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William J. Ritchie George Young Ali M. Shahzad Robert W. Kolodinsky Steven A. Melnyk

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William J. Ritchie
Department of Management, College of Business, James Madison University, Harrisonburg, Virginia, USA
George Young
School of Business, Liberty University, Lynchburg, Virginia, USA
Ali M. Shahzad and Robert W. Kolodinsky
Department of Management, College of Business, James Madison University, Harrisonburg, Virginia, USA, and
Steven A. Melnyk
Department of Marketing and Supply Chain Management, Eli Broad College of Business, Michigan State University, East Lansing, Michigan, USA

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Abstract

Purpose – The purpose of this paper is to explore product adoption beliefs and actions of a large retail food organization with both corporate-owned stores and privately held franchise stores.
Design/methodology/approach – The authors used a case study approach involving survey data collection from 190 corporate-owned and licensed retail outlets that were members of a large, single organization. Ordinary least squares regression and mean differences (*t*-tests) were used to test the data. Findings were elaborated upon based upon structured interviews.
Findings – Corporate-owned retail outlets invested heavily in food safety innovation, while franchised retail outlets pursued minimal investment to retain product flexibility. The level of adoption is contingent upon ownership structure, as well as institutional forces emanating from the corporate environment, the customer, and peer organizations.
Research limitations/implications – The findings offer greater insight into methodological issues associated with measurement of new product adoption in particular. The authors have shown that it is critical for researchers to clarify the level of analysis of the study. Quantitative survey analysis revealed both safety and economic motivations to be desirable issues in product adoption considerations. However, when quantitative and qualitative results were combined, very different outcomes were realized as ownership structure differences appear to dominate product adoption decisions. Therefore, when conducting plural organizational form research, the data gathering efforts must be carefully undertaken to ensure that critical drivers of phenomena explored are not overlooked.
Practical implications – Adoption of new product adoption involves the complex interplay between ownership structure/control, economic cost/benefit, managerial choice, and societal norms. Often, organizational research relating to adoption of new processes and innovations collects individual-level data. However, this study shows that adoption decisions occur at multiple levels and that the ownership/structural context must be considered.
Social implications – The study has implications from social innovation/responsibility perspectives. Recent press regarding food safety has put pressure on food processing establishments to consider methods of reducing food safety breaches. No doubt, this has alerted the consumer to potential risks in food processing and influenced their preferences in favor of food safety innovations. Nonetheless, perceptions of the importance of "safety" can be interpreted in a variety of ways, leading to differing

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courses of action. Interviews with corporate-level executives revealed that they preferred both corporate-owned and franchised retail outlets adopt case ready (CR) meats to stem safety concerns. Yet, this aspiration diffused throughout the organization differently.
Originality/value – Multiple organizational structure forms operating within the same organizational entity, or "plural form" organizations, offer unique opportunities for examination. Applying various theoretical lenses, including agency theory, the resource-based theory, and institutional theory, the authors offer rationale for why different structural types within the same corporate entity may differ in their beliefs and actions concerning product safety, cost, and adoption.

Keywords Plural organizational forms, Social responsibility, New product adoption, Ownership structure, Social innovation
Paper type Research paper

As a reflection of top management decision-making (Hambrick and Mason, 1984; Hambrick, 2007) but also shaped by external forces and norms (e.g. Hannan and Freeman, 1977; DiMaggio and Powell, 1983), organizations vary in many ways. These include differences in product or service offerings, size, industry focus, managerial behavior (Jensen and Meckling, 1976), intentionality, resources, boundary conditions (Katz and Gartner, 1988), value maximization, and ownership structure (Demsetz and Lehn, 1985).

Ownership structure has been described as a "summative context condition" (Mascarenhas, 1989, p. 583) which evolves from the complex interplay of many factors, including the interests, constraints, and abilities of owners and managers, as well as from institutional and competitive forces external to the organization (e.g. Porter, 1979; Prahalad and Hamel, 1994). Three overarching ownership structure types have been identified in the literature: publicly traded organizations, privately held firms, and ownership by government (Mascarenhas, 1989). Beyond this simple taxonomy, however, are complexities in larger organizations especially. The ownership structure of publicly traded companies, in particular, differs widely and can take various forms which may include joint ventures, franchising arrangements, licensing agreements, and wholly owned subsidiaries. Thus, a single, publicly traded organization may have under its purview privately owned firms. Such "plural form" organizations (Bradach and Eccles, 1989) may involve, for instance, combinations of both corporate-employed sales forces and third-party sales forces, as well as both corporate-owned and privately held franchisees. In addition, such nested entities (e.g. privately held franchisee or licensee agreements with publicly traded organizations) commonly are differentially constrained by policies mandated by the publicly traded entity. Such complexities in plural form organizations make difficult any predictions regarding the actions of organizational actors (Bradach and Eccles, 1989).

Understanding such variations and complexities in ownership structure has important implications for research with regard to organizational decision-making. First, in accord with resource dependency theory (Pfeffer and Salancik, 1978), ownership structure often influences the level of access to resources (Mascarenhas, 1989) and the power-dependence relationship as those with greater power ostensibly control more resources and decisional authority (Brouthers and Bamossy, 1997). The power-dependence relationship can be particularly salient in plural form organizations, whereby a publicly traded corporate entity with munificent resources may use such resources to constrain decisional choices by less resources-rich franchisees or licensees (e.g. Gillis *et al.*, 2014).

Second, the structure of ownership can carry significant sway over individual plural form actors, contingent upon type of ownership, institutionally enforced constraints, stakeholder influences, and degree of manager autonomy and discretion (Mascarenhas, 1989; Darnall and Edwards, 2006). Corporate influence may be exemplified when the plural form entity operates within a strong institutional context, whereby corporate-owned store managers may be more apt to acquiesce to corporate policies and mandates than will their privately owned (e.g. franchisee) counterparts, whose managers may be more heavily influenced by their owner's discretion and entrepreneurial resolve (Thain, 1969; Mintzberg *et al.*, 2003).

Third, for the publicly traded company, ownership structure can serve as a conduit by which organizational members learn about and attend to demands in the macro-societal environment. In contrast, privately owned firms typically are more loosely coupled with societal pressures, at least at macro, non-consumer levels (e.g. Bradach, 1997). The differences between these entities and the relative strength of their societal connections are fairly straightforward when looked at as independent organizations. However, less is known about the implications of these relationships in situations where these two distinct ownership forms exist within the same organizational umbrella, particularly when it comes to new product adoptions. Close examination of a particular plural form organization and the adoption decisions of both corporate-owned store managers as well as privately held store managers can shed light on the interplay between these complex forces and offer implications for product adoption decisions.

