Where Is the Accountability in International Accountability Standards?: A Decoupling Perspective

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ABSTRACT: A common complaint by academics and practitioners is that the application of international accountability standards (IAS) does not lead to significant improvements in an organization's social responsibility. When organizations espouse their commitment to IAS but do not put forth the effort necessary to operationally enact that commitment, a "credibility cover" is created that perpetuates business as usual. In other words, the legitimacy that organizations gain by formally adopting the standards may shield the organization from closer scrutiny, thus enabling rather than constraining the types of activities the standards were designed to discourage.

There is a lack of research on why certain types of IAS are more prone than others to being decoupled from organizational practices. Applying a neo-institutional perspective to IAS, we theorize that the structural dimensions of the types of standards themselves can increase the likelihood of organizations adopting IAS standards in form but not in function.

THE LACK OF ACCOUNTABILITY OF INTERNATIONAL ACCOUNTABILITY STANDARDS

THE PAST THIRTY YEARS have seen remarkable growth in the number of firms operating internationally and in the quantity of foreign direct investment (FDI) (Clapp, 2005). The production of goods and services provided by approximately 79,000 multinational corporations (up from 7,000 in 1970) and their 790,000 foreign affiliates continues to expand, and their FDI stock exceeded $15 trillion in 2007. Global FDI inflows rose in 2007 by 30 percent to reach $1,833 billion, of which $1,248 billion accounted for FDI inflows into developed countries—up from a total of $9.2 billion in 1970 (UNCTAD, 2008).

The increasing internationalization of corporate activities has driven a dramatic rise in the number and variety of international accountability standards (IAS) (Göbbels & Jonker, 2003; Martin, 2002) designed to guide the activities of these firms. In particular, large multinational corporations (MNCs) are "increasingly confronted with expectations relating to 'organizational accountability' based on sound ethical performance" (Rasche & Esser, 2006: 251). Leipziger (2003) identifies thirty-two key tools or standards which focus on different aspects of social accountability. Generally, these international accountability standards "denote a common idea that demands a reorientation in the *place* and *role* of corporations within society" (Deva, 2006: 112) and identify the indicators of social performance and methods to measure and audit this performance along certain indicators (Norman & MacDonald, 2004).

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IAS are increasingly important because globalization has led to a decline in national governments' ability to constrain powerful MNCs and to establish fair rules of the game (Beschorner & Müller, 2007; Gereffi, Garcia-Johnson, & Sasser, 2001). All standards attempt to better govern the social, environmental and economic impact of corporate activities and fill the gaps in legislative frameworks that are found on an international level (Boatright, 2000; Deva, 2006; Gilbert & Rasche, 2008; Stigzelius & Mark-Herbert, 2009). Epstein (2008) claims that regulations, communities, cost and revenue opportunities along with social and moral obligations accumulate and make the implementation of substantive sustainability strategies an urgent and key managerial challenge. "While codes of conduct are firm-specific and developed by firms themselves, standards are defined by third parties and often set up in a multi-stakeholder way. Standards aim at holding corporations accountable for their actions and omissions and thus try to create transparency" (Rasche, 2009: 194). Thus, international accountability standards have become *de rigueur* for monitoring the activities of international firms. This recent proliferation of private and industry based initiatives, stemming from longstanding efforts to impose some sort of external governance on multinational corporations (MNCs), has amounted to a virtual "wall of codes" (Chatterji & Levine, 2006).

This so-called wall of codes exerts considerable pressure on organizations to adopt some set of practices or standards indicating their commitment to social responsibility. According to a recent study surveying 391 CEO-participants in the UN Global Compact (Bielak, Bonini, & Oppenheim, 2007), 95 percent of those surveyed believe there are greater expectations for companies to assume public responsibilities than just five years ago, and more than half of the respondents predicted that these expectations would significantly increase over the course of the next five years. This study also notes that while all 391 of the CEOs surveyed are members of the United Nations Global Compact, one of the most widely adopted sets of IAS, only 27 percent of these CEOs embed environmental, social, and governance issues into their operations.

These findings from the above study validate a common complaint made by academics and practitioners alike: the adoption of international accountability standards does not necessarily lead to significant improvements in social accountability, and that the accountability standards themselves lack accountability (Adams, 2004; Adams & Evans, 2004; Clapp, 2005; Deva, 2006; Finger & Kilcoyne, 1997; Reynolds & Yuthas, 2008, Williams, 2004). Some argue that this is the result of implementation challenges associated with the sheer number and variety of the standards, which leads to increasing costs of compliance, management workload, biased results because of non-response and a reduced impact of each existing standard (Chatterji & Levine, 2006). Others state that companies claim to act responsibly, but because of a lack of legal obligation and the voluntary nature of IAS there is no real accountability to stakeholders (Clapp, 2005).

Better understanding the causes of the lack of accountability in international accountability standards is critical because the consequences of organizations espousing their commitment to IAS but not putting forth the effort and resources necessary to operationally enact that commitment are twofold, occurring at both the macro and micro level. At the macro, organizational level, public commitment

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without concomitant organizational behavioral change can lead to the standards providing a "credibility cover" that perpetuates business as usual. In other words, by divorcing standards adoption from implementation, organizations gain legitimacy that may shield them from closer scrutiny, thus enabling rather than constraining the types of activities the standards were designed to discourage. At the micro, individual level, the disconnect between formally stated values and policies and actual organization practices may have a non-trivial, negative impact on employees. Research on formal ethics/compliance programs suggests that when organization members perceive that their organization's actions are inconsistent with its policies, or that compliance programs exist only to protect senior management from blame, it negatively impacts important ethics-related outcomes such as unethical/illegal behaviors, ethical awareness, willingness to report rule-breaking behavior, perceptions of justice, and employee commitment to the organization (Treviño, Weaver, Gibson, & Toffler, 1999; Weaver & Treviño, 1999). Other research suggests that when adoption of compliance programs takes the form of symbolic "window dressing," non-compliant behaviors persist and proliferate (MacLean, 2003) and internal program-level legitimacy of the compliance program is undermined (MacLean & Behnam, forthcoming). Thus, when a lack of accountability of IAS stems from the divorce of standards adoption from substantive standards implementation, employee commitment to the organization and employee willingness to report corporate social irresponsibility may decrease, and non-compliant behaviors may increase.

Widespread agreement exists on the need to improve or extend existing standards and practices and can be found in the growing body of literature on content, theoretical foundation, opportunities and problems of standardized ethics initiatives (Adams & Evans, 2004; Behnam & Rasche, 2009; Bruno & Karliner, 2000; Gilbert & Rasche, 2007, 2008; Leipziger, 2003, 2001; Mathews, 1997; Owen & Swift, 2001; Rasche & Esser, 2006; Reynolds & Yuthas, 2008). In this paper, we contribute to this scholarly conversation by analyzing structural variation across three types of IAS from a neo-institutional perspective. This analysis reveals that certain types of IAS are more prone than others to being adopted symbolically by organizations but then decoupled from the organization's actual day-to-day practices, thus serving as so much social accountability window-dressing. While there are first attempts to build a framework that allows the analysis of different accountability standards separately (see, e.g., Rasche, 2009 who then proceeds to apply his framework to the UN Global Compact), there are currently no frameworks that comparatively analyze the different types of IAS. The objective of our paper is thus to conduct such a comparative analysis of the different types of IAS which so far is missing in literature and simultaneously offer a theoretical explanation for the lack of accountability of certain types of accountability standards. Applying a neo-institutional perspective to this problem, we theorize that the structural dimensions of the types of standards themselves can increase the likelihood of organizations decoupling IAS, or adopting IAS in form but not in function.

