

Posters

Exploring the Reasons Behind and Outcomes of CERES Endorsement

JAMIE HENDRY
Virginia Tech
Department of Management
2007 Pamplin Hall
Blacksburg, VA 24061-0233
office phone: (540) 231-9624
home phone: (540) 772-7644
office fax: (540) 231-3076
email: hendry@vt.edu

Abstract

If people who value the natural environment want to improve the sustainability of business practices, CERES (the Coalition for Environmentally Responsible Economies) offers one potential means for doing so. However, some business seem to be more resistant than others to becoming endorsers of the CERES Principles, and some businesses seem to be more successful at implementing the Principles than others. This paper represents the first, qualitative phase of a two-phase project which attempts to uncover the factors which determine whether a business is likely to 1) endorse CERES, 2) reap whatever benefits it foresaw prior to endorsement, and 3) improve the sustainability of its business practices.

Founded in 1989, the Coalition for Environmentally Responsible Economies (CERES) developed a set of ten environmentally sustainable operating principles for businesses. Comprised of approximately fifty member organizations today -- environmental non-governmental organizations (NGOs), social investment firms, labor unions, and others -- CERES has persuaded approximately fifty companies -- including a dozen Fortune 500s -- to endorse its Principles. Endorsing companies agree to pursue continuous improvement toward environmental sustainability; engage in ongoing dialogue, cooperation, and collaboration with stakeholder groups and other concerned companies; and produce an annual standardized environmental performance report.

As no extant theories seem to explain the CERES phenomenon fully, the researcher is employing Eisenhardt's (1988) method for theory-building from case study research; as mentioned above, this phase focuses on qualitative methods. The researcher attended the annual CERES conferences in 1997, 1998, and 1999, enabling her to observe and participate in the meetings as an attendee; this also provided opportunity for conducting informal interviews with representatives of many CERES member organizations, endorsing firms, and companies considering CERES endorsement. The researcher also reviewed, to a limited extent, the annual environmental reports for Fortune 500 companies, including those which are CERES endorsers and those which are not.

Following the 1998 conference, the researcher conducted formal, semi-structured

interviews with corporate representatives who had attended at least one CERES conference; she interviewed representatives of seven (7) endorsing organizations (four from the Fortune 500) and seven (7) Fortune 500 organizations considering endorsement. In addition, representatives of ten (10) CERES member organizations were also interviewed to gain insight into the workings of CERES and their views regarding its success to date and in the future.

This phase of the research sought to illuminate measurable constructs and develop related propositions which could be converted into testable hypotheses for the second phase. Constructs include: 1) Impetus for making environmental sustainability improvements; 2) Progress toward sustainability prior to encountering CERES; 3) Means of learning about CERES; 4) Perceived costs of endorsement; 5) Perceived benefits of endorsement; 6) Types of CERES functions participated in; 7) Number of CERES functions participated in; 8) Endorsing firm's perception of improvement in various stakeholder relationships; 9) Improvement in environmental performance indicators (in CERES reports); 10) CERES member organizations' ratings of firm's progress toward environmental sustainability. The poster presents propositions related to these constructs, as well as suggested variables related to the constructs and suggested testable hypotheses which can be considered for phase two.