In the current study, we examine a specific publicly traded firm and the beliefs and product adoption decisions of its corporately owned store managers as well as managers of privately held franchisees. Of particular interest is the degree of congruence between such entities and the adoption of a product considered by corporate headquarters as socially desirable – non-poultry case-ready (CR) meat – an increasingly popular food industry phenomenon (Belcher, 2006). Specifically, we examine beliefs about CR meat product safety and economic viability, as well as product adoption levels within the plural form organization by managers of both corporate-owned stores and franchisee stores.

Plural form ownership and new product adoption

Several questions immediately come to mind when considering plural form ownership complexities. Are publicly traded organizations, by virtue of commonly having greater financial resources to conduct and act on market research, more in tune with societal demands and pressures than their typically smaller, privately held counterparts? In the context of the current study, might the larger publicly traded firm also be more concerned with product safety and end-user costs than privately held franchisees? Might privately held stores be more concerned with meeting local consumer demands than protecting corporate brand reputation?

Given the complexity of large organizations, idiosyncratic factors come to bear upon adoption decisions (Qu, 2007). In the plural organizational context particularly, we turn to the franchising literature and draw upon agency theory, resource-based theory, and institutional theory to explain why differences in adoption between plural form entities may exist. Taken together, we suggest several factors will cumulate to explain likely differences in new product adoption beliefs and actions.

In the plural form franchising (or licensing) arrangement, there are two very different types of entrepreneurs. First is the franchisor, who has established a venture to exploit a business opportunity (Gillis *et al.*, 2014). The second type is the franchisee, who typically "purchases from the franchisor the right to replicate the franchisor's venture in a new geographic market" (Gillis *et al.*, 2014, p. 449). Although cooperation by franchisees is commonly important to such arrangements (Barthélemy, 2008), there are reasons to suggest that unequivocal acquiescence to franchisor desires may be unreasonable to expect for a variety of reasons. These include differences in control, resources, incentives, and institutional forces.

Differences in control

The first reason to expect differences is loss of control. Although franchisees surrender some autonomy to meet with franchisor standardization requirements and reputational protection desires (Bradach, 1997), there may be reasons to believe why full control over franchisee actions is unreasonable to expect. One reason, borrowing from agency theory, is that franchisees may "free ride" by substituting lower-quality inputs to boost one's own profits (Lafontaine, 1992). Whereas a global fast-food franchisor, for example, may have a policy restricting franchisees from using horse meat in its offerings, some franchisees take advantage of such lower-cost ingredients due in part to difficulties in detection (e.g. O'Mahony, 2013).

Agency theory is also helpful in this loss of control context in one other way: the problem of moral hazard. In the current context, moral hazard occurs when managers (i.e. hired agents of owners) "shirk" duties and work less effectively than desired by owners. Whereas agents of both franchisees and franchisors may shirk duties, we expect that, compared with franchisee managers, stronger franchisor governance influences over its own store managers will be result in greater decisional compliance and control.

Differences in resources

In addition to control differences, consideration of resources is helpful in determining why plural form ownership beliefs and actions may differ. Since the introduction of the resource-based theory of the firm into the mainstream strategic management literature, the evaluation of the relationship between firm resources and performance has gained theoretical and empirical traction (Wernerfelt, 1984, 1995; Barney, 1991, 2001; Barney and Clark, 2007). The resource-based view (RBV) of the firm suggests that resources (whether tangible, intangible, or organizational capabilities) are responsible for the attainment of firm competitive advantage (Collis and Montgomery, 1995). The theory further asserts that firms in a given industry or group differ depending upon the resources they possess and the mobility of such resources between firms. This theory helps to explain attempts by organizational managers to leverage strategic assets – resources and capabilities (Amit and Schoemaker, 1993) – to gain a competitive advantage (e.g. Sirmon *et al.*, 2011).

From a franchising perspective, franchisors typically seek to strengthen and leverage specific strategic assets such as brand reputation and operating routines (Gillis *et al.*, 2014), often through standardization procedures which foster consistency and efficiency (e.g. Kaufmann and Eroglu, 1998). Franchisees, on the other hand, commonly excel at adaptation to local environments and stakeholder desires and thus may choose to deviate from franchisor standardization mandates (Kaufmann and Eroglu, 1998; Sorenson and Sørensen, 2001). To better adapt to local market preferences, franchisees may resist rigid conformity to franchisor standardization attempts by making changes to operational routines, hours of operations, and pricing (Darr *et al.*, 1995; Lafontaine, 1999). As noted by Gillis *et al.* (2014, p. 451), "as long as such adaptations do not threaten the business model's core attributes, they increase chain-wide product-market fit and, thus, revenues" (see also Kaufmann and Eroglu, 1998; Sorenson and Sørensen, 2001).

Another strategic asset that likely plays a role is knowledge. Here we turn to signaling theory (Spence, 1973), which has been applied in the franchising literature to help explain decisions made by plural organizational form actors (e.g. Dant and Kaufmann, 2003; Chiou *et al.*, 2004; Michael, 2009). Signaling theory helps explain a host of issues that result in information and knowledge asymmetry in organizational settings (e.g. Connelly *et al.*, 2011). Depending on communication message, frequency, intensity, clarity, and other factors (e.g. receiver readiness and desire to learn), store managers will interpret and absorb the information communicated in different ways. The resulting information asymmetry will likely impact knowledge differences, particularly if disparate additional information is communicated to franchisee store managers (regular communications about, for instance, local markets or particular customer preferences), resulting in information overload and distortion (e.g. Dant and Kaufmann, 2003). Moreover, corporate-owned store managers will have a greater incentive (further explained below) to pay attention to franchisor communications since their employment is at stake. Thus, in the plural organizational form context, we expect that information asymmetry will be a greater problem with respect to corporate communications among franchisee store managers in comparison with managers of corporate-owned stores.

Differences in incentives

The resource-based perspective sets up a condition for differences in managerial incentives as well. Whereas a franchisee may have tighter control over their comparatively fewer store managers, a franchisor's managers are less likely to be motivated to adapt to local knowledge as they "[…] lack franchisees' strong ownership incentive and because they are rewarded and promoted based on their ability to enforce, not challenge, existing routines" (e.g. Gillis *et al.*, 2014, p. 451; also see Bradach, 1997).