Our paper is organized as follows: First, we introduce the neo-institutional concept of decoupling and show how it is an appropriate theoretical tool for dealing with the lack of accountability of international accountability standards, since decoupling

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explicitly deals with the phenomenon of the separation of structure from function (Westphal & Zajac, 1994, 1998, 2001). We will then introduce relevant antecedents to decoupling to develop our framework for investigating the accountability of IAS. Second, we will classify international accountability standards into three broad categories: principle based standards (PS), certification based standards (CS) and reporting standards (RS) and briefly discuss one prominent example for each of the categories (Global Compact, SA8000, and Global Reporting Initiative). We will then combine the first two steps and use our framework as predictors of which types of IAS are more prone to decoupling than others by applying it to the three above-mentioned examples of each type. We will conclude with a number of suggestions for how to improve international accountability standards.

DECOUPLING AND FORMAL COMPLIANCE STRUCTURES

Neo-institutional theory offers insights into the struggle organizations face when balancing efficiency concerns and the legal and normative expectations of the outside world. This struggle is especially challenging in those situations where external expectations appear to conflict with the organizations' strategic or profit-maximizing activities (DiMaggio & Powell, 1991; Meyer & Rowan, 1991; Oliver 1991). The proliferation of IAS appears to create just such a situation for organizations: NGOs and other stakeholders are exerting pressure on organizations to incorporate policies and processes with respect to social performance that impinge on managerial agency and usurp resources without increasing revenues, thus negatively affecting efficiency. Satisfying external stakeholders while still maximizing profit is critical if organizations are to acquire and/or maintain legitimacy—the confidence and cultural support (Scott, 1995; Suchman, 1995)—of these external stakeholders. Organizations are hypothesized to strike this tricky balance through the process of decoupling.

When expectations of external stakeholders appear to conflict with managerial interests, neo-institutional theory asserts that organizations balance competing interests by decoupling: adopting formal organizational structures required by external stakeholders but divorcing those structures from informal work activities (Meyer & Rowan, 1991; Scott, 1995). When organizations decouple structure from process, they take visible actions that signal conformity with external expectations, such as formally adopting a particular program or policy, while simultaneously shielding the organization's day-to-day operations from the impact of those policies. Disconnected from day-to-day, core operations of the organization, the decoupled structure is symbolic, enhancing legitimacy with outside stakeholders but having no substantive impact on the activities of the organization. "Decoupling enables organizations to maintain standardized, legitimating formal structures while their activities vary in response to practical considerations" (Meyer & Rowan, 1991: 58). In other words, a decoupled program or structure is akin to window dressing: it exists in name only, without the resources and support of other organizational functions (Weaver, Treviño, & Cochran, 1999a). In order to gain and/or maintain legitimacy this way, organizations "seek to minimize inspection and evaluation by both internal managers and external constituents" (Meyer & Rowan, 1991: 59)

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lest they be "exposed as frauds" (Boxenbaum & Jonsson, 2008: 81). Decoupling stands in contrast to integrating a structure or program—incorporating it into the central processes of the organization, ensuring it has the appropriate resources to be effective, making certain that employees receive necessary training and are held accountable for adhering to its tenets. Implementation of organizational structures and programs such as IAS exist somewhere on a continuum ranging between highly integrated, substantive programs at one end of the continuum and highly decoupled, symbolic programs at the other end (Song, 2009).

Decoupling has been used to explain how organizations attempt to comply with regulatory demands and the demands of other special interest groups, including implementation of affirmative action programs (Edelman, Petterson, Chamberlain, & Erlanger, 1991; Edelman, 1992), and organizational responses to Federal Sentencing Guidelines and other pressures to deploy formal ethics programs (Jovanovic & Wood, 2007; Stevens, Steensma, Harrison, & Cochran, 2004; Weaver, Treviño, & Cochran, 1999a, 1999b). Similar to other types of formal legal/ethical compliance programs, IAS adoption are generally driven by normative expectations from organizations' institutional environment. In other words, organizations adopt IAS for a variety of reasons aside from a commitment to corporate social responsibility. Increasing pressure from environmental and labor activists, demands by critical customers, requirements by powerful multinational corporations for suppliers to adhere to certain principles, and the desire to match competitors' CSR efforts all add to pressure on organizations to espouse their commitment to accountability standards (Carasco & Singh, 2008; Cavanagh, 2004; Clapp, 2005; Gereffi, Garcia-Johnson, & Sasser, 2001; Gilbert & Rasche, 2008; Kovacs, 2006; Pavlock, Sato, & Yardley, 1990; Waddock, 2004). Given this, and because conformity to IAS appears, at least superficially, to be a drain on efficiency and profit-maximization rather than an initiative that contributes to the financial bottom line in a positive way, IAS are similarly candidates for decoupling.

ANTECEDENTS TO DECOUPLING

Extant literature has identified a range of predictors of decoupling. For instance, in a study of the adoption of long-term incentive plans, late adopters are posited to be more likely to adopt organizational innovations symbolically than early adopters (Westphal & Zajac, 1994). A study of the integration of ethics into MBA curricula found that more highly selective organizations were less likely to act symbolically and more likely to integrate ethics into their curricula, in part due to their higher profile and concomitant public scrutiny of their actions (Evans, Treviño, & Weaver, 2006). Several studies note that power dynamics influence the likelihood of decoupling (Edelman et al., 1991; Stevens et al., 2004; Westphal & Zajac, 1994, 2001). Misaligned economic incentives and asymmetric information (Egels-Zanden, 2007) and network ties to other decouplers (Westphal & Zajac, 2001) also increase the likelihood of decoupling in organizations. In a recent study on strategic change in German firms, Fiss and Zajac (2006) explore how the use of language is used to decouple espoused and actual implementation of strategic change. Interestingly

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they find that decoupling is "not simply a binary choice but can be more nuanced and may involve multiple ways of presenting and justifying organizational actions" (Fiss & Zajac, 2006: 1187).

The factors outlined above—adopter-status, selectivity and prestige, relative power, network position, etc.—all frame decoupling as an outcome of some characteristic of the organization. However, to understand why various types of IAS are more likely to be decoupled than others we need to move beyond characteristics of the organization and look at those antecedents that cut across organizations. In order to analyze the propensity of particular types of IAS to be decoupled, we review the literature that looks for causes of decoupling in the characteristics of the organizational initiative being decoupled. This research finds that organizational initiatives with ambiguous expectations, low cost of adoption and high cost of substantive compliance, a lack of assurance structures, and weak enforcement mechanisms all predict that the initiative is likely to be adopted but not implemented (Edelman, 1992; Elbannan & McKinley, 2006;[2] Kalev, Dobbin, & Kelly, 2006; King & Lenox, 2000; Weaver, Treviño, & Cochran, 1999b; Westphal & Zajac, 1994). In this paper, we consider these characteristics in terms of IAS and argue that the clarity of the IAS, the cost of adopting the IAS, the presence of sanctioning mechanisms built into the standard, and the degree of assurance of compliance required by the standard will affect the extent to which a particular IAS will be either decoupled or integrated into the core operations of an organization.

