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**AN EXPLORATORY STUDY OF SOCIALLY RESPONSIBLE
PROCUREMENT ACTIVITIES
IN THE EXPENDITURE OF PUBLIC FUNDS
AT THE STATE AND LOCAL LEVELS OF GOVERNMENT**

by

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A dissertation submitted in partial fulfillment of the requirements
for the degree of Doctor of Philosophy in Public Affairs
in the College of Health and Public Affairs
at the University of Central Florida
Orlando, Florida

Fall Term
2006

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ABSTRACT

The aggregate annual expenditures of federal, state and local governments, in concert with universities and school districts represents incredible purchasing power and requires great prowess in its expenditure. Over the course of centuries, procurement has been used as a policy tool to improve society. This research delved into defining and determining the involvement of state and local governments in socially responsible activities related to the expenditure of public funds. Data collected in 2005 by the National Institute of Governmental Purchasing, Inc., was reviewed to determine if the expectations set for the private sector known as corporate social responsibility could be applied to the public sector.

The study found that the definition as established for the private sector with regard to procurement social responsibility may also be employed in the public sector. A composite index of Public Procurement Social Responsibility (PPSR) was created as a benchmark for future comparison. Further, the presence of top-down management support for socially responsible initiatives in procurement in the areas of formal policies, goals and objectives and performance tracking mechanisms dictated higher PPSR scores for agencies. Mean Scores for PPSR were reviewed using independent variables of agency type, location, population served, procurement volume, and budget size. While top-down support of PPSR initiatives dictated strong involvement of an agency, there was no correlation between agency type, size, procurement spend, or population size on the mean score of a governmental entity, with or without the presence of PPSR drivers.

The variables that influence the PPSR activities of an agency are similar across all demographics. What appears to drive the participation in socially responsible initiatives of

government is the buy-in and mandate through regulation, policy and example set by management. This posture is emulated not only professionally, but the data indicates that it influences personal behavior as well. In order to bring about societal change, results are best achieved through the creation of policy for participation, establishing benchmarks for measuring success and integrating performance review milestones for achievement of goals and objectives related to PPSR.

To my parents who always said that they “were the launching pad and I the rocket. Using them as a support structure, I was to attain heights greater than what they had achieved.” Additionally I dedicate this paper to my son Andrew, for whom I have now “raised the bar” and set myself up as your launching pad. I know you will achieve even greater things in your lifetime!

ACKNOWLEDGMENTS

The pursuit of a doctorate degree is no small undertaking, and this fact is best known by those who have achieved such a pinnacle in their education, the friends and family of those in process of completing their dissertation, as well as those individuals that made the haunting decision not to finish their coursework. The time, finances and without doubt, the understanding from those with whom I lived, worked for and befriended during this endeavor are all contributors to this final document. Although their presence is not visible to the naked eye, their vibrant spirits live on within these pages.

I am grateful to several institutions for their support in time and resources, most notably the National Institute of Governmental Purchasing, Inc., and to Rick Grimm, Chief Executive Officer, for his invaluable contribution of data, compensatory time and words of encouragement in my resolve to complete this study. As this research shows, top-down management support of any goal is vital in order to ensure success!

I am deeply indebted to the scholars on my Dissertation Committee who muddled through my writings and offered areas for improvement. The process of writing a dissertation serves as the best learning experience one can undertake in order to begin a career in research. Through the expert teaching and guidance of Dr. Larry Martin at the University of Central Florida, I feel well prepared to study public procurement and its nuances to generate invaluable findings that will elevate the profession and its members to a stature as a respected strategic player in public governance.

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LIST OF ACRONYMS/ABBREVIATIONS

BSR	Business for Social Responsibility
CAPS	Center for Advanced Purchasing Studies
CRI	Corporate Responsibility Index
CSR	Corporate Social Responsibility
ISM	Institute of Supply Management, Inc
NIGP	National Institute of Governmental Purchasing
OSHA	Office of Safety and Health Administration
PSR	Procurement Social Responsibility (Private sector)
PPSR	Public Procurement Social Responsibility

CHAPTER ONE: INTRODUCTION

Institutional purchasers—including federal agencies, state and local governments, colleges and universities, and private companies—represent tremendous purchasing power. For example, state and local governments spend more than \$400 billion, and colleges and universities spend more than \$300 billion on products and services every year.

New American Dream website ¹

In a recent letter to Chief Procurement Officers in May of 2005 related to the implementation of strategic sourcing, Clay Johnson III, the Deputy Director for Management in the Executive Office of the President, stressed the need to leverage the annual federal spend of \$300 billion to maximize efficiency. According to Johnson's White House memo, the use of strategic sourcing will allow the federal government to make business decisions about acquiring commodities and services more effectively and efficiently. As the annual spend of state and local governments exceeds that of the federal government, to what extent are we harnessing the "power of the purse" in state and local governments with regard to social responsibility efforts when expending these funds? This study looked at the role of government in socially responsible activities in relation to government expectations of corporate America. The combined spending of state and local agencies, especially when joined with that of the federal government, eclipses that of many corporations that have voluntarily, and through government regulation and public expectation, taken on social responsibility initiatives when procuring goods and services.

Increasingly, taxpayers are requiring more from their tax-dollars. Not only do taxpayers expect that increased services will be provided, they also expect their dollars to be dispensed

¹New American Dream website, <http://www.newdream.org/procure/index.php>, retrieved July 18, 2006.

fairly, through open competition, and with disadvantaged business inclusion and the health, safety and welfare of the public in mind. At all times, the tax-dollar is to be ethically expended to maximize the efficiency and effectiveness of government for the benefit of society as a whole. In the absence of profitability and its resulting availability of assets, no clear definition or expectation of public procurement social responsibility (PPSR) has been made for the public sector with regard to procurement. Given this, how does “home rule” governance, or the ability to establish legislation that establishes how the entity transacts business, affect social responsibility efforts?

Oliver Ellsworth is often credited with the first use of the term "power of the purse" while attending the Constitutional Convention in Philadelphia. During a debate on the federal constitution, he stated, "Government must . . . be able to command the whole power of the purse." ² Utilizing procurement as a basis for leveraging the “spend” by government at the state and local levels is not mere pocket change, but the springboard for social change. Procurement has long been touted as an area perfectly positioned for social responsibility (Bowersox, 1998; Poist, 1989). In their 2000 work, Murphy and Poist mention that procurement (logistics) lags behind other areas of the corporation, although their ability to contribute to such efforts is widely recognized. With regard to public procurement, research in the field of purchasing at the governmental level is still in its infancy, and research on social responsibility initiatives in the expenditure of public funds may be found only in this dissertation.

There is a long history, dating back at least to Roman times, where procurement has been used as a policy tool to effect social change. Environmental purchasing follows in that trend. Governments are passing policies to do more to protect the environment and extend their

resources. Purchasing departments are doing their part to support those initiatives by buying more environmentally preferable products.

The buy recycled movement, for example, was initiated after governments started encouraging citizens to recycle. Soon, there were gluts of recycled materials without any markets for them. It was at this point that governments stepped in and started buying recycled-content products as a way of creating markets for the recyclables being collected. Now, there are bigger environmental threats—rising cancer rates, deforestation, mass extinctions, climate change, etc. Government is once again being used to address these issues and complement the other policies combating the problems through its purchasing power. A review of available literature reveals a strong analysis of and investment in research on corporate social responsibility (CSR) at the private sector level. However, there is a paucity of information on how the public sector participates in social responsibility programs at the state and local levels, especially with regard to procurement activities. This begs the question, is the public sector expected to participate in the same type and level of socially responsible activities as the private sector when contracting goods and services?

In 2000, the Institute of Supply Management (ISM), a professional association for procurement agents in the private sector, began its benchmarking efforts in defining and measuring socially responsible initiatives in procurement. Located in Tempe, Arizona, ISM's membership reflects current trends in the private sector, along with a very small representation of members from the public sector. Most of the governmental agencies that are ISM members are located in the western region of the United States, primarily in California, Arizona and Nevada.

²See http://highered.mcgrawhill.com/sites/007248179x/student_view0/chapter8/a_further_note_3.html.

Results from the ISM study identified seven (7) principles of social responsibility efforts in purchasing for the private sector, measured the level of participation in each of the areas and then established drivers of procurement social responsibility (PSR). Further discussion on each of these areas is provided in Chapter Two of this study. While responses collected in their 2000 study included public procurement agencies, the responses collected were not statistically representative of the public sector due to the limited population surveyed.

Noting the low response rate related to the public sector and procurement social responsibility in the ISM report, the National Institute of Governmental Purchasing, Inc. (NIGP) issued their first survey on social responsibility in public procurement in September of 2005. NIGP is the public sector counterpart to ISM, with a membership strictly limited to governmental procurement agents. NIGP, through its Research Committee, in cooperation with ISM, issued a survey to its membership of public sector procurement agencies. NIGP's survey instrument, with permission from ISM's Social Responsibility Committee, was translated by the members of the Research Committee into public sector terminology. Supplemental questions related solely to governmental procurement were added in place of questions that were unique to the private sector. Following the collection of the data, a cursory report of the findings was presented to the NIGP membership as a "status of current affairs." No in-depth analysis was made to determine if the initiatives found for the private sector were the same for the public sector, if the antecedents to socially responsible activities in procurement as established for the private sector applied to the public sector or, additionally, what impact descriptive information on agency type, location, spend or size had on socially responsible initiatives. Drivers for PSR are discussed in a more detailed manner in the body of this study.

