ABSTRACT

Certified management standards play a very important role in helping organizations deal with information asymmetries associated with transactions groups. Yet, such standards are only effective once they are widely accepted (i.e., they become quasi-mandatory). The process by which a management standard evolves from being introduced to become widely accepted and “taken for granted” has not received a great deal of research attention. We focus on voluntary publicly-authored standards by addressing the following critical question – in the absence of economic benefits and given their importance to adoption/diffusion process, why would any firm voluntarily become an early adopter? Using data from a government-authored supply chain security initiative, we use signaling theory to explain why early adopters are driven by specific social motivations, while late adopters seek direct economic benefits. These findings shed new light on standard adoption patterns by revealing the varying patterns of standard development between private and public standards.

KEYWORDS: Administrative Innovation, Standard Adoption, Signaling