Clarity of the Standard

Edelman's work on compliance with affirmative action law finds that "broad and ambiguous principles . . . give organizations wide latitude to construct the meaning of compliance" (Edelman, 1992: 1532) and that organizations are in fact motivated by weaknesses in the law to implement compliance structures that are "minimally disruptive to the status quo" (Edelman, 1992: 1535). Ambiguous language gives adopting organizations less structure and guidance in terms of how to implement standards (George, Chattopadhyay, Sitkin, & Barden, 2006). This leaves the standard open to interpretation by adopting organizations. Multiple interpretation possibilities combined with a lack of distinct guidance opens the door to a variety of implementation strategies. This flexibility around implementation may lead to an effective integration of the standard if the organization sees the standard as important to competitiveness or efficiency. However, when standards (especially standards for which compliance is voluntary) are being adopted for legitimacy purposes rather than to improve competitiveness or technical efficiencies, organizations are more likely to decouple formal standards from daily operations to simultaneously gain external legitimacy and protect "business as usual." When standards set forth clear, unambiguous expectations related to compliance, it limits the potential for purely symbolic adoption of the standard.

Cost of Adoption

Meyer and Rowan's original propositions (1991) argue that organizations are more likely to decouple structures in response to institutional pressure if external expec-

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tations appear to conflict with technical efficiency. In other words, organizations wishing to obtain legitimacy from their stakeholders without incurring the greater bottom-line costs of complying in a substantive way are more likely to decouple form from function, formally adopting necessary structures but avoiding actual implementation. In the case of IAS, organizations may obtain legitimacy with respect to social accountability from a wide range of IAS, such as AA1000, UNGC, ISO 14000 series or the Copenhagen Charter. Given the ability to pick and choose between legitimacy sources and their varying costs, organizations interested only in the legitimacy value of IAS are likely to symbolically adopt the standard that requires the least in terms of effort and resources while still generating a veneer of legitimacy, one "whose formal features can be decoupled at relatively low cost from actual practice" (Westphal & Zajac, 1994: 386). Thus, IAS for which the costs of symbolic adoption are relatively low are more easily decoupled and more likely to be chosen by organizations wishing to appear supportive of social accountability issues but unwilling to make significant organizational changes. Only organizations either truly committed to substantively enacting the principles embodied in a given IAS or who believe that adoption and implementation will eventually yield a competitive advantage will choose IAS that are costly to adopt and which cannot be easily decoupled from implementation, such as those requiring certification. For example, Simnett, Vanstraelen, and Chua argue that companies use external auditors or assurance of compliance because the benefits outweigh the costs: "Benefits could include increased stakeholder or user confidence in the quality of the sustainability information provided and/or increased stakeholder trust in the level of organizational commitment to sustainability agendas" (Simnett, Vanstraelen, & Chua, 2009: 939).

Presence of Sanction Mechanisms

Standard-setting institutions that rely on the good faith of firms to comply and lack any sort of sanctioning mechanism for addressing poor performance vis-á-vis the standards face increased likelihood of decoupling. Because IAS compliance is voluntary, the standards are prone to the same weaknesses as self-regulatory organizations, which also lack the power to sanction members for non-conformity. Empirical research on self-regulatory organizations (SROs) finds that when SROs do not have external actors monitoring and enforcing performance through the use of explicit, meaningful sanctions, self-regulation will fail (Grief, 1997; Scholtz, 1984) and "adverse selection" occurs whereby "firms may adopt the outward form of the standard but shirk the real effort required" to meet it (King & Lenox, 2000: 700). Standard-setting institutions face the same threat if they do not have the ability to monitor organizational performance and explicitly sanction shirkers to an extent that the sanction is not perceived as the equivalent of the proverbial "slap on the wrist."

Assurance Mechanisms

The degree to which organizations are held responsible for adherence to IAS will affect the extent to which organizations will integrate or decouple the standards from

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core business processes. If IAS require organizations to demonstrate compliance in a substantive way, by requiring accountability—in the form of evidence of compliance and regular monitoring of organizational activities—then organizations will be more likely to substantively integrate standards into their core business activities. This is similar to how regulatory stringency is likely to decrease decoupling (Boxenbaum & Jonsson, 2008: 87). Conversely, if the standards do not create assurance mechanisms (specifically processes for monitoring compliance and reporting findings), organizations are likely to implement the standard in the most expedient, least costly, and least disruptive way.

Research on formal ethics initiatives demonstrates that those programs that lack assurance mechanisms, such as those implemented primarily through information dissemination—through the use of documents, emails and other written reminders—are easily decoupled from actual organizational practice (Weaver, Treviño, & Cochran, 1999b). Similar results are likely when IAS rely primarily on communication mechanisms to ensure compliance. Because employees are often deluged with written information about their organization's priorities, policy communications on IAS are unlikely to stand out as relevant, particularly if the communication is "presented without any indication that the message is relevant to the responsibilities and goals of individual employees" (Weaver, Treviño, & Cochran, 1999b: 541). To minimize the potential of decoupling, IAS need to go beyond requiring information dissemination and call for other mechanisms that establish assurance of compliance with the mission and goals of the standards being communicated.

Assurance may also be established if the IAS requires conformity to a set of outcomes rather than to a set of processes. Legal studies support this notion, suggesting that laws that "constrain procedure more than substance . . . enhance the potential for organizations to develop forms of compliance that appear to comply with the law but have little substantive effect" (Edelman, 1992: 1538). Likewise, standards that emphasize the process by which organizations should comply but do not hold the organization accountable for measurable, substantive outcomes create an opportunity to implement processes that meet the letter of the standard and thus signal compliance, but avoid its intent because the outcomes of such processes are not measured.

Additionally, research also suggests that assurance of compliance can be strengthened by requiring organizations adopting the IAS to establish a manager or group whose sole responsibility is implementation of the IAS. Such "responsibility structures" (Kalev, Dobbin, & Kelly, 2006: 590) were found to be key to effective affirmative action and managing diversity initiatives.

TYPES OF INTERNATIONAL ACCOUNTABILITY STANDARDS

Gilbert and Rasche (2007, 2008) argue that despite the diversity regarding the norm content and processes of existing IAS, they share the common goal of addressing corporate activities around social, environmental, and economic issues and also share a common ground which can be traced back to the contractualist idea of distinguishing between a macro- and micro-level contract. While the macro-level contracts

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provide a catalog of predefined norms regarding social, environmental, and economic topics, the micro-level contracts offer procedures to reflect on macro-level norms and apply them in a local content. Thus, the macro-level contracts limit the actions on the micro-level and the reflective experience on the micro-level offers feedback for the development of macro-level contracts (Gilbert & Behnam, forthcoming). All international accountability standards deal “with the measurement, assessment and communication of social and ethical performance” (Rasche & Esser, 2006: 251). Categorizing the different types of accountability standards remains a difficult task for a number of reasons: some standards directly “compete” with each other while others overlap and again others complement each other. Rasche (2009) recently introduced a rough taxonomy which addresses this problem and suggests categorizing the different standards according to their mechanism (policy, accounting, auditing, and reporting) and their focus (social, environmental, or economic issues).