Furthermore, with more investors and greater capitalization at stake, publicly traded organizations typically will be more focussed on, and motivated to devote more resources to, corporate reputation and brand management. Thus, we expect that publicly traded plural form organizations and their corporate-owned store managers will be more attuned than privately held franchisees' managers to product-related advances and concerns. Due in part to incentives associated with open markets for its ownership shares but also due to greater resources to conduct research, we expect that the publicly traded organization will be more knowledgeable about new products than will privately held franchisees. In addition, for reputational and brand protection reasons, by regularly communicating this knowledge to stores, and by virtue of having greater governance influence over corporate-owned stores than franchisee stores, we expect that corporate-owned store managers will have a stronger belief in corporate-sanctioned products.

Differences in institutional forces and organizational identity

To further understand the processes that come to bear upon product adoption decisions, we must recognize that institutional undercurrents play an important role not only at the macro industry-level (e.g. via organizational fields; DiMaggio and Powell, 1983), but also at the organizational level. The core tenets of institutional theory suggest that managerial decision-making can be influenced by institutional pressures emanating from "the rules, norms, and ideologies of the wider society" (Meyer and Rowan, 1983, p. 84). However, it is noteworthy that institutional forces also may be manifest in terms of organizational identity (Scott, 1995). These forces can result from shared social meanings in character, distinctiveness, and continuity (Albert and Whetten, 1985; Scott, 1995). Thus, the concept of organizational "identity" is a critical component in understanding the role that institutional forces play in the context of alternative ownership structures. Undergirding organizational identities are the meanings that managers acquire from the social categories that they attribute to themselves (Glynn, 2008). Glynn (2008) states further that:

> Organizational identity thus becomes a claim of uniqueness and a point of strategic differentiation from other organizational actors in a field or market […]. Identity, according to institutionalists, is a set of claims to a social category, such as an industry grouping, a status ranking, or an interest set […] institutionalists focus on claimed similarity to other category members […] (p. 418).

Identity alignment is shaped in accordance with the interactions of similar actors (i.e. known as sub-fields in the institutional theory literature) in one type of firm ownership structure vs another. The franchise literature supports a wide range of reasons for identity influences and differences (e.g. Lawrence and Kaufmann, 2011; Zachary *et al.*, 2011). In the current study's context, we expect that a franchisor's store managers will see themselves in the same category as their publicly traded employer, which values compliance, standardization, and cautious brand reputation-protection behavior informed in part by relatively greater societal-level research. Alternatively, managers of franchisees will identify more closely with the franchisee owner, valuing autonomy and local market preferences. We expect that these identity differences will influence product adoption beliefs and actions. Therefore, in the current context, we expect that mandates from the publicly traded franchisor will see greater compliance and product-related alignment from company-owned store managers, based upon their relatively stronger relational ties associated with the franchisor, relative to their privately held counterparts.

Hypotheses

The current study analyzed product adoption beliefs and actions in a plural organizational form setting. One of the primary issues studied was food safety. Food safety issues have long informed the business ethics and corporate social responsibility (CSR) literatures (e.g. Caplan, 1986; Finn and Louviere, 1992) and suggest that the forces driving the adoption of food safety innovations can be quite complex (Earle, 1997; Maloni and Brown, 2006), particularly in the large corporate context with a multiplicity of competing values. In addition to obvious and continuing public health concerns (Röhr, *et al.*, 2005; Ortega *et al.*, 2011), the enhancement of food safety has emerged in recent years as a strategic issue with potential for competitive advantage while also fulfilling an increasingly visible societal mandate (Hartmann, 2011; Henson and Caswell, 1999; Gardner, 2010). Food safety adoption practices often come about as a response to institutional pressures from food safety watchdog groups, for instance, whose call for more stringent food safety measures in the USA (e.g. Gardner, 2010) has ushered in new laws such as the 2011 Food Safety Modernization Act. In addition, for at least two decades consumers have been speaking with an increasingly loud voice on supply chain CSR issues (Emmelhainz and Adams, 1999) and especially on food safety (Bruhn and Schutz, 1999; Ortega *et al.*, 2011). Unsurprisingly, companies with reputations for food safety and quality often compete more favorably in the marketplace (Holleran *et al.*, 1999).

In the current study's context, we suggest that franchisor-owned store managers will have more positive product safety beliefs than will franchisee-owned stores.

We expect this result based on the preceding arguments for differences in control, resources, incentives, and institutional forces, and also due to stronger compliance mandates and a more captive audience in communications of franchisor beliefs. Thus:

H1. In plural organizational forms, positive corporate beliefs about product safety will meet with greater congruence by franchisor-owned store managers than franchisee managers.

Research in transaction cost economics (TCE) (Williamson, 1985, 1996, 2008) provides an additional theoretical basis for expected product adoption differences between plural form ownership structures. Since traditional TCE suggests a model of oversight that minimizes the monitoring and governance costs associated with transactions, it is conceivable that idiosyncratic institutional pressures associated with one governance type (e.g. corporate ownership) may differ from other ownership types (e.g. agent/principle arrangements associated with franchisee firms). Therefore, it would be reasonable to expect equivocal cost-related beliefs in corporate-owned and franchisee organizations since the strength of governance influence on each type differs.

In the product adoption context, voluntary quality and safety assurance programs can serve as a signal of quality or safety, both of which can reduce transaction costs – "the costs of undertaking an exchange between buyers and sellers, including monitoring and enforcement costs" (Holleran *et al.*, 1999, p. 670). Whereas transaction costs can increase with the introduction of new food safety regulations and product liability laws, adoption of within-firm quality and safety assurance systems can play a role in mitigating such costs (Holleran *et al.*, 1999) and can result in positive reputational and brand image impacts (Daughety and Reinganum, 1995). Firms with a reputation for product quality and safety have less need to spend resources on quality and safety problems that arise (cf., Porter and Kramer, 2006).

As with product safety beliefs, we expect that stronger governance influences on corporate-owned stores will prevail with beliefs about new product adoption cost effectiveness. Thus:

H2. In plural organizational forms, positive corporate beliefs about a product's economic viability will meet with greater congruence by franchisor-owned store managers than franchisee managers.

Finally, in organizational contexts where strong governance ties exist, we expect powerful normative pressures (DiMaggio and Powell, 1983) to prevail in contexts where the perception of product adoption has perceived public health, cost, brand, and reputational benefits (e.g. Caswell, 1998). In contrast, organizational contexts where weak governance ties exist, mimetic strategic (e.g. differentiation) pressures will likely prevail, resulting in erratic and less intense levels of product adoption.

