of NPs on implementation of SSCMS. The indifference of high adhocracy culture companies could be due to their focus on competitiveness and increasing market share rather than achieving legitimacy by being socially responsible. Path estimates of NPs for high and low hierarchy culture are not significantly different – rather NPs have positive impact on implementation of SSCMS in high hierarchy culture. This could be because hierarchical culture is conservative at

Table V.
Breakdowns of
culture scores in
each subsample

Organizational culture level (subsample)	Adhocracy	Market	Hierarchy	Clan
High	<i>A</i> = 134.13 <i>R</i> = 100–275 <i>SD</i> = 41.52	<i>A</i> = 164.53 <i>R</i> = 115–400 <i>SD</i> = 68.61	<i>A</i> = 139.33 <i>R</i> = 112–200 <i>SD</i> = 25.14	<i>A</i> = 159.13 <i>R</i> = 120–400 <i>SD</i> = 47.28
Medium	<i>A</i> = 71–99 <i>A</i> = 85.54 <i>SD</i> = 6.95	<i>R</i> = 81–114 <i>A</i> = 96.89 <i>SD</i> = 6.93	<i>A</i> = 98.07 <i>R</i> = 86–111 <i>SD</i> = 5.63	<i>A</i> = 96.02 <i>R</i> = 76–120 <i>SD</i> = 10.60
Low	<i>A</i> = 47.49 <i>R</i> = 0–70 <i>SD</i> = 23.55	<i>A</i> = 60.65 <i>R</i> = 0–80 <i>SD</i> = 20.17	<i>A</i> = 61.63 <i>R</i> = 0–85 <i>SD</i> = 27.80	<i>A</i> = 47.09 <i>R</i> = 0–75 <i>SD</i> = 25.47

Notes: *A*, average value; *R*, range of values

Hypothesis (path)	Subsample size ^a	Path estimate	SE	Subsample size ^a	Path estimate	SE	Are path estimates significantly different?	Result
<i>H4a</i> (NPs + SSCMS)	Low clan culture subsample 55	0.134	0.104	High clan culture subsample 59	0.451**	0.113	Yes* (<i>p</i> -value = 0.040)	Supported
<i>H4b</i> (CPs + SSCMS)	55	0.230	0.169	59	0.322*	0.154	No (<i>p</i> -value = 0.685)	Not supported
<i>H4c</i> (MPs 0 SSCMS)	55	0.357*	0.159	59	0.277*	0.146	No (<i>p</i> -value = 0.709)	Supported
<i>H5a</i> (NPs+SSCMS)	Low adhocracy culture subsample 55	0.182	0.146	High adhocracy culture subsample 57	0.160	0.114	No (<i>p</i> -value = 0.904)	Not supported
<i>H5b</i> (CPs + SSCMS)	55	0.156	0.185	57	0.267*	0.124	No (<i>p</i> -value = 0.614)	Not supported
<i>H5c</i> (MPs + SSCMS)	55	0.048	0.157	57	0.633**	0.135	Yes** (<i>p</i> -value = 0.005)	Supported
<i>H6a</i> (NPs – SSCMS)	Low market culture subsample 57	0.423**	0.126	High market culture subsample 58	0.109	0.092	Yes* (<i>p</i> -value = 0.044)	Supported
<i>H6b</i> (CPs + SSCMS)	57	0.052	0.126	58	0.447**	0.137	Yes* (<i>p</i> -value = 0.027)	Supported
<i>H6c</i> (MPs + SSCMS)	57	0.143	0.111	58	0.476**	0.121	Yes* (<i>p</i> -value = 0.043)	Supported
<i>H7a</i> (NPs – SSCMS)	Low hierarchy culture subsample 56	0.272	0.170	High hierarchy culture subsample 54	0.251*	0.120	No (<i>p</i> -value = 0.920)	Not supported
<i>H7b</i> (CPs – SSCMS)	56	0.373*	0.189	54	0.199	0.127	No (<i>p</i> -value = 0.446)	Not supported
<i>H7c</i> (MPs – SSCMS)	56	0.473**	0.119	54	0.124	0.095	Yes* (<i>p</i> -value = 0.023)	Supported

Notes: NPs, normative pressures; CPs, coercive pressures; MPs, mimetic pressures, SSCMS, Supplier Social Compliance Management System. + = high impact, 0 = no impact, – = lower impact. ^aThe subsample size at 35 percent of the sample was 57 but each subsample was cut at the closest higher or lower score of the respective culture type. **p*-value = 0.05; ***p*-value = 0.01