We categorize three types of standards: principle-based standards (PS), certification-based standards (CS) and reporting-based standards (RS). Principle-based standards (PS) assess organizations’ activities in and commitment to social and environmental topics. They typically apply fundamental ethical norms to decision-making in businesses and derive broadly defined principles. Prominent examples of such PS are the UN Global Compact, the Caux Round Table Principles or the Global Sullivan Principles. CS measure firms’ social and environmental performance by defining certain requirements or minimum standards which then are certified by independent external auditors. Some CS are more geared towards specific industries (e.g., WRAP: Worldwide Responsible Apparel Production) or specific issues like labor (e.g., Fair Labor Association’s Code of Conduct) or the environment (e.g., ISO 14001). Over the last decade CS which broadly define measurable standards across the whole spectrum of social, environmental, and economic issues (e.g., SA8000, AA1000) have gained momentum. RS deliver a framework for disclosure on corporate activities and to provide transparent exchange of sustainability information in the areas of social, environmental and economic reporting. So far, the most developed reporting framework is the Global Reporting Initiative’s G3 Guidelines. This differentiation of types of IAS helps to deal with organizational accountability in practical terms since it addresses the three essential processes in social accountability: accounting, auditing, and reporting (ISEA, 1999). PS account critical issues and their indicators, CS verify the information through certification and RS communicate this information (Owen & Swift, 2001; Rasche & Esser, 2006).

In the following section, we briefly introduce the characteristics of three exemplary initiatives of each type of IAS: the UN Global Compact as an example of a PS, SA8000 as an example of a CS, and the Global Reporting Initiative as an example of an RS. These standards are chosen because they are the most widely used within each of the above categories (Gilbert & Rasche, 2008; ISEA, 2004; Leipziger, 2003, McIntosh, Thomas, Leipziger, & Coleman, 2003; Rasche, 2009) and help to sharpen our argumentation as well as linking the theoretical discussion of decoupling to IAS to offer advice to practice. Following this brief overview of these standards, we analyze the likelihood of symbolic versus substantive implemen-

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tation of types of standards by examining each of the exemplar standards through a decoupling lens.

Principle-Based Standard: UN Global Compact

The UN Global Compact was launched on July 26, 2000, and today is the world's largest voluntary corporate citizenship and sustainability initiative, with over 6700 participants, from relevant social actors such as businesses (over 5200 firms from more than 130 countries participate), governments, labor, and civil society organizations. It initially consisted of nine principles in the areas of human rights, labor, and environment, and was subsequently expanded to include a tenth principle on anti-corruption. The GC's main two objectives are to mainstream the activities of businesses around the world and catalyze actions in support of broader UN goals (UNGC, 2008a). The GC explicitly points out that it "is not a regulatory instrument, but rather a voluntary initiative that relies on public accountability, transparency and disclosure to complement [already existing] regulation" (UNGC, 2008b: 2). Rather than being a legally binding framework with specific performance criteria and independent monitoring and enforcement of compliance, the GC attempts to be a learning network where best practices are shared (Rasche, 2009; Ruggie, 2001). The GC thus marks a major shift in thinking, demonstrating more inclusive forms of global governance instead of the previously predominantly hostile relations between the UN and the international business world (Arevalo & Fallon, 2008; Thérien & Pouliot, 2006). To participate in the GC, the CEO and, where applicable, the highest-level governance body of the organization must send a letter to the UN Secretary-General and express support for the GC and its principles (UNGC, 2008b). Participating organizations are expected to initiate changes in their business operations, publicly advocate the GC and its principles and publish an annual sustainability report reflecting the steps taken (Deva, 2006). The GC asks companies to embrace, support and enact, within their sphere of influence, the ten principles of the Compact. To achieve this, four engagement mechanisms are employed: 1) leadership by promoting initiatives which support the GC, 2) engagement in policy dialogues with all concerned stakeholders, 3) learning forums to disseminate best practices and 4) outreach and network building by providing actions platforms and in general promote public-private partnerships (Kell, 2005; Kell & Levin, 2003). In a recent study of GC participants, Centindamar and Husoy (2007) show that "being part of sustainable development efforts" and "gaining access to the UN's CSR expertise" were among the most important reasons for joining the GC, thus reconfirming the network idea of the GC.

Certification-Based Standard: SA8000

SA8000 was developed by an international multi-stakeholder advisory board formed by the NGO "Social Accountability International" (SAI). Representatives from NGOs, trade unions and the corporate world formed the advisory board to discuss the requirements of such a standard of certification (Gilbert & Rasche, 2008). SA8000—initially published in 1997 and revised in 2001—defines minimum requirements

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for workplace conditions that participating corporations and their suppliers have to comply with and claims to be applicable to a wide range of industry sectors and to any size of organization (Gilbert & Rasche, 2007; Göbbels & Jonker, 2003).

The standard is an auditable certification based on international workplace norms of International Labour Organisation (ILO) conventions, the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child. It defines nine standard elements regarding child and forced labor, health and safety, freedom of association and right to collective bargaining, non-discrimination, workplace discipline, working hours, compensation and management systems (SAI, 2008a).

Corporations have two options to implement SA8000: 1) certification to SA8000 and 2) the SA8000 corporate programs (CP).

Ad 1) "corporations operating their own production facilities can aim to have individual facilities certified in compliance with SA8000 through audits conducted by SAI accredited certification bodies" (Gilbert & Rasche, 2007: 197).

Ad 2): The CP helps companies, particularly retailers, brand companies, wholesalers, and sourcing agents ensure that goods are made under decent working conditions by seeking SA8000 certification of their suppliers. The CP is a three-level approach that assists corporations in implementing the standard and to report on implementation progress. CP level one is called "Supporting" where companies can evaluate SA8000 as an ethical sourcing tool via pilot audits. CP level two is entitled "Explorer" where companies implement SA8000 in a step-wise approach in parts or all of their supply chain and get certified and subsequently report their implementation progress to relevant stakeholders via verified public reporting. CP level three is called "Signatory" and mandates the certification of the complete supply chain as well as verified public reporting on the implementation to stakeholders (SAI, 2008a).

The crucial difference between SA8000 and other standards is that external auditors or "certification bodies" monitor and verify the successful implementation of SA8000. There are currently 1779 facilities certified in sixty-seven countries covering 933,272 employees (SAAS, 2008b).

Reporting-Based Standard: Global Reporting Initiative

The Global Reporting Initiative (GRI) was initiated by the Coalition for Environmentally Responsible Economies (CERES) in partnership with the UN Environment Programme. It is a broad based initiative which helps corporations to develop and promote sustainability reporting guidelines in a systematic way and which intends to be globally applicable. "The Global Reporting Initiative Sustainability Reporting Guidelines, published in June 2000, are designed to be a long-term, multi-stakeholder international undertaking that provide organizations with a framework for voluntarily reporting on the economic, environmental, and social dimensions of their activities, products, and services" (Hussey, Kirsop, & Meissen, 2001:15). The core guidelines are currently in their third generation ("G3") and were released in October 2006 following a three year development period (GRI, 2008a).