The franchise literature supports differential governance strength, whereby company-owned entities tend to feel more constrained by corporate's control mechanisms, and nested, privately held franchisees less so (Bradach and Eccles, 1989; Yin and Zajac, 2004). As noted in preceding arguments, this is due in part to company-owned managers having weaker incentive structures and little decisional autonomy, whereas privately owned franchisees and licensees often put greater emphasis on incentives and autonomy (Lewin-Solomons, 2000). Given the likelihood of stronger control mechanisms exercised by corporate headquarters over its own company-stores relative to privately held franchisees, we expect different levels of product adoption. Specifically, we expect that corporate-owned store managers will more likely accept *carte blanche* product adoption decisions by corporate headquarters. Thus we posit:

H3. In plural organizational forms, corporate decisions which favor new product adoption will meet with greater product acceptance by franchisor-owned store managers than franchisee managers.

Research methodology

To address the hypotheses in this research, we employed a case study methodology. Case studies are appropriate for exploratory research and theory building particularly when the setting is difficult to recreate and the variables are difficult to quantify (Yin, 2003; Churchill, 1999). This approach is particularly appropriate given that the purpose of this study is to gain a better understanding of the dynamics surrounding product adoption phenomena within a unique setting (e.g. plural organizational form) and in which multiple sources of evidence are used (Eisenhardt, 1989).

Eisenhardt (1989) identifies a variety of analytical tactics to employ in analyzing case study data. The primary tactic employed in this study was to identify group similarities and differences in terms of examining a single corporation that was comprised of two specific groups of organizations that demonstrated stark ownership differences (e.g. corporate-owned vs franchised retail outlets) The overall purpose of this methodology is to ferret out the subtle similarities and differences that might not otherwise be identified (Eisenhardt, 1989). Engaging in a case study that focusses on a phenomenon of interest in parallel with questionnaire data collection has many benefits such as: a deeper and personal knowledge of the environment where the phenomenon occurs, an opportunity to gain insights from the field, an opportunity to witness the phenomenon in real time, and more robust instrumentation.

The study site

The data site in this study met four key criteria that were developed for this analysis. First, the research site was uniquely positioned in a context where broader societal desires could be linked directly to the behaviors of the firms. Second, on the firm level, there should be evidence that the focal organization was purposeful in fulfilling the desires of a societal norm. Third, the focal organization should exhibit at least two distinct ownerships structures. Finally, there must be a high level of homogeneity among all entities (i.e. companies) under examination, to control for spurious influences that might be manifest between companies.

In order to fulfill the aforementioned site selection requirements, we chose a large retail food corporation ABC retail foods (a pseudonym). Enhancing this study's construct validity (Gibbert *et al.*, 2008), the selection of a retail firm is particularly suitable for this study for a number of reasons. First, in contrast to an OEM or manufacturing firm, the retail entity in this study had direct and close ties with public trends and socio-cultural forces. Second, this organization utilizes two ownership mechanisms: full corporate ownership and licensing (i.e. franchising). This arrangement facilitated direct and meaningful comparisons to address our research questions. Third, enhancing the potential for identifying the impact of institutional pressures, this study's retail food context provides an environment where the popular media have brought product safety and related CSR practices into the forefront of public awareness.

This retail food context possessed very unique attributes in terms of process and structure homogeneity across individual firms. For example, the corporate-owned and franchised retail outlets in this study are homogenous in terms of their size. Specifically, all stores (both corporate-owned and franchised) are limited to between 4,000 and 5,000 stock keeping units, an indicator of retail space requirements. Second, all marketing endeavors, internal management structures, and distribution channels follow a single protocol established by the central corporate offices. Third, all stores operated under the headship of a single corporate headquarters, where all of the supply chain logistics and product inventory for both corporate-owned and franchised store products originate. Fourth, for both corporate and franchised stores, the physical structures of the retail outlets appear identical and operate in similar ways and offered the same products and services. Finally, all stores were assigned a manager who is personally responsible for its success. These similarities offered a unique setting for conducting a controlled study, enabling us to discern between the specific effects of governance type, economic, and institutional effects on social innovation adoption.

To provide an accurate accounting for the context of this study, the researchers were granted access to operators in the meat industry with knowledge of and experience in both conventional and CR fresh meat programs. A team of executives at retail meat production companies aided the researchers in grounding this study with regard to both theory and practice. With intimate knowledge of relevant food safety issues, the retail food industry, and customers' desires, this group of key informants provided invaluable insights about the issues facing adopters of CR meats. This resource team also confirmed the operational issues in this study, as they provided advice and counsel in the development of the questionnaire. Executives from ABC retail food corporation provided the researcher access to retail store managers (respondents for the survey) located throughout the USA, thus assuring a high response rate in the survey used in the study.

The context of CR meats

In this study, we extend prior work related to food sector innovations (e.g. Manniche and Testa, 2010; Pascal, 2012) by examining adoption of an increasingly popular food safety innovation, non-poultry CR meats by a large retail food corporation in the USA. The CR method of food preparation typically involves innovative methods of meat processing and packaging at a central location prior to distribution to retail outlets, which – when proper controls are exercised – can significantly reduce the risk of food-borne pathogens (e.g. Belcher, 2006). Unlike meat processed and packaged on-site at each store's butchery, CR meats arrive at the retail outlets ready for display and require no additional meat handling prior to the customer purchase. The adoption of CR products has seen increasing use by large-scale retail establishments such as Wal-Mart and Target stores. CR meats are often distinguished from "retail-ready, ready-to-eat" meats in that CR meats are commonly not yet cooked and, thus, cannot yet be consumed (cf. Walsh and Kerry, 2012).

Examining CR meat adoption is important for a number of reasons. First, CR may be classified as a socially responsible activity since the issue has received high public awareness for CR's proven ability to address a critical societal need for improved retail food safety (Phills *et al.*, 2008). This is particularly salient when this practice results in positive beliefs about product safety and economic benefits to consumers, potentially providing CR meat stores a competitive advantage as well as reduced transaction costs (Holleran *et al.*, 1999). Given many recent meat safety crises around the globe due to food-borne diseases (e.g. Powell *et al.*, 2011), consumer trust about the safety of food is understandably unstable (Gellynck *et al.*, 2006). As such, meat safety continues to be a prominent public health concern (Tao and Peng, 2014). Outlets selling contaminated meat can suffer negative social responsibility perceptions as well as economically, as in the case of the Jack-in-the-Box restaurant chain (Seo *et al.*, 2014). As stated by Maloni and Brown (2006, p. 35), "consumer criticism of perceived CSR deficiencies can be extremely detrimental to corporate profitability and market share."

Second, we suggest that the focus on non-poultry CR meats, as opposed to CR chicken, may be viewed with a broad innovation lens. CR chicken has for decades been widely adopted in the retail marketplace, whereas the adoption of off-site prepared CR beef, pork, and other meats is still in the relatively early stages of industry acceptance (Buhr and Ginn, 2011; Harrington, 2011). Thus, the increasing adoption of non-poultry CR meats may be viewed as fulfilling broadly defined innovation criteria, including being new to the user and new to the application (Cooper, 1998; Phills *et al.*, 2008).