It must be noted that this research was a secondary data analysis of the responses collected by NIGP as part of their *2005 Survey on Social Responsibility in Public Procurement* and as such the researcher was limited as to the format and reporting of responses. NIGP granted access to the researcher in exchange for a full report of the findings to the NIGP membership. The dataset contained 39 scaled response questions on various socially responsible activities, 24 dichotomous response questions related to the presence of antecedents on each of the 7 principles of social responsibility as defined by ISM as well as descriptive information on the agency responding to the survey.

Following this chapter, the study's hypotheses, methodology, and findings will be presented. Specifically, the analysis of data will define the areas of public procurement social responsibility (PPSR) through factor analysis and establish an additive index score for each of these activities for an agency and the profession as a whole. Supplemental investigation will be conducted on what impact each of the following drivers—written policies, formal goals and objectives, and performance tracking mechanisms, further defined as top-down management support—have on the PPSR score for an agency. Finally, descriptive statistics will be reviewed to see if geographic location, agency size, annual budget and procurement spend or population served play a role in the socially responsible activities in public procurement.

CHAPTER TWO: LITERATURE REVIEW

On any given day, elected officials urge their constituency to become involved in community issues in an effort to improve society as a whole. The President and the First Lady urge citizens to be mentors to children and to become active in community programs that benefit the poor and those unable to help themselves. But has there been an Executive level mandate on social responsibility placed on government agencies in general?

Over the last decade, corporate social responsibility has become common business practice for most corporations. With its roots in the 1970s, social responsibility became the “vogue” for businesses looking to be thought of as leading the way for improving society and the environment in general. In his work from 1989, Vogel discusses the transfer and evolution of responsibility towards society from government to that of the corporate sector. While America’s inner cities and poor urban minorities were in a state of crisis, America’s businesses were seen as flourishing and able to take on supplemental responsibilities outside of traditional economic roles for corporations. Lyndon Johnson, a visionary for social welfare programs, in his 1964 “Great Society” speech,³ sought out the private sector to contribute to building a stronger, more self-reliant society. In response to his pleas, business did just that, predominately through financial contributions. While this social consciousness was a boon in the late 60’s and early 70’s, by the late 70’s this involvement by the private sector lagged. (Sims, 2003) Declining financial accounts, an increase in public sector controls, and an operating environment unfavorable to for-profits put corporations in a mindset of self-preservation at the expense of society. This early

³ CNN website, <http://www.cnn.com/SPECIALS/cold.war/episodes/13/documents/lbj/>, retrieved January 12, 2006.

movement set the climate for subsequent petitions for corporations to become more participative in addressing the wants and desires of society. (Sims, 2003)

The 1980's marked dramatic spending cuts by government. Surging financial gains and the reduction in staffing of government agencies in the 1990's brought forth a redistribution of societal responsibility, once again from government to the private sector. As shown over time, the public continues to look for businesses as sources for financial support and guidance in addressing social problems that have not or are not resolved by government (Muirhead, 1999).

In the 1990's through to the early 2000's, a rebirth of corporate social responsibility (CSR) has been experienced and has enjoyed continued resurgence for a variety of reasons. Increased media coverage, business school courses devoted to CSR, non-profit organizations dedicated to CSR and corporate rhetoric all contribute to an increased awareness and importance of participation in CSR. A review of corporate websites reveals CEO sentiments as follows:

“HP is committed to being a leader on matters of global citizenship. First, we will continue to do our best to protect the environment. Second, we will run our business with the utmost integrity. And third, we will work to improve the lives of the people in the communities in which we operate. In 2005, HP made some company-wide changes to improve our ability to grow and scale profitably. Keeping HP financially healthy is a fundamental prerequisite to being a valuable global citizen.”

Mark Hurd, CEO, Hewlett Packard
2006 Global Citizenship Report ⁴

“for IBM and IBMers, exercising our responsibilities extends far beyond a standard notion of “making a difference.” We certainly strive to do that – and we continue to contribute technology, services, money, and our own personal time to worthy causes.”

IBM Innovations in Corporate Responsibility
2004-2005 Report, p.1.

“Starbucks defines corporate social responsibility as conducting our business in ways that produce social, environmental and economic benefits to the communities in which we operate. In the end, it means being responsible to our stakeholders.

There is growing recognition of the need for corporate accountability. Consumers are demanding more than “product” from their favorite brands. Employees are choosing to work for companies with

⁴ Hewlett-Packard website, <http://www.hp.com/hpinfo/globalcitizenship/gcreport/intro/hurd.html>, retrieved October 12, 2006.

strong values. Shareholders are more inclined to invest in businesses with outstanding corporate reputations. Quite simply, being socially responsible is not only the right thing to do, it can distinguish a company from its industry peers.”

Corporate Social Responsibility Annual Report
Starbucks Coffee, Fiscal 2001, p.3.

Furthermore, from a global perspective, CSR is seen as critical, especially in those countries where the culture of sustainability is foremost. This renaissance has resulted in a move to appraise the effectiveness of CSR. The global perspectives of CSR will be further discussed later in this paper.

The Theory of Corporate Social Responsibility—A Review

Corporate social responsibility can be split into four distinct classifications based on a theorist’s approach and view of society. The role of business in society and its related theories fall into the following foundational areas: instrumental, political, integrative or ethical (Garriga & Mele, 2004).

1. Instrumental—Grounded in theorists such as Friedman (1970) and Keim (1978) whereas the operations of a business should be directed at maximizing profit for the shareholders, this category of theories focuses on the economic facets governing the interaction between business and society. Participation in CSR activities is endorsed only if it is in concert with wealth generation. In this setting, CSR is seen as an instrument in which greater profits can be achieved, a means to an end.
2. Political—These theories revolve around the power of business and its position and resultant responsibility with regard to society. Here we find such

theorists as Davis (1960, 1973) and Donaldson (1982) who rejected the idea that wealth should be the main focus of a business. For Davis, business was seen as a “citizen” or part of society as a whole with responsibilities assigned thereto. The resultant power of a corporation from its operation must be used for the benefit of society and, just as importantly, harnessed as not to have negative influence on the marketplace. Further, as a member of society, a business has a responsibility to use its power effectively. Donaldson (1982) supplanted Davis’ this discussion to add the application of social contract theory—that business has a responsibility to society, specifically the communities in which it functions.

3. Integrative—Here, the discussion of business and society revolves around the interdependence between the two parties. One cannot exist without the other; and, as such, each relies on the other for validity, status and survival. In this category we find the theories of Ackerman (1975), Sethi (1975), Preston and Post (1975) and Carroll (1979). Here, stakeholder theory and common good come into play. The coming together of individuals to form a society meets the needs of the individuals, and those needs cannot be met without the existence of the society. Theorists that study and endorse the common good believe that the society that is created by the coming together of individuals is for the benefit of “man,” and not in inverse. It is, therefore, fair to say that man’s obligation in this membership is to play an active role in the betterment of society so that he may then realize the goodness in himself. Without one, the other ceases to exist.

4. Ethical—Serving as the “glue” between the actions of society and that of the individual members of that society, these theories discuss the reasons behind doing the right thing, thus creating a good and just society. Building on the integrated theories of stakeholders and public responsibility, these postulations add the rights of individuals, fairness, and justice—founding principles of Kant (1991) and Rawls (1971). Through their activities, businesses must treat the individuals that compose that society fairly, must contribute to the sustainable development of the environment in which they function and forever keep in mind the “common good” in business planning.

In speaking of the “common good,” what is it, and how does this concept relate to the business sector? If a business can be seen as a group of individuals seeking fulfillment in society to meet its personal goals, then there is a strong relationship between the corporate sector and the “common good.” For business, the “common good” would be defined as the strategic actions taken by the corporation that would help the members of that entity realize their individual goals. When action such as this is taken, the collective personal interests of the employees, when combined with the shareholders of the corporation, meld; and company success is virtually guaranteed.

Can these theories based on the private sector and society as a whole be applied to the public sector?

Private Sector vs. Public Sector Organizations—Can Government be Run Like a Business?

There are both similarities and differences between government and business; yet the rhetoric elicited at most major U.S. elections suggests that government should be run more like a business. This research did not simply address the similarity between government and business; instead, it investigated whether there was sufficient similarity between government and business roles to warrant the expectation that government be operated as a business and, as such, have its role in social responsibility efforts measured in the same terms.

In order to establish the validity of the application of any form of operational management between that of corporate business with that of government, there must first be a review of current theory related to the similarity of functionality linking both parties. A grounded level of understanding the management styles and processes between each of these organizations is essential to establish the transferability between them.

Scholarly research into the managerial styles between both the public and private sectors has been extensive over the last few decades. In 1887, Woodrow Wilson made a study of management in America through his "politics-administration dichotomy." He argued the similarity between private and public sectors, thus giving birth to the reform movement of the 20th century. Luther Gulick, in 1937 in his "Notes on the Theory of Organization," set the groundwork for the underpinning of common elements of a standard management style. These building blocks of planning, organizing, directing, staffing, coordinating, reporting and budgeting became the key components for management regardless of organizational affiliation.

Drucker (1973), in his review of public sector performance in comparison to the private sector, noted that low-performance was directly related to a low-quality workforce and vague objectives and indefinable outcomes. Six directives were offered to improve efficiency and

effectiveness of the public sector, each tying the need for private sector application to the inefficient public sector domain.