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The G3 guidelines are the cornerstone of the GRI Framework and are recommended to be used as the basis for all annual reporting of an organization. They outline the core content for reporting and claim to be "relevant to all organizations regardless of size, sector, or location" (GRI, 2008a). The guidelines are designed as a disclosure framework that organizations can adopt voluntarily and apply them in a flexible and incremental manner. The flexibility of the format is supposed to allow organizations "to plot a path for continual improvement of their sustainability reporting practices" (GRI, 2008a). There are three application levels to accommodate the different needs of companies: C is for beginners, A for advanced reporters and B for companies in between. The reporting criteria at each level reflect the extent of application and coverage of the GRI guidelines (GRI, 2008b). The guidelines consist of two parts: 1) Reporting Principles and Guidance and 2) Standard Disclosures. The reporting principles define the report content with regard to materiality, stakeholder inclusiveness, sustainability context, and completeness as well as the report quality in terms of balance, comparability, accuracy, timeliness, reliability and clarity. Additionally, there is guidance on how to set the boundaries of the report. The standard disclosures encompass the organization's strategy and profile, management approach and performance indicators.

Currently, 556 companies are listed as reporting organizations, many of them listed multiple times including their overseas subsidiaries. 236 reports were checked by GRI, 139 reports were self-declared, and seventy-nine reports were third-party checked (with the remainder being undeclared).

DECOUPLING AND TYPES OF INTERNATIONAL ACCOUNTABILITY STANDARDS

Given the relevance of decoupling for understanding how IAS may be implemented by organizations, next we evaluate the exemplars of principle-based, certification-based, and reporting-based IAS with respect to the likelihood of these types of IAS being decoupled from organizations' core business processes. We will do so by analyzing the extent to which the three types of IAS we identified earlier embody the antecedents of decoupling: clarity of standard, cost of adoption, and the presence/absence of sanctioning and assurance mechanisms.

Clarity of Standard

The UN Global Compact does not embody sharp clarity in terms of expectations from its members. Participants in the UNGC agree to uphold a set of ten principles organized around human rights, labor, and environmental practices. The principles themselves are aspirational versus directive (e.g., "businesses should work against corruption in all its forms; businesses should encourage the development and diffusion of environmentally friendly technologies") without providing more concrete and specific definitions of key terms, such as "environmentally friendly technologies" or even "corruption." The UNGC thus leaves open a wide range of interpretation possibilities to the adopting organization and how the principle is to be understood. Especially in an international context the definition variance of, e.g., child labor or

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corruption practices becomes problematic and cannot be fully left to discourses on a local level (Gilbert & Behnam, forthcoming). Further, the expectations outlined by the UNGC with respect to required actions on the part of the organization are also non-specific, with "set in motion changes to business operations" being the most specific requirement for changes in the way participating organizations operate. Deva criticizes the UNGC's lack of specificity, noting that "the language of these principles is so general that insincere corporations can easily circumvent or comply with them without doing anything" (Deva 2006: 129). Finally, the UNGC does not provide distinct implementation guidance for adopting organizations which could mitigate the problem of unclear expectations and multiple interpretation possibilities.

On the other hand, certification by SA8000 is spelled out quite specifically in their nine Social Accountability Requirements (SAI, 2008b). Rather than aspirational or inspirational principles, these are material norms which spell out concrete requirements for acquiring SA8000 certification from external auditors. Thus, the principles provide direct, rather unambiguous direction with few interpretation possibilities (Beschorner & Müller, 2007), such as "All overtime work shall be voluntary, . . . shall not exceed 12 hours per week, nor be requested on a regular basis" and "The company shall not engage in or support the use of forced or compulsory labour as defined in ILO Convention 29, nor shall personnel be required to pay 'deposits' or lodge identification papers with the company upon commencing employment" and "Personnel shall have the right to leave the workplace premises after completing the standard workday, and be free to terminate their employment provided that they give reasonable notice to their employer" (SAI, 2008b: 6,7). The language used in the standard indicates clarity of expectation: each standard begins with the statement "The company shall," indicating clearly that the following description is not a mere guideline or a suggestion, but a rather unambiguous requirement. This is an interesting counterpoint to the UNGC, which begins each of their 4 categories of principles with the statement "Businesses should," making the standard's expectation more vague. SA8000 also provides a "Guidance Document" which explains in detail the principles of the standard as well as interprets them according to the original intent of the multi-stakeholder advisory board which drafted them. Additionally, SA8000 offers implementation guidance through its detailed and industry-specific training programs to help the adopting organization understand the requirements of accreditation and certification (Göbbels & Jonker, 2003; SAI, 2008a).

The GRI guidelines for report preparation are detailed and unambiguous, providing substantive and specific terms of form and content for reporting (Logsdon & Lewellyn, 2000). The principles outline a reporting format that includes addressing management approaches and recommended performance indicators for a wide variety of social, environmental, and economic issues. For a reporting organization to claim that their report is in accordance with GRI, it needs to satisfy several conditions (Adams & Evans, 2004: 100):

- Consistency with the GRI reporting principles;
- Disclosure of specified information on vision and strategy, organizational profile, scope of the report as well as governance and management systems;

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- Report on each specified core indicator or provide an explanation for its omission.

While this is the formal requirement of the standard, the GRI acknowledges that a reporting organization will achieve full-scope reporting only incrementally over a longer time period (GRI, 2008b). This open-ended, non-specific time-frame for compliance opens the door for decoupling the GRI from actual work practices since an organization can procrastinate the full implementation of accordance to the standard almost indefinitely while still being listed as a participant on the GRI website. Additionally, this calls into question the usefulness of such reporting: accounting theory holds that "for reports to be useful to users . . . , they must have qualities of comparability and consistency" (Reynolds & Yuthas, 2008: 50). As empirical studies of companies reporting according to GRI guidelines show, comparability is hardly achieved since the reports continue to omit information on many topics of the guidelines (Hussey et al., 2001; Morhardt, Baird, & Freeman, 2002) and fewer than one percent of all MNCs use the GRI framework in some manner (MacLean & Rebernak, 2007).

Furthermore, the GRI provides guidance as to the content of each of the reporting principles but offers little or no guidance on how to implement those reporting standards. While the GRI, for example, calls for reporting on how major stakeholders are selected and which approaches for stakeholder consultation are used, it provides no guidance on how this actually might be done (Adams, 2004).

Cost of Adoption

Organizations that undertake participation in the UNGC with a sincere effort to comply with the ten principles would find that it would require considerable effort and cost in terms of evaluating all business processes and bringing them into compliance with the standards. However, this IAS allows for organizations to become participating members (and utilize the UNGC logo and attend their events) without expending significant effort or resources. Substantive changes in work processes and external monitoring of activities are not required to be a participant, nor are there other specific operational changes required. The most onerous requirement is producing a report (the "Communication on Progress" report or "COP"), due within one year of joining (if the organization joined before July 1, 2009, it has two years to produce the initial report), and annually thereafter. Thus, the cost of adoption is rather low in terms of internal supervision as well as external monitoring in the case of the UNGC. An organization can formally adopt and implement the standard without needing to bear any major costs. This low cost of formal adoption of the UNGC principles and concomitant legitimacy with respect to social accountability make decoupling easy and appealing to those organizations wishing to comply only symbolically with some set of IAS. Only serious implementation of the UNGC principles would lead to high cost; it remains unclear whether such substantive implementation generates more legitimacy than simply subscribing formally to the standard but actually decoupling it from day-to-day practices.