Finally, our examination of CR meat adoption by corporate-owned and franchised stores provides a unique setting for investigating motivations in multiple organizations under the broader authority of a single, large corporation. This allows for a focussed look at some of the drivers behind new product adoption behavior, enabling a glimpse into the complex interplay of institutional forces at the societal and plural form organization levels.

Interviews and survey data

Data collection involved both survey administration and face-to-face data collection. To ensure validity, the survey respondents were managers who had a working knowledge of CR meats. Corporate management identified 220 store managers (110 corporate-owned and 110 franchised stores) in geographically diverse locations that were familiar with CR. To ensure a high completion rate for the survey, corporate management also communicated essential aspects of the study with corporate and franchise division managers and requested their support in conducting the study. District managers personally distributed the questionnaires to individual store managers. The managers completed and returned 193 of 220 questionnaires, yielding an overall 88 percent response rate. Of the 190 usable responses, 109 corporate store managers completed and returned their questionnaires from eight geographic areas throughout the USA. In total, 81 franchised store managers returned their questionnaires.

The researchers were granted access to operators in the meat industry with knowledge of and experience in both conventional and CR fresh meat programs. This group of key informants provided invaluable insights about the issues facing the CR meat industry, in a forum that was conducive for exchanging ideas and suggestions. This resource team confirmed the operational issues to be studied, and they provided advice and counsel in the development of the questionnaire. This high level of collaboration among these supply chain members was thought necessary given the unique biological characteristics of the fresh meat CR products and the significant new investments of the technology employed by all parties. As a result of the interviews, it became clear that the corporate entity, ABC retail foods, engaged in a company-wide initiative to promote the benefits of adopting all the CR products. This was accomplished through face-to-face meeting with district managers across corporate-owned and franchised stores. This finding was critical to our setting up the hypotheses from the vantage point of the desires of the corporate headquarters.

Controls

Importantly, this study does not include examination of the adoption of CR chicken. This type of innovation has experienced widespread adoption throughout the retail meat industry. However, there is a wide spectrum of CR beef and pork adoption levels in retail establishments. Union membership and other meat processing issues can also impact the move to adopt CR. Pre and *post hoc* interviews with store managers ensured that union membership was not a factor in adoption levels throughout the organizations in this study. Two additional factors that might lead to spurious adoption effects are the availability of qualified meat cutters and the managers' understanding of exactly what adoption of CR would entail. For example, one could argue that stores might be more inclined to adopt CR if it is difficult to find qualified meat cutters. Survey data revealed that difficulty in finding qualified personnel did not differ between corporate-owned stores and franchised stores. Spurious findings might also result if the retail outlet managers differed in their understanding of CR outcomes. Again, survey results revealed that both corporate and franchised store managers had comparable knowledge associated with CR adoption.

Finally, for our tests of adoption intensity by the corporate and franchisee-owned retail outlet, we controlled for both safety and economic factors in the first model, to eliminate any possible spurious effects of these variables on the adoption outcomes. Descriptive statistics for this model are presented in Table I. The OLS regression model displayed an adjusted R^2 of 0.23 ($p < 0.0001$; $n = 171$) (see Table II). The independent variable, safety ($B = 0.31$, $p < 0.01$), was a statistically significant predictor of adoption intensity as well as the economic viability ($B = 0.19$, $p < 0.01$), confirming our need to control for these variables.

Measures

With unfettered access to the companies, the authors were able to effectively examine the CR meat adoption phenomena in its distinctive environment. Two questionnaire

Correlations (correlation, significance)	1	2	3	Adoption level
1 Safety	1.000			0.463***
2 Cost	0.402***	1.000		0.346***
3 Governance	−0.456***	−0.383***	1.000	−0.769***
Mean	3.94	3.22	0.42	3.076
SD	1.08	1.25	0.50	1.180

Notes: $n = 172$. ***$p = 0.001$; **$p = 0.01$; *$p = 0.05$

Table I. Descriptive statistics

Variable	Model 1	Model 2
Safety	0.307***	0.135**
Cost	0.190**	0.658
Governance		−0.698***
n	169	168
F	27.398***	86.625***
R^2	0.245***	0.607***
Adj. R^2	0.236***	0.600***
Change in R^2	0.245***	0.363***
df	171	171

Notes: $n = 172$. ***$p = 0.001$; **$p = 0.01$; *$p = 0.05$

Table II. Stepwise regression results items, which were a subset of a larger data collection effort, provided data for the first two hypotheses in this study. It is noteworthy that all survey respondents were intimately familiar with the CR innovation due to communications from corporate as well as their prior experience with CR innovations in other settings. The first questionnaire item queried whether managers believed CR products to be safer than in-store processed meats using the item: "Case-ready (was) safer than in-store processed" The second questionnaire item queried whether managers believed CR to be more cost effective than in-store processed meats using the item: "Case-Ready products (were) more cost effective" These items were measured on a Likert-type scale with a response of 1 = "strongly disagree" and 5 = "strongly agree."

The dependent variable, strategic CSR adoption intensity, was measured by determining the CR investment. The minimal amount of CR investment was coded "1", where a store had no CR activities. The highest level of CR investment was coded "4", where a store had maximum investment in CR, as demonstrated by investments in CR beef, CR whole muscle, and CR pork.

Results

To test *H1*, mean difference *t*-tests were conducted to determine whether managers of corporate-owned stores and franchised stores had differing beliefs regarding the safety of CR meats. *H1* posited differences in beliefs about safety and costs across two different ownership types. In support of this hypothesis, corporate-owned store managers did believe CR to be a safer alternative to meat prepared in-house ($\mu = 4.31$, $p < 0.0001$, $n = 107$) in comparison to franchised store manager's view of safety ($\mu = 3.34$, $p < 0.0001$, $n = 76$). In our test of *H2*, the perceptions of cost effectiveness for managers of corporate-owned stores also perceived CR as more cost effective ($\mu = 3.64$, $p < 0.0001$, $n = 100$) than managers of franchised stores ($\mu = 2.64$, $p < 0.0001$, $n = 77$).