Building on the theory that management is really not a specialized field specific to only one business type, be it public, private, not-for-profit, etc., Fottler (1981) held that there are similarities between each of these types of businesses in their approach to management. However, based on their funding sources, differences were identified in the areas of cultural meanings, ethical norms, motivational tools and legislative constraints. While each type of business operated in the same marketplace with similar needs with regard to management of resources, the public sector's current operational structure was inefficient in composition; therefore, to maximize productivity, a modification of operational makeup through reform was called for.

In 1984, Moe, through his article entitled "The New Economics of Organization," discussed the current school of thought related to management in the areas of economic theory. With regard to the governmental sector, Moe found that economic theory often dictates the control that management has within the system of government as well as the agents of the organization. For those in the corporate world, improving the bottom line through increased profits call for attaining the best resources and incentives available to maximize efficiency. As long as governmental managers are concerned with matters of transparency and equity, economic efficiency is elusive.

In 1996, Kettl and Milwards introduced the idea of public management as an innovative approach to public administration. The idea of performance of an entity as the central focus differed from the current thought of organizational structure as a tool for productivity improvement.

Much investigation into the difference and similarity between the public and private sectors has been done by Bozeman et al. (1987, 1992, 1994, 1996, 1998). In his first work, Bozeman argues that to a certain degree, all businesses can be seen as “public,” and that the only difference between public and private lies in the degree of “publicness” of the company. Follow-on research by Bozeman et al. focuses on the impact of political authority to an organization and its ability to improve performance, noting that the focus of political authority is not always in line with economy, efficiency and effectiveness. Those corporations operating in a high-level environment of political influence often were found to be less productive than their counterparts with less political authority.

It is duly noted that research has shown that there are fundamental differences between the public and private sectors in how business is transacted. This identification of key elements of differentiation also clearly indicates the themes that are shared between the two players. While the arena in which government transacts its business can be found to be highly political in its construct and riddled with elevated concentrations of rules, regulations, procedures and constraints, the fundamental principles of management can be applied to both public and private organizations. In their 1976 article entitled “Comparing Public and Private Organizations,” Rainey, Backoff and Levine note the union of management styles for these sectors in a common goal of performance improvement.

Richard Box in 1999 reviewed questions commonly linked to running government like a business. Through a protracted review of available research, Box identifies the difference in value systems between the public sector of democratic values (fairness, transparency and open competition) and those of the private sector’s market-based values (relationship-building, profit-maximization and efficiency).

Most central to my research was a discussion by Michael Murray (1975) on his work in the area of managerial styles of public and private managers. In this research, Murray takes a look not at the environmental issues surrounding business transactions, but the processes followed by each group. Murray deduces that based on their comparable approaches to solving problems and meeting the needs of the organization, the entities are more analogous to each other than they are dissimilar.

A Call for the Reinvention of Government

Osbourne and Gaebler (1992) unleashed the reinvention of government through their book entitled *How the Entrepreneurial Spirit is Transforming the Public Sector*. Through the use of re-allocating resources to improve productivity, they centered their discussion on process improvement, not on the principles or guidelines set for government in an effort to banish bureaucracy.

Undoubtedly, the most commonly referenced document of the late 20th century is the Report of the National Performance Review (Gore, 1993). This document contains a review of federal agencies that is related to process improvement, customer service and program efficiency. Clearly, the recommendations for enhancement through streamlining, re-engineering and staff accountability have strong ties to the private sector. The overarching theme of reform in the public sector brings government into a competitive mindset—shedding the aura of an omnipresent oligopoly to one of a slick high-performance machine. Gone are the days of entitlement and gorging at the table of the over-taxed citizen; it is the south-beach svelte governmental manager whose tools are high-tech and economy-focused.

Critics of the application of corporate business practices for the re-invention of government speak of the failures in the private sector model itself. While the Grace Commission

report holds that the private sector is superior in its approach to business, researchers such as Downs (1986), Goodsel (1993) and Ingraham and Romzek (1994) find that the applicability of these reforms is inappropriate for the public sector due to its failure to take into account the political process. Cited are the issues of Total Quality Management and the absence of competition. Koehler and Pankowski (1996) note that incentives, or the lack thereof in the public sector, needs of senior managers vs. that of the taxpayers as well as the inflexibility of the budget lead to unsuccessful application of the private sector model.

Coming full circle in the discussion of business school application of management techniques for government is the argument posed by Rainey and Steinbauer (1999) on high performing governmental organizations. From their viewpoint, the best approach for refining and reinventing government should come from a review and adaptation of those governmental units deemed to be “best-in-class.” These organizations have either successfully adapted private sector approaches and made them work or, in light of the environment in which they operate, established innovative means to improve their service delivery while enhancing customer service.

Procurement and Social Responsibility

The involvement of purchasing managers in the socially responsible management of the supply chain, a concept commonly referred to as procurement social responsibility (PSR), consists of a wide array of behaviors that broadly fall into the categories of environmental management, safety, diversity, human rights and quality of life, ethics, and community and philanthropic activities.

*Purchasing's Contribution to the Socially Responsible
Management of the Supply Chain*

Carter & Jennings, 2000, p. 8

Academic researchers have examined these issues to varying degrees in the past, but always with a dominant private sector focus. Numerous specific activities encompassed within

PSR have been identified by the Center for Advance Purchasing Studies (Carter & Jennings, 2000) and will be described in the body of this dissertation.

PSR is defined in the private sector by the Institute of Supply Management as “a framework of measurable corporate policies, procedures and resulting behavior designed to benefit the workplace and, by extension, the individual, the organization, and the community in the following areas (in alphabetical order)”⁵:

⁵See <http://www.ism.ws/SR/content.cfm?ItemNumber=4767&navItemNumber=5503>, retrieved October 1, 2006.

I. Community	
	1. Provide support and add value to communities and the supply chain.
	2. Encourage members of the supply chain to add value in their communities.
II. Diversity	
	1. Proactively promote purchasing from, and the development of, socially diverse suppliers.
	2. Encourage diversity within your own organization.
	3. Proactively promote diverse employment practices throughout the supply chain.
III. Environment	
	1. Encourage your organization and others to be proactive in examining opportunities to be environmentally responsible within their supply chains, either "upstream" or "downstream."
	2. Encourage the environmental responsibility of your suppliers.
	3. Encourage the development and diffusion of environmentally friendly practices and products throughout your organization.
IV. Ethics	
	1. Abide by your organization's code of conduct.
V. Human Rights	
	1. Treat people with dignity and respect.
	2. Support and respect the protection of international human rights within the organization's sphere of influence.
	3. Encourage your organization and its supply chains to avoid complicity in human or employment rights abuses.
VI. Safety	
	1. Promote a safe environment for each employee in your organization and supply chain. (Each organization is responsible for defining "safe" within the organization.)
	2. Support the continuous development and diffusion of safety practices throughout your organization and the supply chain.
VII. Financial Responsibility	
	1. Become knowledgeable of and follow applicable financial standards and requirements.
	2. Apply sound financial practices and ensure transparency in financial dealings.
	3. Actively promote and practice responsible financial behavior throughout the supply chain.

Figure 1: Institute for Supply Management's Principles of Social Responsibility

This definition is further supplemented by Business for Social Responsibility (BSR). BSR defines CSR as “operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business.”⁶

⁶“Introduction to Corporate Social Responsibility.” San Francisco: Business for Social Responsibility, <http://www.bsr.org.html/BSRLibrary/TOdetail.cfm?documentID=138>, retrieved October 1, 2006.

Global View of Social Responsibility

In the international arena of procurement, the public and private sectors are not thought to be different. As an example, for the UK and Australia, procurement of government commodities and services is seen as equal in skill, strategy and complexity to that of the private industry. For the governmental units in these countries, social responsibility is taught using the same procurement tactics and strategies as private sector businesses.⁷ In contrast to the private sector, a clear definition of public procurement social responsibility (PPSR) and a measure of PPSR outcomes has not been established.

CSR is currently measured in the UK and Australia by an index that assesses the level at which businesses partake in social responsibility activities. Over the last five years, Business in the Community, a British organization whose purpose “is to inspire, challenge, engage and support business in improving its positive impact on society,”⁸ has worked to establish the Corporate Responsibility Index (CRI). The CRI was established to measure business-to-business, sector-to-sector comparisons. In the United States, the most recognized work on CSR is through a non-profit organization called Business for Social Responsibility (BSR). BSR is charged with creating policies, programs and training for individuals assigned to establish and monitor CSR initiatives, as well as to aid businesses in reporting their CSR activities. After much inquiry, this researcher was unable to identify a measurement tool in any of the United-States-based CSR organizations equivalent to the CRI. Furthermore, no information related to public sector involvement in similar social responsibility initiatives was found. Further, the

⁷ Personal conversation, Ian Taylor, President, Chartered Institute of Purchasing and Supply, August 6, 2005.

⁸ Business in the Community website, www.bitc.org/homepage/index.html, retrieved July 14, 2005.

activities of BSR appear to be directed toward the private sector. Given the paucity of information on the public sector's involvement in CSR and the lack of an appropriate CSR measure, there is a need to fill this chasm in knowledge and measurement.

This research examined the realm of PPSR and identified socially responsible activities as defined by public sector purchasing managers. Results of this study identified current initiatives within the public sector that establishes a baseline comparison for future years, as well as for comparison with the private sector. Further, the study identifies the measurement tools employed by agencies in establishing their PPSR outcome behaviors.