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A company cannot obtain SA8000 certification even for a short time without first bringing their facility into compliance with the standard and then passing an external audit. Even without contemplating the costs associated with bringing the facility into compliance, the cost of the audit itself can be significant, dependent upon the size, scope, and location of the organization as well as the number of certified facilities and number of auditors required. The cost of the audit varies according to company size: a firm with more than 250 employees can expect the cost of one audit to be around USD 55,000 (SAAS, 2008a). The time lag between applying for certification and receiving it can run between several months and several years, and other costs associated with acquiring SA8000 include (SAAS, 2008a):

- The cost associated with taking corrective and preventive action in order to qualify for compliance. After this, an organization would seek verification of its compliance.
- The cost of preparing for the audit.
- The cost associated with taking corrective actions to resolve problems (if nonconformances have been identified). (SAAS, 2008a)

Given the above, there are real and significant costs to acquiring certification through SA8000. Formal adoption essentially requires substantive implementation, thus making decoupling extremely difficult—and unlikely, given the existence of other less costly sources of legitimacy. These real costs will dissuade organizations from acquiring SA8000 for legitimacy purposes only. Given the required outlay of time and resources involved to acquire SA8000 certification, organizations pursuing compliance with this standard are more likely to be doing so because they see important competitive value or moral imperative in the certification, versus pursuing it for prestige and reputation or for credibility only. Hence the high cost of adoption is likely to discourage decouplers.

Because the GRI is simply a reporting framework and does not require organizational changes or even assess performance with respect to how organizations are dealing with social, economic, and environmental issues, the cost of adoption is relatively low. While implementing the GRI in a substantive fashion, such as including voluntary external assurance, could yield serious cost (e.g., to install reporting systems to measure CO_2 emissions, a core GRI indicator, or the fees for an external auditor) the scope of the report as well as of an audit by an external party is ultimately left to the company's discretion. In other words: the company can easily claim to be reporting according to GRI guidelines without covering all parts of the required content and can even have that audited by an external party without getting sanctioned for a lack of completeness (Adams, 2004). This low cost of adoption increases the likelihood of decoupling of this type of IAS.

Presence of Sanction Mechanisms

Considering the ambiguity of the standard as well as the relatively low cost of adoption, the lack of significant sanction mechanisms of the UNGC becomes even more problematic. In evaluating the challenge and promise of the GC and specifically the lack of sanction mechanisms, Williams states: "The intention is that, through lead-

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ing by the power of good example, member companies will set a high moral tone operating throughout the world" (Williams 2004: 756). The only sanction that the UNGC has at its disposal to encourage compliance with its principles is to withdraw recognition of non-compliant organizations by removing them from its roster, and not allowing these organizations to use the UNGC logo or attend UNGC events. These sanctions might be effective if they were linked to organizational behavior representative of the standard itself, but instead they are linked to the generation of the COP. As mentioned above, organizations that join the UNGC are required to produce a COP within one year of joining (if joined before July 1, 2009, they have two years to produce their first COP), and then to update that COP annually. Organizations can lose their membership only if they do not turn in their initial report within one (two) year. Until 2009, if an organization did not report within the deadlines, they did not lose membership entirely; instead they were listed as "non-communicating" participants on the UNGC website. After missing two consecutive deadlines, their status was changed to "inactive" but they still remained listed on the UNGC website. Only after remaining on the inactive list for a year was an organization de-listed and removed completely from the UNGC website. As of July 1, 2009, the UNGC instituted new rules that after one year of "non-communicating" an organization is immediately delisted. While this represents a tightening of sanction mechanisms, it remains to be seen whether it produces the desired result since re-joining simply requires sending a letter to the UNGC reaffirming the organization's commitment and submitting a COP. Nevertheless, this "policy shift" signifies that while the UNGC mandate remains to be a non-regulatory instrument, first steps have been taken to enforce the (limited) sanction mechanisms more swiftly than in the past.

In contrast, SA8000 incorporates significant and clear-cut sanction mechanisms. If the examination by an external third-party auditor leads to a positive result the facility will receive an initial SA8000 certificate which has a three-year expiration period (Beschorner & Müller, 2007). Companies are required to have on-site, ongoing surveillance by external auditors accredited to audit SA8000 which also satisfies the criterion that the auditing "has to be conducted by appropriately qualified people who both understand the audit process and accept the ethical, social and environmental responsibilities of companies" (Adams, 2004: 751). These audits occur every six months after obtaining certification. If during an audit the company is found to be in non-conformance with some aspect of SA8000, sanctions can range from immediate suspension of certification (for major failures to comply) to corrective action requests ("CAR") (SAAS, 2008c). Companies are not allowed to carry certification without resolving even minor non-conformities within six months. After the initial three years, the facility will have to apply again for re-certification and go through the same process.

The presence of such sanction mechanisms strongly decreases not only the likelihood but actually the potential of decoupling SA8000 from day-to-day practices of the organization. If the pre-dominant goal of the organization is to achieve a higher societal credibility through obtaining the SA8000 certification, it will have to go through the whole process of initial auditing, compliance and ongoing surveillance in order to be certified. This lessens the probability that the standard is adopted to

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merely meet economical and political ends (Beschorner & Müller, 2007). It also addresses another typical problem of IAS which is the lack of completeness of reporting (Adams, 2004). Since a certification is not awarded unless the facility *fully* complies with *all* requirements of SA8000 and could lose the awarded certification in case of a violation of even one requirement, the facility is self-interested in a *complete* report.

One of the benefits for organizations adopting the GRI reporting framework is that the company can have its report posted to the GRI website. The only sanction through GRI is to be barred from being listed on the GRI website. This would occur if there were significant, unexplained omissions in an organization's GRI report—meaning that the framework was not followed. GRI does not monitor or sanction on the basis of an organization's social, economic, and environmental performance, only on the extent to which it adheres to the reporting framework. A reporting company can choose the application level of its reporting (C, B, A, with a "plus" marker for cases where external assurance was utilized for the report) and whether it wants it to be posted as a self-declared, third-party checked or GRI checked report. There are different logos that go along with the three levels and in the case of self-declared or third-party checked reports, the reporting organization can download these logos freely from the GRI website. Reporting companies need to interact with the GRI only when they wish to obtain a logo for "GRI checked reports." In other words: the sanctions of not fully complying with the reporting framework—whether not fully reporting in the case of a C level report or in terms of external assurance—are minimal. These minimal sanctions increase the likelihood of symbolic adoption of the GRI.

Presence of Assurance Mechanisms

With regard to accountability standards, Rasche defines accountability as being "subject to governance structures that can examine performance against predefined standards of behavior and eventually discipline the organization if it fails to meet expectations" (Rasche 2009: 193). For membership purposes, the UNGC requires organizations turn in their COP on a regular basis. While the report requires a statement of commitment to the UNGC principles, a description of practical actions being taken by the organization with respect to the principles, and a reporting of outcomes, organizations are not held accountable to any particular results in the latter two categories. The UNGC does not require evidence of any level of change, progress, or compliance with the principles themselves to remain a participating member. To discourage decoupling, IAS must go beyond communicating aspirational principles and asking organizations to make statements of commitment. Other supporting and reinforcing mechanisms must exist side by side with the communication of the principles, such as training processes, performance evaluation processes, and incentive systems that are designed to encourage and support standards' compliance. In order to increase assurance of compliance, the UNGC uses "social vetting" mechanisms where interested parties such as NGOs are encouraged to file complaints based on uncovered inconsistencies between COPs and firms'

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actual behavior. Similarly, Arevalo and Fallon suggest that UNGC participants from similar industries could be subject to peer accountability and claim that "naming and shaming is important in the context of public reputational accountability" (Arevalo & Fallon, 2008: 465).