H3 posited that, "[…] corporate decisions which favor new product adoption will meet with greater product acceptance by franchisor-owned store managers than franchisee managers". In order to test the corporate-owned vs independently-owned store effects on level of social innovation adoption, a dichotomous independent variable was included in the original regression model representing corporate-owned (coded "0") and franchised stores (coded "1"). We regressed the adoption intensity on the linear combination of perceptions of safety, cost advantages in the first model as a control. Ownership type was entered in the second model. In support for *H3*, the adjusted R^2 increased from 23 percent in the original model to 60 percent in the final model which accounted for the effects of ownership type (see Table II).

Discussion

The purpose of this study was to explore issues related to new product adoption in a plural form organization. A plural form organization is one with multiple embedded organizational structures. Specifically, we examined product adoption beliefs and actions of corporate-owned food store managers as well as those of the same corporation's franchisee store managers. A particular food product, non-poultry CR meats, was examined as CR meats are still a relatively new phenomenon which has not yet seen industry wide adoption, can be safer and more cost effective than meats prepared and packaged on-site, and can result in substantial changes to how food stores offer meat products to their customers.

Our particular study first examined managers' beliefs about the safety and cost effectiveness of CR meats. As hypothesized, we found that managers of corporate-owned stores had beliefs in line with corporate communications about safety and cost. That is, they believed that CR meats are safer and more cost effective than did their franchisee counterparts. While both sets of managers felt positively about CR meats safety and cost effectiveness, corporate store managers felt more strongly (at $p < 0.01$ levels). Perhaps more interestingly, whereas both sets of managers held these positive perceptions, only the corporate-owned store managers' adoption of CR meats fell in line with their beliefs. Although regular communications from the corporate office strongly encouraged all store managers to outsource their meat processing and packaging, we found great divergence among corporate-owned store adoption relative to franchisee stores. As shown in Figure 1, nearly all (95 percent) corporate-owned stores outsourced all meat products while less than ten percent of franchisee stores did so.

Although we feel these findings meaningfully contribute to the literature on plural organizational form product adoption decision-making, questions remain. Benefiting from additional data collected at the time of the study, as well as subsequent communications with corporate headquarters, we found additional insights into this plural organizational form phenomenon.

Additional communications with executives from corporate headquarters revealed its belief that outsourcing meat processing operations to reliable third-parties would lead to lower costs and less variability in cost (to both the firm and to end users), more standardized and measurable meat quality, and greater system-wider meat safety. Moreover, outsourcing meat processing mitigates risks of increased transaction costs in cases of food safety breaches (Caswell, 1998). This "risk-shifting" strategy has become a very popular consideration for products-based firms (Alvarez and Stenbacka, 2007). Ultimately, central processing of meats (CR) via third-party outsourcing was the chosen means of achieving these objectives. In contrast to central control of meat processing, in-house processing at the retail outlet level potentially exposes the

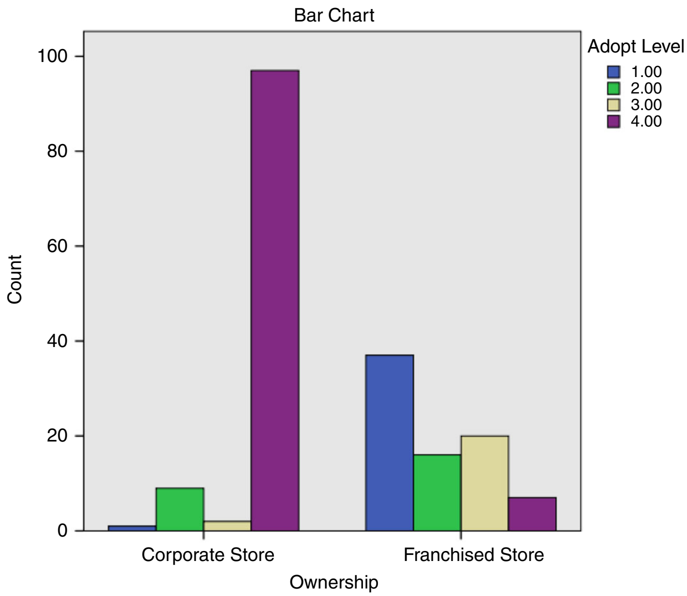

Figure 1.
Levels of product innovation (CR meats) adoption

organization to the wide variance of food processing practices and risk-related issues on an outlet-by-outlet basis.

To accomplish these goals, corporate headquarters pursued an active campaign of disseminating information regarding the merits of third-party supplied CR meats to all retail outlets. Although managers of corporate-owned stores clearly heard and heeded the suggestion (if not a "mandate") to switch fully to CR meats, few franchisee managers followed suit. Why?

There appear to be several reasons. First, in considering beliefs about CR meat safety, a non-hypothesized question was asked about the possible detrimental effects of a food-borne pathogen outbreak. Here we found results similar to those found for our first hypothesis. Whereas both sets of managers believed that such an outbreak would be catastrophic to store sales, corporate-owned retail outlet managers perceived the impact of food-borne outbreaks as potentially more catastrophic to overall sales ($\mu = 4.5$) than managers of franchised stores ($\mu = 4.0$, $p < 0.01$). Although this additional data may further help to explain why corporate-owned stores moved to third-party supplied non-poultry CR meats, it does not help explain why franchisee store managers did not. Why might a decision-maker with such strong positive beliefs about a new product's safety, cost effectiveness, and greater likelihood of avoiding catastrophe fail to adopt that product?

One answer appears to be found in the additional qualitative data collected. For example, in responding to a question about why they prefer in-store meats, 78% of franchisee store managers providing a response gave quality and appearance-related answers. They cited reasons such as "quality […] better color […] fresher looking … appearance." Also of interest is that just 13 percent of franchise managers responding to this question mentioned economic factors (e.g. costs, profitability), and none mentioned safety. When asked about their rationale for continuing with in-store processing, those franchisee store managers cited quality issues (38 percent), customer preferences (25 percent), and economic benefits (i.e. higher profits; 24 percent).

When franchisee store managers were asked for reasons why they might agree to honor corporate headquarters' desire to switch fully to non-poultry CR meats, quality and appearance-related responses again were a highly cited response (31 percent). That is, they would consider a switch if they could be convinced that meat quality and appearance would improve. We also note that 17 percent of those responding to this "reason to switch" item mentioned economic factors, and an equal number mentioned "ownership decision" (i.e. managers would switch if the franchisee store owner mandates it). As with the questions about in-store processing and meat preferences, safety was not mentioned.

Yet another reason for fewer franchisee managers making the switch to CR meats is that some perceived switching would increase their costs. Compared to the results for *H2*, our additional data collection revealed that the differences found may be, in part, one of statistical artifact. While a majority of the 81 franchisee store managers responded positively to the cost effectiveness item in *H2*, just 33 responded to a qualitative item about their perception of the overall costs of CR meats. Among these much smaller set of just 33 respondents, fully 58 percent responded with the belief that the cost of CR meats was too high! To the extent that such franchisee store managers had full discretion over CR meat adoption, this negative cost perception among a minority of managers may alone account for some of the big difference in product adoption levels found in the results for *H3*.