In order to ascertain an agency's PPSR activities, the National Institute of Governmental Purchasing, Inc. (NIGP), to identify their perception of personal and professional PPSR activities, administered a survey using the private sector's definition established by the Institute of Supply Management (ISM) to public purchasing managers. Any deviations from the private sector PSR were solicited through free-response questions and noted as part of the results.

Importance of the Research

This study was significant because limited research has been conducted in the area of PPSR. Despite governmental and self-imposed mandates on the private sector in the areas of sustainability, diversity, human rights, safety, ethics and philanthropy, there are few systems in place to measure and validate that the public sector complies with the same standards expected of private industry. Have state and local level governments adopted a "do as I say and not as I do" attitude? The results of the research delve into this and other questions and are both exploratory and descriptive in nature.

CHAPTER THREE: METHODOLOGY

Problem Statement

At the outset, the researcher was faced with the task of sorting out what information, if any, would answer the very basic of questions: “Is there socially responsible activity in the public procurement sector? If so, how is it defined and measured? To what extent do procurement managers of NIGP, representing the public sector procurement population, demonstrate PPSR, and are these behaviors a result of professional or personal initiatives? Do demographic differences in governmental agencies impact public sector initiatives?” Further, analysis of drivers established in the private sector as having an impact on the CSR activities of business was explored for their impact on the public sector’s approach to social responsibility.

Objectives of the Research

This study added to the paucity of research on PPSR in public sector procurement by posing the following questions:

Research Questions

1. What are the dimensions of PPSR?
 - a. Do certain types of PPSR activities appear more frequently than others?
 - b. How are PPSR programs measured in the public sector, if at all?
 - c. Do different demographic characteristics influence the level of PPSR participation (e.g., agency type, geographic location, population served, budget size)?

- d. Is there a relationship between organizational policies, formal goals and objectives and performance tracking mechanisms in the involvement of public procurement in socially responsible activities?

Research Hypotheses

Hypotheses were developed in three distinct classes: first, to identify if the constructs of socially responsible procurement activities as defined by the private sector are the same for the public sector. The second class of hypotheses looks at the impact of drivers for PSR activities on PPSR activities, and the third sector identifies if descriptive information on participants will determine the PPSR score for an agency's activities.

Hypothesis H¹ looks at the application of the private sector definition of PSR activities in the public arena. Hypotheses H² through H⁵ are based on the impact of the PSR drivers on PPSR activity. Hypotheses H⁶ through H¹⁰ make suppositions as to the location, size, budget and spend of an agency on the PPSR activity.

H¹: The areas of PSR activity for the private sector are the same for the public sector.

H²: PPSR activity is positively associated with the existence of formal goals and objectives.

H³: PPSR activity is positively associated with the presence of organizational policies within an agency.

H⁴: The PPSR activity of an agency is positively associated with the existence of performance tracking mechanisms within an agency.

H⁵: The presence of top-down support for PPSR is positively associated with the PPSR activities of an agency.

H⁶: PPSR scores are positively associated with agencies whose populations are greater than one million.

H⁷: PPSR scores are negatively associated with agencies whose budgets are less than \$100 million.

H⁸: PPSR scores are positively associated with agencies located in the Southeast, South Central and West.

H⁹: PPSR scores are positively associated with agencies that are defined as being most flexible in their organizational structures.

H¹⁰: PPSR scores are negatively associated with procurement volumes less than \$100 million.

Study Variables and Measures

Dependent Variables

Socially responsible public procurement activities (PPSR) for an agency were measured by the creation of an additive index, which was comprised of 39 variables in eight categories. For each of the variables listed in Table 1, a scaled response was received in the following format:

- 1- To no extent whatsoever
- 2- To almost no extent
- 3- To a little extent
- 4- To some extent
- 5- To a good extent
- 6- To a great extent
- 7- To a very great extent

While similar in context, NIGP chose to modify the wording of the questions in the ISM survey instrument for public sector contextual application. Additional questions were posed on issues that would relate only to the governmental procurement arena. Conversely, purely private sector questions were eliminated. (i.e., participates in the design of products for disassembly).

Table 1: Questionnaire Items for PPSR Based on PSR Constructs for the Private Sector

Community-

Agency Philanthropy

- Volunteering during work hours
- Donation of agency assets

Personal Philanthropy

- Volunteering during personal time
- Donation of personal assets

Diversity-

Supplier Diversity

- Program for Diversity of Suppliers
- Development of Diverse Suppliers
- Preference Programs
- Requirement for Suppliers to use Diverse Suppliers

Employment Diversity

- Program for Diversity of Employees
- Program for Diverse Employment practices

Environment -

- Environmental friendliness impact review of products and packaging
- Packaging reduction requirements in solicitation documents
- Waste reduction goals for dept/agency
- Goals for suppliers in waste reduction
- Environmental Assessment of Suppliers
- Requirement for recycled goods in solicitation documents
- Energy Efficiency program for vehicles
- Energy Efficiency program for lighting and computer equipment

Ethics –

- Abide by of a formal set of ethical guidelines
- Awareness of purchasing dept. guidelines for ethical behavior
- Conducts Ethical training
- Requirement for supplier compliance with agency ethical guidelines
- Requirement for supplier to have its own ethical policy and guidelines

Human Rights -

- Supplier visits to ensure non-sweatshop conditions
- Supplier compliance with child labor laws
- Requirement for agency to pay living-wages to its employees
- Requirement for suppliers to pay living-wages to its employees
- Requires suppliers to provide health insurance coverage for eligible employees
- Requires suppliers to provide health insurance coverage for eligible employees and domestic partners
- Agency treatment of individuals with dignity and respect
- Agency provides health insurance coverage for eligible employees
- Agency provides health insurance coverage for eligible employees and domestic partners
- Agency requires suppliers to demonstrate proactive human rights program
- Secondary suppliers evaluated for human rights programs

Safety –

- Supplier's locations are operated in safe manner
- Safe incoming movement of products in agency
- Agency ensures employees work in safe environment

Financial Accountability –

- Agency has knowledge of, and follows generally accepted financial standards
- Agency actively promotes responsible financial behavior throughout the supply chain

Independent Variables

For the three drivers identified in ISM's study as found in Table 2—formal goals and objectives, written policies and procedures, and performance tracking mechanisms—the following dichotomous response structure was created due to the format in which the data was captured by NIGP:

0- Yes

1- No

Table 2: Independent Variables Related to the Drivers for PPSR Activities

Existence of Formal Goals and Objectives -

Specific goals and objectives (measurements) for its employees related to each of these areas

Specific goals and objectives (measurements) for its purchasing employees related to each of these areas

Specific goals and objectives (measurements) for its suppliers related to each of these areas

Existence of Performance Tracking Mechanisms -

A performance tracking mechanism for its employees related to each of these areas

A performance tracking mechanism for its purchasing employees only related to each of these areas

A performance tracking mechanism for its suppliers related to each of these areas

Existence of Written Policies -

A written policy for its employees related to each of these areas

A written policy for its purchasing employees only related to each of these areas

A written policy for its suppliers related to each of these areas

Control Variables

For each of the control variables, the respondent chose a range in which their agency could best be described. A description of the variables and associated ranges is provided in Figure 2.

Population Served by Agency	Geographic Location of Agency
Less than 10,000	Northeast (CT, MA, ME, NH, RI, NY, VT)
10,000 to 25,000	Mid Atlantic (DC, DE, MD, NJ, PA, VA, WV)
25,000 to 50,000	Southeast (AL, FL, GA, MS, NC, SC, TN)
50,000 to 75,000	South Central (AR, AZ, LA, NM, OK, TX)
75,000 to 100,000	Central (CO, IA, KS, MO, NE, UT)
100,000 to 200,000	Great Lakes (IL, IN, KY, MI, MN, OH, WI)
200,000 to 400,000	North Central (ID, MT, ND, SD, WY)
400,000 to 600,000	West (AK, CA, HI, NV, OR, WA)
600,000 to 800,000	Canada
800,000 to 1 Million	Other
1 Million to 2 Million	
2 Million to 4 Million	
Over 4 Million	

Total Agency Budget	Agency Type
Less than \$5 Million	State/Province
\$5 Million to \$10 Million	County/Region
\$10 Million to \$25 Million	City/Municipality
\$25 Million to \$50 Million	School System
\$50 Million to \$100 Million	College/University
\$100 Million to \$250 Million	Health Related
\$250 Million to \$500 Million	Utility
\$500 Million to \$1 Billion	Spec Authority/District
Over \$1 Billion	Other

Annual Procurement Volume
Less than \$1 Million
\$1 Million to \$10 Million
\$10 Million to \$25 Million
\$25 Million to \$50 Million
\$50 Million to \$75 Million
\$75 Million to \$100 Million
\$100 Million to \$200 Million
\$200 Million to \$300 Million
Over \$300 Million

Figure 2: Response Ranges for Control Variables

Population and Sample

NIGP is the recognized source of procurement information for public sector agencies. The primary objective of NIGP is to enhance public procurement, promote the profession and preserve the public trust by providing expertise, direction, and leadership for members and other

stakeholders. Of the agencies eligible for membership with NIGP, approximately 2,600 actively participate in its programs and research initiatives in the United States and Canada.⁹ Following a review of the research related to procurement social responsibility in the private sector established by ISM, NIGP issued their own survey to its members to gauge social responsibility efforts in the public procurement arena. The questionnaire was adopted from one developed by ISM in 2004, based on *Purchasing's Contribution to the Socially Responsible Management of the Supply Chain*, a report from Carter and Jennings (2000). Supplemental questions were added by NIGP that pertained only to the public sector's approach to procurement. In addition, descriptive questions were asked, such as agency type, population served, budget size, annual procurement spend and geographic location.