Also problematic is that the guidance offered by the UNGC is primarily aimed at changing processes versus measuring outcomes. For instance, the Global Compact Performance model outlines important processes to be addressed (e.g., leadership, vision, empowerment, policies and strategies), and then states that "put simply, implementation of the Global Compact principles means making a commitment, developing policies and strategies, taking action and finally reporting on progress" (UNGC, 2010). Some scholars of the GC (e.g., Sethi, 2003; Williams, 2004) argue that an independent group of auditors who monitor quantifiable and objective measures translated from the general principles into operating standards is the best way to ensure that participants are truly held accountable. But the UNGC describes calls for reporting progress in terms of process rather than having any measurement-based anchors, targets, or even suggestions.

This phenomenon of symbolic adoption without substantive change has been empirically demonstrated with respect to the UNGC. For instance, a study initiated by the UNGC shows that only 14 percent of its own members participate in activities recommended by the GC such as posting best practice examples, company-specific case studies or descriptions of projects that incorporate the GC principles in their daily operations. Even more startling is the same low number for participants who have actually taken part in the GC's international meetings (Blair, Bugg-Levine, & Rippin, 2004). Moreover, the participants' geographic distribution doesn't reflect corporate reality in terms of distribution of businesses globally and therefore might lead to credibility concerns. For example, by November 2008 about 6200 participants had signed up, including over 4700 businesses in 120 countries, but only 192 of the companies were based in the United States (UNGC, 2010). The GC study concludes that many executives see the appeal of the GC less in any tangible benefits of membership but rather in its association with then Secretary General Kofi Annan and from the "belief that agreeing to its principles signals a serious commitment to social responsibility" (Blair et al., 2004: 22). Generally, the lack of assurance mechanisms associated with the UNGC greatly increases the probability of it being symbolically adopted without concomitant substantive changes in business operations.

In contrast, there is significant assurance associated with certification by SA8000. Assurance is driven by certification and ongoing review by external auditors trained and accredited in SA8000 review.[3] For SA8000 certifications, accredited external auditors call for evidence of compliance to a detailed set of requirements in order to certify the facility in question. Certification lasts for three years, and then companies must go through a re-certification process. In between certification years, ongoing surveillance occurs every six months to ensure continuous conformity and improvement. Companies are held accountable for complying with the SA8000 standards by this regimented, scheduled system of external monitoring and timely resolution of non-conformities. Even though SA8000 provides a number of procedural based measures such as "The company shall appoint a senior management representative

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responsible for the health and safety of all personnel, and accountable for the implementation of the Health and Safety elements of this standard" (SAI, 2008b: 5), the standard focuses much more on outcome based measures. These measures address every topic of the standard from remuneration, like "The company shall ensure that wages paid for a standard working week shall always meet at least legal or industry minimum standards and shall be sufficient to meet basic needs of personnel and to provide some discretionary income" (SAI, 2008b: 6), to issues of health and safety where, e.g., it is mandatory to provide clean bathrooms and access to potable water for all employees.

The self-declared focus of SA8000 to "demonstrate to interested parties that policies, procedures and practices are in conformity with the requirements of this standard" (SAI, 2008b) are supported by not just developing and maintaining norms, policies and procedures but to actually *enforce* them. This is reflected in the clarity of the standard and its assurance mechanisms as well as the sanction mechanisms that are strictly enforced. All this leads to a lower likelihood of SA8000 being decoupled from an adopting organization's core business practices.

The GRI requires little assurance that the report actually meets the GRI principles. Adams and Evans (2004) state that there is a lack of completeness and credibility which leads to a lack of accountability of GRI. Completeness here is concerned with the scope of the report in terms of the extent to which the company's operations are covered and the extent to which significant impacts are actually reported. Credibility addresses the question of internal assurance as well as external assurance by a third-party auditor. GRI demands that all reporters must self-assess and declare an application level, which is "the level to which they have applied the GRI reporting framework" (GRI, 2008b). Organizations can (but are not required) to have a third-party render an opinion on the extent to which the report meets the GRI framework, or ask GRI to check their self-declared application level. However, external auditing of the company's report is crucial for obtaining accountability. Adams and Evans state that "the external assurance process is of fundamental importance to the credibility of reports" (Adams & Evans, 2004: 98). In a recent study, Simnett et al. (2009) found that in a sample of 2113 companies which produced a sustainability report, 655 companies (31 percent) were externally audited and of these 275 (42 percent) were audited by members of the auditing profession. Their analysis also shows a strong link between companies with a high need to enhance their credibility and the decision to have their reports externally assured. Based on a case study in the chemical industry, Adams (2004: 751) argues that "simply telling companies what they should report on is insufficient to ensure accountability." She further calls for the same degree of scrutiny for GRI as for financial reporting practices in order to increase its accountability by improving the completeness of the report and thereby reducing the expectations gap: "Room for doubt as to whether reporting reflected performance on the scale highlighted here would not be tolerated in financial reporting" (Adams, 2004: 752). Along the same lines, Blagescu and Lloyd (2006) argue that the idea of accountability is strongly linked to the transparency of the organization's activities. In one of the few empirical studies on the application of GRI, Morhardt, Baird and Freeman (2002) found that the economic and social

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topics that make up over 40 percent of the GRI guidelines were only minimally addressed in all of the companies' sustainability reports. "There is a tremendous gap between what large companies think is appropriate to report and what is hoped for by the Global Reporting Initiative" (Morhardt, Baird, & Freeman, 2002: 225). While the major objective of social reporting is to build trust between partners through accountability, this lack of a clearly defined assurance process undermines exactly this goal. If a statement by even an external auditor only provides assurance that the disclosed information is correct—but does not audit the completeness or scope of the report—it ultimately "fails stakeholders and therefore fails to meet the standard of accountability" (Adams & Evans, 2004: 105). Following Kalev, Dobbin, and Kelly (2006) we can see how the requirement of having a manager take sole responsibility for the implementation of GRI principles in the organization would increase the likelihood of full reporting.

While we can still see shortcomings of the GRI guidelines that potentially encourage companies to decouple the standard, we can also observe that over the past decade the reports have become more transparent and "as leading reporters move the bar ever higher, and as more players enter the field, the pressure to report—and to report more fully—will only grow" (MacLean & Rebernak 2007: 2).