Some additional qualitative data also may help reveal a fuller picture of product adoption decision-making. For example, among those responding to a question about the degree to which CR meats are management-friendly (i.e. helpful to managers), a majority of both corporate-owned store managers (73 percent) and franchisee store managers (66 percent) felt that CR meats would indeed be labor-saving. Safety was mentioned by just 9 and 5 percent, respectively. Another question was asked about how helpful switching to CR meats would be to employees (non-managers). Here, a result similar to the management-friendly item was found: 82 percent of corporate managers and 78 percent of franchisee managers believed CR meats would be helpful labor-wise. And, like the small response to safety for the management-friendly item, just 8 percent of corporate managers and zero franchisee managers mentioned safety as an important issue.

Therefore, the drivers of new product adoption in plural form organizations appear to be complex and multi-faceted. In addition to the qualitative data revelations above, we suggested theoretical reasons for differences in beliefs and actions between store manager types. Specifically, we drew from agency theory to offer a control-related explanation for why franchisee store managers may choose a different path relative to corporate-owned store managers. Here, franchisee store managers, as employees of franchisee owners and not the franchisor, understandably appear to be more apt to honor the wishes of their own employer. To the degree that a franchisee store owner chooses to continue to be more attuned to their own local customers' preferences, as well as to not make changes based on a "sunk cost bias" (Hammond *et al.*, 1998) associated with existing in-store meat processing and packaging assets, store manager decisional control clearly sided with one's employer.

Resources, capabilities, and incentives appear also to play roles in plural form organizational actors' actions. As noted earlier in our application of the RBV of the firm, franchisors often seek to leverage key strategic assets in order to protect and strengthen its brand, reputation, and operating routines (Gillis *et al.*, 2014). One way to do this is to standardize product quality by having one reliable entity handle all production and packaging, which fosters consistency and efficiency (Kaufmann and Eroglu, 1998). In our study, corporate franchisor executives clearly saw benefit in outsourcing to reliable third-parties, freeing up store resources while also mitigating product safety risk. Although corporate-owned store managers went along with the new product switch, franchisee store managers did not due in part to allegiance to their employer, and differential perspectives about CR meat quality, appearance, and cost effectiveness. Moreover, as noted above, sunk costs associated with prior investments in meat processing and packing equipment as well as existing human resources (e.g. in-store butchers and other meat-related personnel) likely played a resources-based role. Full adoption of CR meats requires replacement of in-house meat processing assets with externally based CR logistics. This is a significant strategic resources-based step and, for practical purposes, an irreversible decision. As a result, franchised retail outlets likely were hesitant to fully engage in such new product adoption. They adopted only at minimal levels, enabling them to remain relatively flexible in their ability to deliver a differentiated product and retain critical logistic assets (including any favored meat processing employees), and mimic, while continuing to monitor the actions of their peer (franchised) firms. The behavior of the franchised outlets may well be exemplar of mimetic forces at work. A future research opportunity thus exists in examining resources-related issues and differences in plural organizational form decision-making.

Also, it is likely that the corporate headquarters message was received directly by corporate store managers and by franchisee owners, but not necessarily franchisee store managers. Therefore, applying signaling theory (Spence, 1973), it is likely that information asymmetry plays a role in new product beliefs and actions in plural form organizations. Future research should explore the role of sending and receiving corporate communications in product adoption beliefs and actions.

Incentives also may have played a salient role in our study. It is likely that nearly all corporate-owned store managers adopted this new product in part because of their relatively greater incentive to pay attention to their employer's communications – after all, their employment was at stake. Similarly, franchisee store managers were likely influenced by the directions provided by their employers. Future research should explore incentive-related issues and their relative strength in plural organizational form decision-making.

To the degree that a new product is indeed an innovation that helps to solve a societally harmful problem, insights into the actions of plural organizational form actors should be explored. In our study, executives viewed this relatively new product – non-poultry CR meats – as a safer product and also a desirable risk mitigating option. Thus, it could be viewed as a socially responsible innovation worth considering. From the perspective of social innovations, dominant logic in the innovation adoption literature centers on the effects of institutional pressures that emanate from collectives of organizations in the industry (Westphal *et al.*, 1997). In the controlled context of the current study, we have shown that pressures from within the organization appear to play a critical role in social innovation adoption beliefs and actions. For the corporate-owned and franchised outlets alike, institutional pressures may have impacted product safety and cost effectiveness beliefs, yet these forces yielded significantly different adoption outcomes, depending upon governance type. For the corporate-owned outlet, adoption of a particular social innovation was desirable, likely in part due to beliefs that switching to this new product would be an effective tool for lowering costs (and thus prices due to economies of scale) and for delivering a safer product. In support of this finding, it is noteworthy that in-depth analysis of the organization and interviews with the managers revealed that they were under intense normative pressures from corporate to adopt the innovation. Corporate headquarters determined that the best course of action to ensure safe product delivery and lower costs was to require CR adoption organization-wide. In a case study of Italian baby food manufacturing, Lamberti and Lettieri (2008, p. 165) suggested that "CSR business practices at a subsidiary level can be the result of normative isomorphism […]" Thus, the current finding lends some support to Lamberti and Lettieri's (2008) proposition regarding the influence of normative pressures on social innovation practices.

These normative pressures from society are reflective of institutional forces and help to shape and impact organizational identity. These institutional and identity influences were manifest in one form with corporate-owned store manager decision-making as virtually all corporate-owned stores adopted the product innovation to the maximum extent possible. However, franchised stores appeared to be insulated from the strong institutional corporate pressures as a consequence of their independent ownership. In contrast to corporate managers, franchised outlet managers appeared to act with greater latitude in their adoption decision-making. These managers were reluctant to embrace the social innovation practice until further information regarding outcomes could be assessed. Although franchise store managers clearly are mindful of product safety and cost-related issues, concerns for differentiation and known economic benefits based on current in-store meat offerings were also key drivers (Kiker and Kiker, 2008). As noted above, franchise store managers' perceptions of greater in-store processed product quality and appearance, as well as local customers' specific preferences, were integral in product adoption decisions. The differences in perceptions between corporate and franchised stores are not surprising in light of the fact that the efficacy of CR was reinforced by internal communications from corporate. In this case, corporate-owned stores revealed perceptions that were in closer alignment with corporate dominant logic than franchised stores.