Table VI.
Moderation hypotheses
test results

Table VII.
Summary of
hypotheses results

Hypothesis	Result
<i>H1</i>	Supported
<i>H2</i>	Supported
<i>H3</i>	Supported
<i>H4a</i>	Supported
<i>H4b</i>	Not supported
<i>H4c</i>	Supported
<i>H5a</i>	Not supported
<i>H5b</i>	Not supported
<i>H5c</i>	Supported
<i>H6a</i>	Supported
<i>H6b</i>	Supported
<i>H6c</i>	Supported
<i>H7a</i>	Not supported
<i>H7b</i>	Not supported
<i>H7c</i>	Supported

the core (Naranjo-Valencia *et al.*, 2011). Due to its respect for order, authority and compliance to rules, hierarchical culture will be aligned with the prevalent normative behaviors (Cameron and Quinn, 2011), and thus would positively respond to NPs. Submission to NPs also builds a stronger case for promoting compliance to internal rules and procedures, i.e., another set of practices desirable in hierarchy culture (Goodman *et al.*, 2001).

Coercive pressures. Contrary to our expectations, adhocracy culture did not support the positive impact of CPs on SSCMS. A possible reason could be that CPs are more relevant to those who fail to respond to early calls for the change and wait for the last moment till their survival is at stake. Adhocracy culture, on the other hand, involves a cognitive process of proactively seeking growth and acquisition of resources. Therefore, adhocracy culture may show indifference to the effect of CPs on SSCMS. The positive support of the market culture to the impact of CPs on implementation of SSCMS is in line with our hypothesis. Market culture emphasizes productivity- and goal-oriented performance; decisions in this culture are driven by rational-economic criteria (Cameron and Quinn, 2011, Linnenluecke and Griffiths, 2010). In pursuit of these economic goals, the market culture will closely follow stakeholders' requirements and positively respond to CPs for implementation of SSCMS (Griffiths and Petrick, 2001).

Contrary to our expectations, we did not find support for a positive effect of clan culture and a negative effect of hierarchy culture on the impact of CPs on implementation of SSCMS. The indifference of the high clan culture to CPs could be due to its strong adherence to its internal arrangements and commitment to traditions and organizational values, which together could undermine the influence of external coercion (Cameron and Quinn, 2011, Linnenluecke and Griffiths, 2010). Along the same line of reasoning, firms with low clan culture should provide conducive context for the effect of CPs, which was confirmed by the findings. The absence of a negative effect of hierarchy culture indicates that CPs are powerful enough to overcome this culture's reluctance (Sarkis *et al.*, 2010).

Mimetic pressures. In case of MPs, all moderation hypotheses are supported. These findings suggest that though the direct impact of MPs is the weakest among the three institutional pressures it is largely influenced by organizational culture. This indicates that MPs become effective in certain organizational cultures. Absent those cultural conditions, MPs may become less effective or even ineffective. Perhaps this is also the reason why MPs are seldom found to have the strongest impact among the three institutional pressures in a large sample of companies grouped regardless of company culture (Liu *et al.*, 2010; Teo *et al.*,

2003; Zhu *et al.*, 2013; Simpson, 2012; Ye *et al.*, 2013; Liang *et al.*, 2007). Liu *et al.* (2010), for example, reported a lack of direct impact of MPs in general but found evidence for the direct impact of MPs under certain cultural conditions. Earlier literature and our findings suggest that this attribute of MPs seems to be unique when compared with CPs and NPs which have stronger direct impacts and are less influenced by organizational culture.

The overall role of organizational culture. It is particularly interesting that among the four culture types, market culture has the most influence in moderating the impact of institutional pressures, followed by adhocracy culture, hierarchy culture and clan culture, respectively. The strong support for the moderation effect of market culture on all three institutional pressures indicates that competitive mindset and productivity focus, which are attributed to market culture, have the most significant implications for how companies respond to institutional pressures (Linnenluecke and Griffiths, 2010). In addition, the evidence for leading roles of market and adhocracy cultures in moderating the effect of institutional pressures suggests that external focus plays a more effective role as compared to flexibility orientation in how firms respond to institutional pressures. This suggests that organizational sensitivity to demands of external environment has more influence on the effect of institutional pressures than organizational mechanisms of coordination and control. This could be because external focus generates the required organizational extroversion and sensitivity to institutional pressures. Related to this, the organizational flexibility–control dimension might also be less influential because of the nature of our sample. Most firms, in our sample and in general among apparel suppliers in developing countries, are owned by local entrepreneurs and relatively small in size. Decision making and implementation in these firms is quick once the top management is convinced (Liang *et al.*, 2007). This dominant role of top management may lead to a relatively weak moderation effect of flexibility because lack of flexibility is superseded by top management's conviction and support in small and family owned businesses.