Summarizing, we can conclude that a principle-based standard like the UNGC has the characteristics of an easily decoupled IAS, meaning that the characteristics of the UN Global Compact facilitate the ease with which it can be formally adopted and simultaneously not implemented by organizations, thus giving organizations a veneer of legitimacy with respect to social responsibility without requiring any substantive organizational change. A certification-based IAS like SA8000 does not lend itself to organizations' formally adopting it in name only and then ignoring it in practice. Specificity in the standard, the cost of implementation, sanctions associated with non-conformance, and the required assurances all lead to the likelihood that organizations that adopt SA8000 will do so in a substantive rather than symbolic fashion. Reporting based standards like the GRI provide organizations with a framework for reporting sustainability-related activities. The principles involved in this IAS revolve around proper report preparation, both in terms of how to define the scope of the report as well as the types of activities to report on (Richards & Dickson, 2007). This standard differs from the previous two as it is more focused on a stringent and consistent way of reporting on an organization's social, environmental and economic activities rather than on certain principles or content. This also leads to a more mixed assessment of the standard in terms of its likelihood to be decoupled from actual work practices. While some companies take an active approach to fully reporting according to GRI guidelines, the majority of companies take a more reactive, defensive approach and initiates reporting only in order to avoid being perceived as lagging behind their industry peers (MacLean & Rebernak, 2007).

Table 1 summarizes our findings of the likelihood of the three different IAS being decoupled from the organization's day-to-day practices.

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Table 1: Application of Decoupling Characteristics to International Accountability Standards

	International Accountability Standards		
	Principle-based standard	**Certification-based standard**	**Reporting-based standard**
Characteristics of Decoupling	**UN Global Compact** Ten principles on human rights, labor, environment, and anti-corruption (6700 participants)	**SA8000** Eight guidelines on workplace conditions (1779 certified facilities)	**Global Reporting Initiative** Indicators of reporting in six central categories (about 500 reporters)
Clarity of the standard • Distinct implementation guidance • Few interpretation possibilities • Clear expectations	NO	YES	YES
High Cost of Adoption • Requires substantive changes in work processes • External monitoring/ internal supervision cost	NO	YES	NO
Presence of sanction mechanisms • Significant consequences when failing to comply	NO	YES	NO
Assurance of compliance • Requires evidence of compliance • Emphasizes outcome over procedural based measures	NO	YES	NO

CONCLUSION

This paper discussed three categories of International Accountability Standards and examined one exemplar for each category in more detail. By using a neo-institutional lens we were able to show which type of standards is typically more likely to be decoupled from an organization's day-to-day core business practices. Our analysis suggests that when IAS are clearly defined, have a high cost of adoption, require evidence of compliance and also levy significant sanctions for non-compliance, they are likely to be more fully integrated into the day-to-day operations of the company than those with ambiguous expectations, low cost of adoption, and that lack sanctions and assurance mechanisms. This is the case for certification-based initiatives like SA8000 more so than for principle-based standards like the UNGC, which tend to lend themselves more easily to decoupling. For reporting-based standards, the picture is less clear. As in the case of GRI, they provide rather unambiguous and detailed reporting standards, but no sanction mechanisms for non-compliance. The potential omission of reporting categories leads to a lack of comparability of the reports and thus results in a lack of accountability. Further, reporting-based standards

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like the GRI measure only compliance with reporting standards versus measuring actual socially responsible behaviors.

In order to reduce the likelihood of decoupling, our analysis suggests that first, the standard needs to be clearly defined in terms of expectations, provide stringent and few interpretation possibilities and distinct implementation guidance. The lack of specificity of the principles or norms in a standard leaves the adopting organization with vague and largely aspirational norms that apply to almost every organization. While meaningful local modifications might occasionally make sense, a high "specificity of rules fosters third-party standard verification" (Rasche, 2009: 197). Tulder and Kolk (2001) claim that this still remains the exception when comparing most IAS. Second, substantive changes in work processes and requirements for internal supervision as well as external monitoring of the organizations will increase adoption costs, thus reducing the likelihood that companies will attempt to decouple the standard from their operations. "Verification by independent third parties of the information published in social responsibility reports is also needed to avoid criticism that the reports are public relations schemes without substance" (Commission of the European Communities, 2001: 18). Third, standards that are purely voluntary and not binding and which have no sanction mechanisms are more likely to be decoupled because, fourth, it leads to a significant gap between signing up for the standard and adhering to it (Adams, 2004; Clapp, 2005). Since not all standards demand assurance of compliance with their underlying norm catalog (Gilbert & Rasche, 2008), this leads to a lack of accountability. Williams (2004: 762) claims that the "great majority of scholars and activists . . . who have studied codes of conduct argue for accountability structures primarily to engender trust in an increasingly skeptical public." In an exhaustive study on how the implementation of the Sullivan Principles in South Africa holds important lessons for international accountability standards, Sethi and Williams (2000: 187) claim that an "independent oversight monitoring function is an absolute necessity." So, for principle-based and reporting-based standards, there is a need to clarify the standard with unambiguous language, require substantive changes as part of formal adoption, and to increase supervision—preferably by external, accredited auditors. Our analysis also argues the need for significant consequences or sanction mechanisms for non-compliance. Accountability will only be achieved when IAS require evidence of conformity to the standard and when the standards emphasize substantive outcomes over process-based changes.

Of course, some organizations face external pressures and yet do not decouple and choose to fully implement a set of IAS. Research on formal ethics programs argues that integration of these programs into the core activities of the organization is more likely when top leadership demonstrates commitment to such endeavors (Weaver, Treviño, & Cochran, 1999a, 1999b) or when top management believes that the ethics code "creates an internal ethical culture and promotes a positive external image for their firms" (Stevens et al., 2004). Similarly, when organizations perceive IAS as either a strategic/competitive advantage or a moral imperative they will be more likely to integrate IAS practices into their operations versus decoupling it from day-to-day practices.

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A limitation of our analysis—the focus on just one exemplar for each category—calls for further research investigating more examples in each of the three categories. Additionally, one could explore the extent to which the three different categories of IAS are intertwined: who is a member of UNGC, is certified by SA8000 and reports all this according to GRI as well as how fully they implement all measures. Another limitation is the fact that the unit of analysis for the three types of standards can be different: while the UNGC and the GRI call for an evaluation of the organization as a whole, the certification by SA8000 is for a single production facility. Only companies who wish to obtain the "signatory" SA8000 certification must have their entire supply chain audited and certified.

An interesting extension of our analysis would be an empirical study exploring which types of IAS are more likely to be decoupled. Future research could also extend both insights into the effectiveness of IAS and decoupling by exploring which of the four factors affecting decoupling—clarity of standards, cost of adoption, presence of sanctions, and assurance mechanisms—appear to have the greatest influence on the decoupling/integration of IAS, and if the four factors interact in systematic ways. For instance, while we have described each of the four factors separately, it is possible that when IAS are clear and unambiguous, and are supported by assurance and sanctioning mechanisms, these three factors together increase the cost of IAS adoption, thus reducing the ease with which those particular types of standards can be decoupled by more tightly coupling adoption and implementation.

NOTES

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1. Authors are listed in alphabetical order; both contributed equally to this paper.
2. While Elbannan and McKinley do not make an argument predicting decoupling, they do note that costs associated with FASB standards (in the form of information-processing demands on managers) can result in managerial resistance to implementing standards, which we believe could manifest itself in the form of decoupling.
3. It should be noted here that this training and accreditation of the auditors is crucial to the success of SA8000. O'Rourke (2000) accompanied PWC auditors who were hired by a university consortium to monitor the factories which produce their logo-garments. He found that the auditors overlooked violations of local labor laws and corporate codes of conduct. While his study did not monitor an SA8000 certification, it nevertheless points to the need of trained and accredited external auditors.

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