In addition, our study's findings also have implications regarding product innovation diffusion, particularly from social innovation and social responsibility perspectives. The recent press regarding food safety has put pressure on food processing establishments nationwide to consider methods of reducing variance in food safety breaches (Gardner, 2010; Powell *et al.*, 2011). No doubt, this has alerted the consumer to potential risks in food processing and influenced their preferences in favor of food safety innovations (Lim *et al.*, 2013). Further, Wal-Mart's large-scale adoption of non-poultry CR products has clearly sent a pro-CR meats signal to both consumers and competitors alike. Nonetheless, perceptions of the importance of "safety" can be interpreted in a variety of ways, leading to differing courses of action. As mentioned earlier, interviews with corporate-level executives revealed that they preferred that both corporate-owned and franchised retail outlets adopt CR to stem safety concerns. Yet, this aspiration diffused throughout the organization differently.

Our results indicate that governance structures ultimately played a critical role in the decision of whether or not to adopt. The differing perceptions between these two groups of managers lend further credence to the strong institutional forces that are closely linked with theory in organizational identity. It has been suggested that "institutional will," or a lack thereof, may possibly explain the disparity in dissipation of a stakeholder-responsive orientation between corporate and subsidiary levels (Wheeler *et al.*, 2002, p. 300). In our study, the nearly unanimous decision by managers of corporate-owned stores to go along corporate headquarters' desires suggests strong institutional ties, and perhaps a strong identity link. Notwithstanding alternative explanations above (e.g. incentives), future research should explore empirically the strength of both institutional forces and identity ties on plural organizational form beliefs and actions.

Finally, our findings offer greater insight into methodological issues associated with measurement of product adoption practices in general and social innovations in particular. We have shown that it is critical for researchers to clarify the level of analysis of the study. For example, this study's findings would be very different had we simply focussed on survey distribution to managers without regard for nuances of ownership. *H1* and *H2* illustrate this point. In the case of the current study, quantitative survey analysis results revealed that both safety and economic motivations to be desirable issues in product adoption considerations. However, when quantitative and qualitative results were combined, very different outcomes were realized as ownership structure differences appear to dominate product adoption decisions. Therefore, when conducting plural organizational form research, the data gathering efforts must be carefully undertaken to ensure that critical drivers of phenomena explored are not overlooked.

Conclusions and additional directions for future research

The findings from this study contribute to a more complete understanding of the important contingency role that ownership structure plays in plural organizational form product adoption practices. We have demonstrated that governance mechanisms and associated institutional pressures in the corporate context impact the level of product adoption. The results of this study affirm that there are firm-level institutional forces emanating from idiosyncratic governance structures that appear to serve as the "gatekeeper" of adoption information diffusion. Future research might consider a number of fruitful directions.

First, Min-Dong (2011) proposed a configuration approach to understanding a firm's social responsibility context. However, this framework centers on macro-level firm influences. We believe the general notions of their configurations can be applied on other levels. In a similar vein, the findings in this study could be elaborated upon in light of Priem *et al.* (2012) work on demand-side business effects. Specifically, we need more research relating to customers' (e.g. safety concerns, environmental issues) impact on product adoption, particularly in light of the strong influence that social impacts often play in corporate decision-making (Aguilera *et al.*, 2007).

Relatedly, Ritchie and Melnyk's (2012) work on institutionally driven administrative innovations and Rothenberg and Zyglidopoulos' (2007) investigation of the impact of task environment on the adoption of environmental innovation may inform the product adoption literature with regard to understanding underlying forces that drive voluntary compliance with product adoption, and especially social innovation, initiatives.

Another fruitful direction is for research to examine the degree to which governance control/ownership impacts strategic business unit (SBU) decisions to adopt. In our study, "ownership" appears to be a strong driver of very different product adoption behaviors. However, ownership impact may vary depending upon industry context. In sum, more research is needed on plural form organizations to better understand drivers of beliefs and actions.

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About the authors

Dr William J. Ritchie (PhD College of Business, Florida State University) is an Associate Professor of Management at the James Madison University where he teaches strategic management. His research centers on motivations and performance implications of management standards adoption as well as non-profit organization performance measurement and psychometric instrument validation. His consulting experience includes work with organizational assessment and strategic planning. His research appears in journals such as *Strategic Management Journal*, *Journal of Business Logistics, Management International Review, Nonprofit Management & Leadership, Nonprofit & Voluntary Sector Quarterly,* and *Management Decision.*

Dr George Young, (PhD Eli Broad College of Business, Michigan State University) is an Associate Professor at the Liberty University. His research focusses on food marketing and corporate social responsibility. He was awarded the USDA National Needs Fellowship and Cargill/Excel Meat's Fellowship. He has presented research at the International Agribusiness Management Association and published in *International Journal of Food and Agribusiness Management Review*.

Dr Ali M. Shahzad (PhD Price College of Business, University of Oklahoma) is an Assistant Professor of Strategic Management at the James Madison University in Harrisonburg, Virginia. His research focusses on the organization's institutional environment and its impact on corporate social and environmental performance, corporate governance, and entrepreneurship. His work has been published in such journals as *Business & Society, Corporate Social Responsibility & Environmental Management*, and *Entrepreneurship Theory and Practice.* Dr Ali M. Shahzad is the corresponding author and can be contacted at: shahzaam@jmu.edu

Dr Robert W. Kolodinsky (PhD College of Business, Florida State University) is a Professor of Management at the James Madison University in Harrisonburg, Virginia where he teaches Business Ethics and Social Responsibility, Social Entrepreneurship, and Organizational Behavior. He enjoys working with social enterprises on ways to create shared value. He is an author of articles published in such journals as *Journal of Management, Journal of Vocational Behavior, Human Relations, Journal of Business Ethics,* and *Journal of Business and Psychology.* He has enjoyed teaching internationally, including in China and India, and is a three-time small business owner and a small business founder.

Dr Steven A. Melnyk (PhD The Ivey School, University of Western Ontario) is a Professor of Operations and Supply Chain Management at the Michigan State University. He has co-authored 16 books on operations and supply chain management. His research interests include supply chain management and design, metrics/system measurement, responsiveness supply chains, supply chain design, and Environmentally Responsible Manufacturing (ERM). He is an active researcher whose articles have appeared in over 80 international and national refereed journals. He sits on the editorial review board for *Production and Inventory Management*, the *Journal of Business Logistics*, the *Journal of Supply Chain Management*, the *Journal of Humanitarian Logistics and Supply Chain Management* (where he is co-editor for North America), and the *International Journal of Production Research*. Finally, he is a member of the APICS Board of Directors (2014).