As mentioned previously, this dissertation research was based on a secondary analysis of the 2005 NIGP archival data set. The population of the study consisted of public procurement agencies that were funded by tax-dollars and/or governmental appropriations and also were active members of NIGP in 2005. All member agencies, 2,077 at the time the survey was taken, were invited to participate in the survey through an electronic notification to the agency representative. These agencies were self-selected in that they voluntarily submitted a response to the survey invitation. The agencies solicited are engaged solely in the acquisition of goods and services for the public sector as governed by the United States and Canada.

Data Collection

Data was collected using an electronic survey, a hard-copy of which can be found in Appendix A. Participating agencies were provided with a link to an Internet URL address where

⁹ Belinda Reutter, Director, of Membership Services, NIGP, personal communication, August 2005.

the survey instrument was located. Perseus Survey Solutions 6.0 was utilized for the survey preparation and data collection.

A descriptive analysis was conducted to present an overall view of the sample collected. In order to determine if the 7-Principles of Supply Social Responsibility (SSR) model developed by the Institute of Supply Management (2004) were appropriate for the public procurement sector, a principal component extraction method was utilized. Using composite scales for each of the factors, One-Way and Three-Way ANOVAs were utilized to determine what, if any, impact the presence of policies, performance tracking mechanisms, and goals and objectives had on socially responsible initiatives.

CHAPTER FOUR: FINDINGS

Descriptive Statistics of Responding Population and Response Rate

Of the 2077 solicitations sent to the membership of NIGP, 259 (12.5%) were returned as undeliverable, leaving a total usable sample of 1,818. A total of 744 agencies responded to the solicitation, resulting in a 41% response rate. The electronic survey, which facilitated the data collection, mandated that all questions be completed with the exception of the free-response comment areas. Table 3 provides a participation breakdown by type of the responding population. An analysis of demographic data from NIGP on its membership indicates that the responses collected in this survey were a strong representative sample of the respective populations of the membership of NIGP and the public procurement sector as a whole.¹⁰

Table 3: Responding Agencies by Type

Type of Agency Represented	Frequency	Percent
State/Provincial Government	106	14.2
County/Regional Government	132	17.7
City/Municipal Government	296	39.8
School System	76	10.2
College/University	42	5.6
Health Related	4	0.5
Utility	12	1.6
Special Authority/District	60	8.1
Other	16	2.2
Total	744	100.0

The strongest representation of agency type was by City/Municipal Governments at 39.8%. This participation rate was more than double that of the State/Provincial and

¹⁰ Belinda Reutter, NIGP Membership Director, personal conversation, January 15, 2006.

County/Regional Governments combined (31.9%). Given that there are more than twice the number of cities and municipal governments in the United States and Canada than there are in the other two divisions, this higher response rate is easily explained. Special Authorities and Districts supplied 8.1% of the responses collected, followed closely by educational institutions at 6.1% of the responses. Of interest are the responses collected under the category of “Other.” A review of the respondent data collected in these categories was insufficient to determine the exact nature of these agencies.

Of the agencies represented, 44.9% serve populations that are 200,000 or greater. For most municipalities, this level of population would define them as “metropolitan”; however, a county with a population of 200,000 is rural in comparison. Further, it must be noted that the term “population” differs by types of agency, i.e., City vs. University. Due to the differing interpretation of this term, there is possibility for crossover and duplication in populations served. The residents in the City of Houston often are also part of the student population served by the University of Houston. The largest single category of “population” represented was found in the range of 100,000-200,000 in population.

Table 4: Population Served by Agency

Population Served by the Agency	Frequency	Percent
Less than 10,000	34	4.6
10,000 - 25,000	58	7.8
25,000 - 50,000	56	7.5
50,000 - 75,000	78	10.5
75,000 - 100,000	66	8.9
100,000 - 200,000	118	15.9
200,000 - 400,000	100	13.4
400,000 - 600,000	46	6.2
600,000 - 800,000	20	2.7
800,000 - 1 Million	38	5.1
1 Million - 2 Million	50	6.7
2 Million - 4 Million	46	6.2
Over 4 Million	34	4.6
Total	744	100.0

When discussing the “power of the purse,” it is important to be able to discern whether or not the size of the purse is a contributing factor. If the “purse” is defined as the overall revenue of an agency or corporation, then it must be noted that governments as individual entities are much lower in revenue than that of Corporate America. A corporation with over \$500 million in revenue each year is small in comparison to that of Hewlett Packard, Dell, General Electric and Caterpillar; however, in the eyes of the public sector, that level of revenue is considered to depict a very large agency.

Table 5: Total Agency Budget

Total Budget of the agency to include salaries and other overhead expenses	Frequency	Percent
Less than \$5 Million	98	13.2
\$5 Million to \$10 Million	40	5.4
\$10 Million to \$25 Million	64	8.6
\$25 Million to \$50 Million	84	11.3
\$50 Million to \$100 Million	114	15.3
\$100 Million to \$250 Million	146	19.6
\$250 Million to \$500 Million	100	13.4
\$500 Million to \$1 Billion	48	6.5
Over \$1 Billion	50	6.7
Total	744	100.0

According to the responses collected, 86.8% of the agencies participating in the survey had annual revenues of less than \$500 million, with the strongest response coming from agencies whose budgets were \$100 to \$250 million in size. Given that 13.2% of the respondents had \$500 million and over and that States were represented here, the overall picture of tax-dollar revenue appears to be small in comparison to that of the private sector.

Table 6 gets to the meat of the discussion on the leveraging of “spend” by government for the benefit of society as a whole. According to the information provided by responding agencies, 59% of public entities will spend between \$1 and \$50 million each year through the procurement process. Another 40% will spend over \$50 million; but, once again, these are small-dollar expenditures in comparison to the private sector. Public sector agencies can work alone as independent contributors or in conjunction with one another to really pack a punch. Due to the sheer number of governmental units, which is estimated by the National Association

of Counties to be more than 85,000 ¹¹, a conservative average spend of \$10 million transforms into a \$850 trillion dollar corporation.

Table 6: Annual Procurement Spend by Agency

Annual Dollar Volume that Passes through Purchasing	Frequency	Percent
Less than \$1 Million	8	1.1
\$1 Million to \$10 Million	138	18.5
\$10 Million to \$25 Million	168	22.6
\$25 Million to \$50 Million	132	17.7
\$50 Million to \$75 Million	66	8.9
\$75 Million to \$100 Million	56	7.5
\$100 Million to \$200 Million	64	8.6
\$200 Million to \$300 Million	44	5.9
Over \$300 Million	68	9.1
Total	744	100.0

Of the agencies responding, 27.7% were located in the Southeast (FL, GA, SC, AL, NC, TN, MS); 16.7% were from the South Central region (AR, AZ, LA, NM, OK, TX); 13.7% were from the Great Lakes area (IL, OH, KY, IN, MI, MN, WI); and 12.9% were from the Mid-Atlantic area (DC, VA, MD, DE, NJ, PA, WV). Table 7 presents the full spectrum of regional participation.

¹¹Personal Conversation with Steve Swendiman, Executive Director of the Financial Services Corporation, a for-profit arm of the National Association of Counties, September 15, 2005.

Table 7: Geographic Region of Responding Agencies

Geographic Location of Agency	Frequency	Percent
Northeast (CT, MA, ME, NH, RI, NY, VT)	38	5.1
Mid-Atlantic (DC, DE, MD, NJ, PA, VA, WV)	96	12.9
Southeast (AL, FL, GA, MS, NC, SC, TN)	206	27.7
South Central (AR, AZ, LA, NM, OK, TX)	124	16.7
Central (CO, IA, KS, MO, NE, UT)	72	9.7
Great Lakes (IL, IN, KY, MI, MN, OH, WI)	102	13.7
North Central (ID, MT, ND, SD, WY)	6	0.8
West (AK, CA, HI, NV, OR, WA)	64	8.6
Canada	34	4.6
Other	2	0.3
Total	744	100.0

It must be noted that within this study were responses from Canada and “Other” locations. As NIGP has members in the United Kingdom and Ireland, further investigation of the data revealed that the agencies responding as “Other” were indeed located in each of these countries. Additionally, public procurement has its stronghold in a few key geographical areas. These are the locales that show the greatest activities for innovation, best practices and educational activities. For the NIGP, the Southeast, South Central and Mid-Atlantic regions are areas of highest member density. ¹²

¹² Belinda Reutter, NIGP Membership Director, personal conversation, January 15, 2006.

Polarization of Responses Received to the Seven Principles of Social Responsibility as identified by ISM

Figures 4 and 5 note the wide spectrum of responses received to each of the questions related to the seven principles of procurement social responsibility identified by Carter and Jennings in their 2004 study. Prior to this analysis, the researcher was not anticipating such a severe distribution of responses from the public sector. In 22 out of 39 questions, the majority of the responses indicated that the agency participated “to no extent” or to “almost no extent” in the activities deemed to be relevant to procurement social responsibility. Of the remaining 17 questions, 12 were the exact opposite, in that the majority of the responses indicated that the agency participated “to a good, great or very great extent” in these areas of social responsibility. As this study progressed, the spectrum of responses became more evident through analysis and impact of drivers for socially responsible activities.