Theoretical and managerial implications

The current study is one of the first in corporate social sustainability and supply chain management research to explore the role of institutional pressures and organizational culture in social sustainability practices of suppliers. This study lends empirical credence to the notion that institutional factors may provide an effective framework to examine social sustainability behavior of developing country suppliers (Ruwanpura and Wrigley, 2011). The current research extends our present understanding of the influence of external elements on social sustainability practices. Our findings show that CPs are the strongest drivers of social sustainability initiatives followed by normative and MPs, respectively. However, this order presents a contrast to the findings of application of institutional theory in other initiatives (Liu *et al.*, 2010; Teo *et al.*, 2003; Zhu and Sarkis, 2007). As discussed above, the difference might be because sustainability initiatives are considered as a cost as opposed to an investment or because of an industry's maturity (Teo *et al.*, 2003; Sancha *et al.*, 2016). Overall, the effect of institutional pressures suggests that suppliers in developing countries are not only economically driven entities but also socially rational actors. Suppliers may yield to isomorphic pressures in the field to seek social legitimacy in addition to gaining economic incentives.

The findings also provide an enhanced understanding of the dynamics shaping the organizational response to institutional processes. Although some studies discuss this area, they lack predictive power as they do not take into consideration internal dynamics of organizational processes (Pache and Santos, 2010). Oliver (1991) hypothesized different types of strategic responses to institutional processes, but the factors shaping these responses are in need of further research. Our findings show that “cultural values” is a key

determinant of organizational response to institutional processes. The findings of this study combined with the framework of Oliver (1991) provide a bigger picture of how culture and institutional pressures interact and shape the managerial response.

The implications ensuing from the application of institutional theory and organizational culture in this paper can be stretched to draw a broader conceptual contribution. Institutional theory states that the meaning of organizational practices is socially constructed among a large number of organizations through collective attribution of rationality to these practices (DiMaggio and Powell, 1983). On the other hand, organizational culture theories suggest that the meaning is socially constructed within an organization through the creation of unique practices and the collective attribution (Cameron and Quinn, 2011). The two perspectives represent two distinct but related influences and together provide a framework for understanding complex organizational behaviors (Pedersen and Dobbin, 2006; Suddaby *et al.*, 2010). This paper partially endorses the idea that various dimensions of a firm's organizational culture have differential effects on how the firm interprets external events and responds to the requirements and expectations of stakeholders (Linnenluecke and Griffiths, 2010; Griffiths and Petrick, 2001). This paper contends that combined lens of institutional theory and organizational culture may provide a better theorization to explain adoption of organizational initiatives.

The findings offer useful insights for practitioners. CPs turn out to have the strongest effect on the implementation of SSCMS. This point is particularly relevant in the context of relationship between international buyer and developing country supplier where the buyer is usually more powerful as suppliers are dependent on the buyer for business (Liu *et al.*, 2010). Buyers and other stakeholders can employ CPs on suppliers through incentives and penalties. Regarding NPs, buyers can use NPs by engaging professional associations and trade bodies. A supplier's membership in these bodies is likely to create NPs for social compliance as they do not want to be labeled as a maverick, risking their business opportunities. Thus, suppliers' active affiliations and membership of professional bodies can say a lot about their future behavior. A positive response to institutional pressures implies that policy makers or industry associations could use carefully crafted "nudges" to promote supplier social compliance. Regarding the role of MPs and interaction effect of organizational culture, the study suggests that high adhocracy, high market and low hierarchy culture suppliers show high mimicking tendencies. Buyers need to note that social sustainability practices driven by MPs do not reflect managers' conviction in the value of social sustainability rather the perception of its utility in yielding competitive edge. Such suppliers may not adopt social sustainability practices in their true spirit, rather they make only superficial and cosmetic changes to satisfy the buyer requirements. Thus, when faced with a high mimicking tendencies culture buyers may need to augment their social sustainability emphasis with appropriate incentives. Overall, it makes sense for a buyer to assess a supplier's organizational culture at the supplier selection stage and invoke appropriate institutional pressures to yield the desired social sustainability behavior. In this way, a key contribution of this study is to provide managerial insight into how to promote socially sustainable practices among suppliers.

Future research

This research has certain limitations which present future research opportunities. First, this research uses cross-sectional data, thus leaving research space for using longitudinal data to examine the causal relationships between institutional pressures, organizational culture and sustainability initiatives. Second, this research collected data from only apparel factories in Pakistan. In part, the motivation for using the apparel industry was that it has been highlighted for lack of socially acceptable behavior of suppliers of international brands. Future research should collect longitudinal data from diverse sectors in different countries

to explore more generalizable findings. Third, this paper found dissimilar effects of different types of organizational culture on the role of institutional pressures in adoption of SSCMS. These dissimilarities present a direction for more research to explore how the moderation effects of organizational cultures on institutional pressures may differ in different stages of organizational development and for various forms of management initiatives and national contexts. Finally, future research should go beyond standards and explore other means of measuring supplier social sustainability.

Notes

1. A table summarizing this literature review is available upon request from the authors.
2. The questionnaire is available upon request from the authors.

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