Of interest are the responses received for the principle of Community. The responses received for activities by agencies and those of the employees outside of work (personal time) appear to be mirror images of one another. In the free response section of the survey on community philanthropy, many respondents indicated that they would do more for the community given the opportunity to participate in PPSR activities during work hours. Only a few agencies indicated that a formal program actually existed in their agency. Although the written policy for such activity is scarce, it does serve as an example, which can be followed and built upon by other jurisdictions. The presence of this type of activity occurring outside of the workplace is a strong indication that there is genuine interest in contributing to the betterment of our neighborhoods and a possible starting point for public procurement social responsibility.

Diversity appeared to be strong in the area of government regulation. The highest activities for diversity occurred in the areas of employment diversity and in the use of diverse

suppliers. The activities in these areas are due to the Equal Employment Opportunity Clause mandated by the federal government, as well as mandated set-aside found in federal funding programs. Once again, the lack of activity in the area of a secondary tier (Level 2 reporting) of diverse supplier usage is yet another opportunity for procurement to play an active part in building a stronger society. Level 2 reporting of minority suppliers and the recognition of the efforts to include secondary providers of goods and services (i.e., use of a minority business for the installation or delivery of an item from Office Depot, let's say) is an area where specifications and reporting of subcontractors can play a critical role in the engagement and development of diverse businesses.

Surprisingly, the numbers of agencies reporting in that they had little or no activity in the areas of the environment caught the researcher off guard. It was anticipated that government was taking the lead in these efforts due to its prior initiatives to recycle and create a market for the recycled products. Clearly, more activity needs to be undertaken to bring the involvement of government to a minimum level of responsibility, especially in the areas of energy efficiency and waste reduction. How is it possible to ask the citizens of a particular geographic location to recycle and cut back on waste production when the agency is not serving as an example to be followed?

It would appear that the areas of ethics and financial responsibility, principles that scored very high in participation, are values that are key to a successful business and serve as common business practices. Federal mandates, such as OSHA requirements and benefit/wage provisions, generate high scores in the principles of Safety and Human Rights; however, in the absence of these requirements, little attention is paid in these pursuits by public procurement.

Principle	Total Number of Responses for the Statement	To no extent or almost no extent (ratings 1 and 2)		To a good, great or very great extent (ratings 5, 6, and 7)	
		Number	Percent	Number	Percent
Community - Agency					
Has volunteers supporting local charities during work hours	744	391	53%	130	17%
Donates to community organizations from assets of the agency	744	403	54%	120	16%
Has volunteers supporting local charities on own time	744	110	15%	351	47%
Donates to community organizations from personal assets	744	72	10%	405	54%
Diversity					
Purchases from diversity-owned suppliers	744	90	12%	277	37%
Has a formal supplier diversity purchase program	744	369	50%	225	30%
Proactively develops diversity-owned suppliers	744	310	42%	200	27%
Requires suppliers to implement and support diversity	744	443	60%	122	16%
Proactively promotes diverse employment practices throughout the supply chain	744	152	20%	291	39%
Has a preference program(s) in place	744	517	69%	101	14%
Environment					
Evaluates the environmental friendliness of purchased products and packaging	744	282	38%	127	17%
Reduces packaging materials in solicitation documents	744	344	46%	151	20%
Has waste reduction goals for the department/agency	744	368	49%	157	21%
Challenges suppliers to commit to waste reduction goals	744	512	69%	69	9%
Assesses the environmental responsibility of suppliers	744	495	67%	63	8%
Requires the use of recycled goods in solicitation documents	744	327	44%	135	18%
Has an energy efficiency program for vehicle acquisitions	744	350	47%	155	21%
Has an energy efficiency program for lighting and computer equipment acquisitions	744	367	49%	215	29%

Figure 3: Spectrum of Responses Received to the Principles of Procurement Social Responsibility Relating to Community, Diversity and the Environment

Principle	Total Number of Responses for the Statement	To no extent or almost no extent (ratings 1 and 2)		To a good, great or very great extent (ratings 5, 6, and 7)	
		Number	Percent	Number	Percent
Ethics					
Abides by a formally endorsed set of principles and standards of ethical conduct	744	19	3%	696	94%
Ensures awareness of the department's code of conduct by all employees	744	19	3%	661	89%
Conducts/Participates in ethics training	744	79	11%	451	61%
Requires suppliers to comply with the agency's code of conduct	744	155	21%	424	57%
Requires suppliers to demonstrate that they have an ethics policy and program in place.	744	455	61%	93	13%
Financial Responsibility					
Is knowledgeable of, and follows generally accepted financial standards and requirements	744	9	1%	695	93%
Actively promotes responsible financial behavior throughout the supply chain	744	75	10%	579	78%
Human Rights					
Provides health insurance to all eligible employees	744	104	14%	611	82%
Provides health insurance to all eligible employees and their domestic partners	744	361	49%	411	55%
Pays its employees a living wage as set for the geographical area and work to be done	744	223	30%	351	47%
Treats people with dignity and respect	744	95	13%	593	80%
Requires suppliers to provide fair compensation (a living wage) to workers	744	335	45%	197	26%
Ensures that suppliers comply with child labor laws	744	488	66%	105	14%
Requires suppliers to provide health insurance to all eligible employees	744	599	81%	55	7%
Requires suppliers to provide health insurance to all eligible employees and their domestic partners	744	649	87%	27	4%
Requires suppliers to demonstrate a proactive human rights program	744	563	76%	57	8%
Assesses key secondary suppliers to ensure compliance with human rights policies and goals	744	625	84%	29	4%
Conducts supplier visits to ensure that suppliers are not using sweatshop labor	744	608	82%	15	2%
Safety					
Ensures that suppliers' locations are operated in a safe manner.	744	451	61%	125	17%
Ensures the safe incoming movement of product to our agency	744	155	21%	399	54%
Ensures that each employee in the agency works in a safe environment	744	61	8%	624	84%

Figure 4: Spectrum of Responses Received to the Principles of Procurement Social Responsibility in the areas of Ethics, Financial Responsibility, Human Rights and Safety

Justification of Private Sector Constructs for Public Sector Application

It was important to determine if the measured areas of social responsibility could be relevant to the governmental procurement function. Without similarity in purpose and tactics, the study itself would be valueless. Based on the literature review finding that indeed private sector business practices could be applied to the public sector, a principal components analysis was conducted. The resulting factors of this analysis served as the basis for further analysis of the hypotheses.

Principal Components Analysis

In order to verify that the 7-factor model established by Carter and Jennings (2004) was appropriate for the public sector, exploratory factor analysis using the principal component extraction method was conducted. It must be noted that one variable loaded in two factors at the exact same coefficient value. After providing operational definitions to the factors, it was found that the variable was best placed with the lower-scoring factor.

Upon the completion of a varimax rotation, socially responsible activities in public procurement (PPSR) were operationalized and found to fall into 10 factors, as noted in Table 8. No variables were deleted due to low factor loadings (less than .3). One variable received identical high factor loadings for two components. Based on the operational definitions created by the resultant clusters, the research indicated the best placement for this variable was with the less explanatory component. All scales demonstrated acceptable levels of reliability, with composite reliabilities well in excess of the minimum guideline of .30 for sample respondent sizes of 744 to be considered significant (Hair, Anderson, Tatham, & Black, 1998).

Table 8: Operational Definitions of Factors determined through PCA with Varimax Rotation

Factor 1 - Environmental initiatives ($\alpha = .90$)		Coeff.
ENVPKG	Friendliness of purchases and packaging	0.752
PKGREDOC	Reduction of packaging materials in solicitation	0.712
GOALDEPW	Waste reduction goals for the agency/department	0.777
GOALSUPW	Challenges suppliers to commit to waste reduction	0.820
ENVRESPS	Assessment of environmental responsibility of suppliers	0.770
RECGOODS	Require the use of recycled materials in solicitation documents	0.739
ENERGYVPV	Energy efficiency program for vehicle acquisitions	0.719
ENERGYPE	Efficiency program for lighting and computer equipment acquisitions	0.763
Factor 2 - Diversity ($\alpha = .87$)		
PUDIVSUP	Purchases from diversity-owned suppliers	0.766
FORSUPPR	Formal supplier diversity program	0.868
DEVDIVSU	Proactively develops diversity-owned suppliers	0.849
SUPDIVSU	Requires suppliers to implement and support supplier diversity programs	0.797
DIVEMPPU	Proactively promotes diverse employment practices throughout the procurement function	0.756
PREFPROG	Has preference programs in place	0.607
Factor 3 - Agency imposed standards of living for suppliers (wages and employee health care) ($\alpha = .84$)		Coeff.
CHILDLAB	Compliance with child labor laws	0.516
LIVWAGES	Requires suppliers to pay living wages to its employees	0.684
HEALTHSU	Requires suppliers to provide health insurance to all employees	0.831
HEALTHSD	Requires suppliers to provide health insurance to all eligible employees and their domestic partners	0.812
Factor 4 - Personal philanthropy ($\alpha = .78$)		
CHAROWN	Has volunteers supporting local charities on their own time	0.852
DONPERS	Donates to community organizations from their own	0.838
Factor 5 - Ethical standards ($\alpha = .77$)		
FORMALET	Abides by a formally endorsed set of principles and standards of ethical conduct	0.773
ETHAWARE	Ensures awareness of Purchasing's code of conduct by all employees	0.824
TRAINETH	Conducts/participates in ethics training	0.754
ETHSUPP	Requires suppliers to comply with the agency's code of conduct	0.753
SUPDEMET	Requires suppliers to prove existence of ethics policies	0.477
Factor 6 - Agency Self-imposed standard of living for employees ($\alpha = .77$)		
LIVWAGEA	Pays its employees a living wage	0.517
DIGRESP	Treats people with dignity and respect	0.819
HEALTHEM	Provides health insurance to all eligible employees	0.899
HEALTHED	Provides health insurance to all eligible employees and their domestic partners	0.714
Factor 7 - Supplier human rights policies ($\alpha = .73$)		
HUMRIGHS	Demonstration by suppliers of a proactive human rights program	0.723
SECSUPHU	Agency assessment of key secondary suppliers to ensure compliance with human rights policies of the agency	0.765
SWEATSH	Conducts supplier visits on sweatshop labor	0.431
Factor 8 - Financial Accountability ($\alpha = .67$)		
FINKNOW	Knowledgeable of and follows generally accepted financial standards and requirements financial standards and requirements	0.868
FINPROMO	Actively promotes responsible financial behavior throughout the supply chain	0.870
Factor 9 - Safety ($\alpha = .60$)		
SAFESUP	Ensures that suppliers' locations are operated in a safe manner	0.564
SAFEAGEN	Ensures safe incoming movement of product to our agency	0.865
SAFEEMP	Ensures that each employee in the agency works in a safe environment	0.732
Factor 10 - Agency Philanthropy ($\alpha = .57$)		
CHARWORK	Has volunteers supporting local charities during work hours	0.565
DONWORK	Donates to community organizations from the assets of the agency	0.795

In total, the 10 factors explain that 64.8% of the variation related to socially responsible public procurement activities, as found in Table 9.

Table 9: Total Variance Explained through Principal Components Analysis

Factor	Total Eigenvalue	Percent of Variance Explained	Cumulative Percentage
1	7.040	18.05%	18.05%
2	3.414	8.75%	26.80%
3	3.010	7.72%	34.52%
4	2.584	6.62%	41.15%
5	2.133	5.47%	46.61%
6	1.999	5.13%	51.74%
7	1.510	3.87%	55.61%
8	1.460	3.75%	59.36%
9	1.121	2.87%	62.23%
10	1.004	2.58%	64.81%

Discussion of Factors Determined through PCA

Factor 1—Environmental Initiatives

As Table 8 illustrates the first factor deals with an agency’s strongest response to socially responsible activities. In 2005, the Environmental Initiative’s Chronbach alpha of .90 scored as the area deemed to be of the greatest social significance for state and local governments. In this factor, the strongest loading variables were in the areas of agency-imposed requirements on the supplier community and itself (waste reduction challenges, assessment of suppliers environmental responsibility, and waste reduction goals for the agency/department). This is primarily attributable, as mentioned earlier in this study, to the government’s role in the creation of a market when none exists, particularly in the field of recycling. This theme further carries over into the area of friendliness of packaging and use of recycled materials in solicitation

documents. With the move to conserve energy due to rising costs of electricity and fuel, loadings indicate that close behind the recycling movement is the trend to buy more efficient goods to stretch the tax-dollar further. It must be noted that the variable receiving the lowest loading was that of environmental packaging, indicating that an area for further investigation of governmental impact would be in the demand that the packaging within bid specifications for products be “friendlier.” Generally, the environmental focus on packaging has been a task of the private sector in an effort to reduce bottom-line costs and increase profits. It is, however, an area where government can play an active role through its bid solicitation requirements.

Factor 2—Diversity Activities

The second factor can be interpreted as the role of government in the diversification of the supply chain and in the area of economic development. Here, the highest-loading variables are those that reflect the agency’s programs to encourage and build relationships with a diverse supplier base. While employment diversity was the focus in past decades, scores for diverse employment practices fell short of the diversity initiatives related to growing, coaching and building the community through economic opportunities.

Factor 3—Human Rights: Standards of Living Imposed on Suppliers

Supplier-focused human rights issues report in as the third highest factor. Within this factor are the requirements for suppliers to provide health insurance for all eligible employees as well as their domestic partners. Additionally, the need for suppliers to pay a living wage to their employees is recognized as an area where governments may have the ability to impact through the contracting process. Interestingly enough, child labor laws received the lowest coefficient in this component. Aside from the need to acquire uniforms and computers, the final product that is

purchased in the public sector is not seen as one that is obtained from suppliers who have child labor exposure. As an example, governments procure police uniforms from a company by the name of Martin's Uniforms. Martin's is not the manufacturer of the shirts and pants; however, their supplier may be located in a geographical region that has no barrier to child labor. The mental attitude of "buy American" extends in this situation to the surface of the purchase, not to the full spectrum of acquisition to include raw material suppliers. This is an area where public and private differ. In the private sector, more focus is placed on raw materials, not finished products.

Factor 4—Community Philanthropy through Personal Activities

The principle of Philanthropy was explored in two distinct areas, personal and agency-based activities. This separation was made to see if any correlation occurred between personal actions and actions while at work with regard to involvement in either donation of time and/or assets. Personal philanthropy (donation of time outside of work hours and donation of personal assets) received significantly higher scores (.852, .838; $\alpha = .78$) than that of Agency Philanthropy (.565, .795; $\alpha = .57$). It must be noted that governmental agencies are beginning to donate surplus assets to charitable entities of late; and, thus, the coefficient tied to this activity is higher than that of the donation of time by the employees. In the free response section of the survey, many respondents noted that they had asked to be allowed to mentor at schools, serve on non-profit boards and work on behalf of funding campaigns for social-service-type agencies during work hours. However, their supervisors turned them down. The overarching reasoning behind the refusals fell into the theme of a "waste of taxpayer dollars" to be paying a government employee to serve in such a capacity. The possible revenue generated from the sale of surplus assets was seen to be minimal in comparison to lost productivity and hourly wages. Further, the

politicians and/or governing boards of the agencies often initiated donations by governmental agencies to social agencies as pet-projects. Many of those that replied to the survey indicated that they felt strongly about mentoring at schools, working with disadvantaged children, serving on boards for homeless shelters, etc., and as a result, did so on their personal time. Most indicated that given the opportunity to do so as part of an employee program would be beneficial to both the employee as well as the community.

Factor 5—Ethics

Public procurement has always worked to achieve a reputation that portrays the ethical, effective and efficient expenditure of public funds, and this is exemplified in the 5th factor. Through the NIGP Code of Ethics, the codes of other collegial associations—those engaged in the transaction of public business—know that they must never be seen as receiving personal benefit from any purchase made. Newspaper reports of transaction infractions that violate established standards of conduct are a blight on the profession and often make day-to-day operations more difficult. Accordingly, along with sound business practices, ethics is seen as a vital area of social responsibility to the public as well as the profession in general (Awareness of Purchasing’s code of conduct by employees, .824; Formal ethics policy, .773; Ethics training, .754; Supplier compliance with agency ethics, .753). Aside from the establishment and promotion of the agency’s own ethical standards within an agency as well as with suppliers to the agency (signed acknowledgement of the entity’s Code of Ethics), little is tracked as to policies in place at the supplier’s end (Supplier demonstration of ethics policy, .477). Regulation brings about awareness, and this may be an area where the requirement to provide a copy of and compliance with the Code of Ethics of the company along with any and all bids to government could bring about a greater conscience on behalf of commerce in general.

Factor 6—Human Rights: Standards of Living for Agency Employees

The sixth factor represents agency self-imposed standards of living for employees. Oddly enough, the variance explained by this loading scored less than that of what the government expects of its suppliers. This is an example of “do as I say and not as I do” approach to business transactions. Parallel findings can be made with regard to the provision of health insurance to eligible employees with that expected of the supplier community. However, when it comes to compliance with the Davis-Bacon Act (prevailing wage) and living wages, it would appear that government looks the other way with regard to the requirement to pay its employees at these levels (living wage paid to employees = .517 vs. supplier requirement to pay living wage = .684). This differential is also apparent in the requirement to provide health insurance to domestic partners (supplier health insurance to domestic partners = .812 vs. agency requirements for health insurance to domestic partners = .714).

Factor 7—Human Rights: Labor Practices of Suppliers

In keeping with the mentality of public acquisition of finished goods vs. raw materials, the seventh factor introduces sweatshop labor, human rights programs at the supplier’s facilities and compliance with agency human rights policies. Of the agencies responding, 81.7% reported that to almost no extent whatsoever do they review suppliers for sweatshop labor conditions (608 agencies, $p=744$). Buy American mentality extends here to believe that items being acquired from an agency are manufactured in accordance with North American established working standards.

Factor 8—Workplace Safety; Factor 9—Financial Accountability

Factors 8 and 9 bring to light the impact of government regulations and compliance with generally accepted business practices, regardless of public or private sector status. The

components of financial accountability as well as safety received solid scores; however, they are seen more as mandated business practices due to OSHA and GAAP regulations, not socially responsible activities that improve society in general. The combination of these two factors in addition to agency philanthropy only explains 9% of the variance in socially responsible public procurement activities.

Factor 10—Agency-Based Community Philanthropy

As Figure 6 illustrates, although 10 factors were identified for the public sector, three came from a splitting of two private sector constructs. Socially responsible activities in the area of Community philanthropy were affected by the addition of NIGP's question on personal vs. agency participation in activities. This supplemental division by NIGP caused a second factor to emerge under this heading. Additional research is needed to determine if there is an impact of the values of the individual on the agency's activities related to PPSR. Similarly, the Human Rights construct split into three factors based on the addition of NIGP questions on mandated provisions at the agency and supplier levels. In spite of the increase in factors identified through the NIGP survey on PPSR, the same foundation for PSR exists for both procurement activity types.

Given the above reporting of factors, there is strong evidence that the overall reliability and validity of the scale items used in the private sector, with modifications for the public sector, are also applicable for the public sector and, therefore, can be used to measure the hypotheses found in this study.

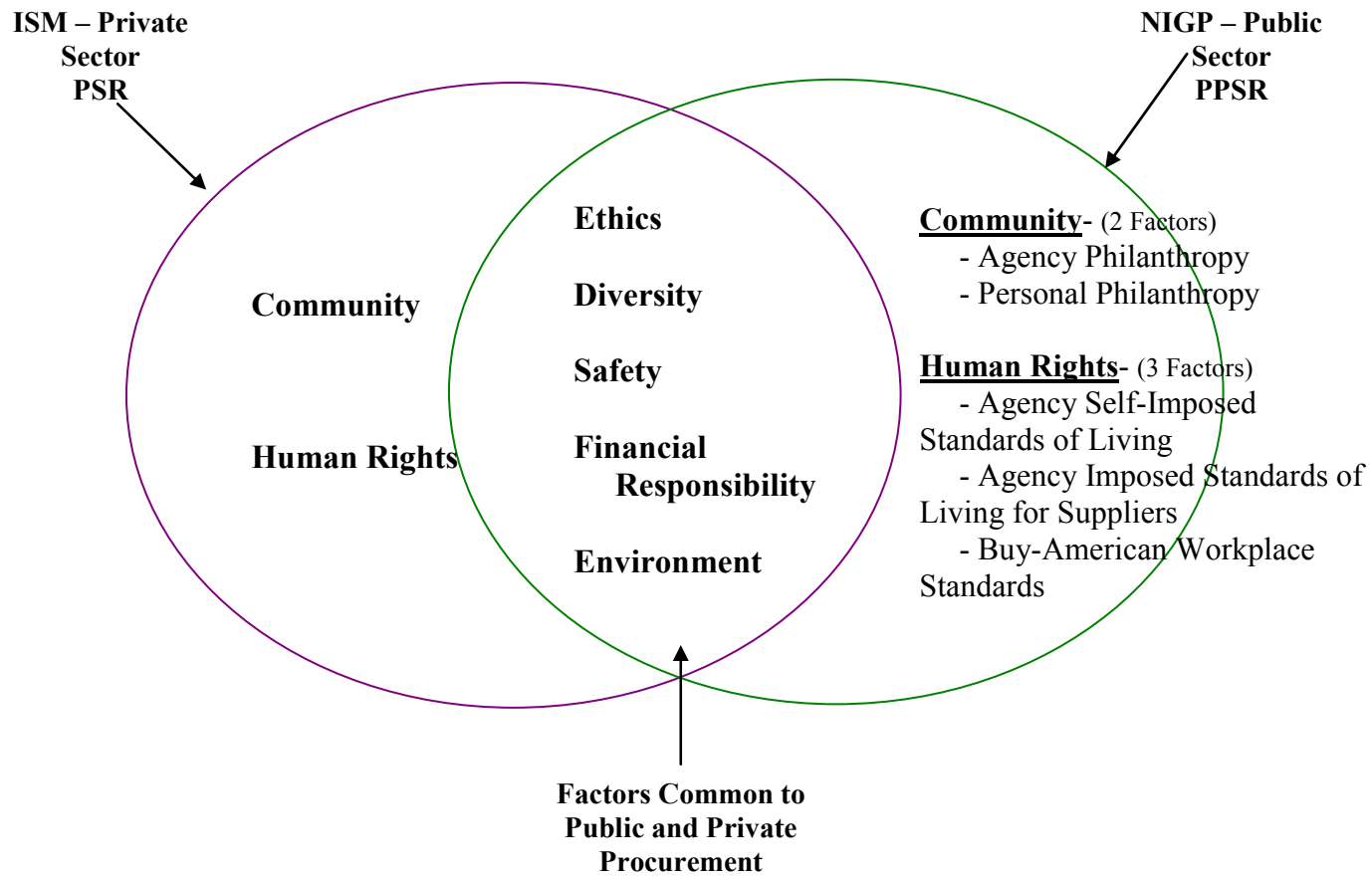


Figure 5: Public vs. Private Sector Areas of Social Responsibility Initiatives

Public Procurement Social Responsibility Additive Index

Following the determination of clusters through principal component analysis, an additive index was created for each of the 10 factors. A composite index was then created from all of the dependent variables, thus creating the PPSR score for an agency. Scores for each of the constructs of socially responsible activities as well as the overall PPSR score for an agency will be discussed further in this study and shall serve as the measurement tool for comparison.

Testing of Research Hypotheses Related to Public Procurement Socially Responsible Initiatives

H¹: The areas of PSR activity for the private sector are the same for the public sector.

While firmly footed in the private sector, corporate social responsibility establishes a structure of measured policies, tasks and resultant behaviors that will benefit not only community, but also the employee, organization, and the workplace itself. It is readily acknowledged that the motives for participation differ greatly between the private sector (tax reduction, goodwill to community, corporate image, etc.) and the public sector (meeting the needs of society in the absence of a private sector market). The foundation in which each sector acquires the needed goods and services to operate share many grounded principles of good business. Taking its lead from the United States' national and foreign policy interests in global corporate social responsibility, the Frank Hawkins Kenan Institute in 2003 convened a study to examine the roles that the U.S. government could play in promoting global CSR. Aside from international encouragement of developing countries and the financial institutions that fund their development, the study made recommendations as to how the United States could provide incentives and use government procurement policies as tools to promote global CSR.

Specifically, their 2003 study recommended that the President issue an executive order that would require U.S. governmental agencies to integrate labor and human rights performance and reporting guidelines in procurement preferences, similar to that of environmentally preferable and energy efficient items.¹³ To date, however, this has not been a pass-thru action for state and local governmental entities.

From a theoretical viewpoint, has the public sector usurped the responsibility for social responsibility, or has the private sector acknowledged that perhaps the needs of society exceed the capabilities of what the private sector or open market can provide? Clearly, the New Deal and the establishment of Welfare programs and Social Security in America established that the government clearly has a role to play in caring for the needy and elderly in society. These provisions, while well intentioned, had unexpected spillovers in behavioral changes and attitudes to those eligible for participation over the last several decades. Government may well have created or increased the lower level of class in America by establishing a threshold for involvement.

It is this outcome that would dictate the need for government to become more active with regard to social responsibility initiatives. Individuals should be rewarded for their efforts, rather than be entitled due to their situations. One way to establish such a program is through the contracting process. By making those agencies responsible for a minimum standard of living and coverage for their employees through the work performed with the government, the shift is made from full federal responsibility to shared responsibility at all levels of government. It is

¹³See http://www.csrpolicies.org/CSRRoleGov/CWR_Recommendations/CSR_SG_finalReport.html, retrieved July 23, 2006.

time for a cultural shift in which people, families, businesses and government all share the responsibility for themselves and each other as we move forward as a unified nation.

Government should be responsible to its citizens, and responsible is at the opposite end of the spectrum to that of creating opportunities. Through the procurement process, and the requirements of the bidding process, government can bring about more in the way of social change without creating a sense of entitlement, while firmly placing the responsibility for encouraging stronger, healthier families on those businesses engaged in providing goods and services to the public sector.

Public procurement has made a shift from process-driven to a more strategic focus in terms of business management. Cost savings and accountability through transparency are still foremost in the minds of the taxpayer and management; however, the realization that procurement is positioned to shape and fortify policies of an organization has brought socially responsible activities to center stage.

Government has been charged to reform its procurement process in the image of the private sector. The 1980's brought about the introduction and implementation of total quality management programs, giving forth to ISO 9000 and Balanced Scorecards for the measurement of increased quality and efficiency. The private sector has long been recognized as the reference for sound business practices; and, as such, the public sector has continually moved to adopt their best practices.

Pulling forward the ideas and research into procurement social responsibility initiatives from the private sector to the public sector follows the same thought process and tradition. The findings of this study supplant those of the private sector, in that the foundational areas as identified by ISM are clearly applicable to the public sector as evidenced through the correlations

presented through principle components analysis; however, the classifications are further developed and enhanced to reflect multi-dimensionality in the areas of community philanthropy and human rights.

Influential Drivers of Public Procurement Social Responsibility

In their 2000 study of corporate social responsibility, Carter and Jennings identified that key drivers for the level in which an agency participates in social responsibility initiatives are agency directives or policies, formal goals and objectives, and performance tracking mechanisms. Additionally, these questions focused on three areas of measurement—at the overall agency employee level, limited to purchasing employees, and to the supplier community.

In order to test the study's hypotheses related to drivers of PPSR, a comparison of scale item means was conducted for each of the 10 factors. A One-Way ANOVA was conducted on each of these components to determine if there was a difference in the mean values as explained by the presence of any of the above drivers. The ANOVA Tables numbered 20 through 28 in Appendix B show the impact of a driver's presence on the mean value of each of the 10 factors identified as PPSR initiative, along with their F scores and statistical significance. A review of the data established extreme differences for factors in the scores received due to the presence of a driver or the lack thereof. Earlier in this discussion, the term "top-down management" was defined as clear support for social initiatives through the presence of policies, goals and objectives and performance measuring mechanisms for PPSR. The strongest example possible for top-down management would be for an agency to have indicated that it had policies, goals and objectives as well as performance tracking matrices for each of the drivers by indicating "Yes" to each question. Conversely, the lack of support for these programs on behalf of management would be indicated by the presence of all "No" responses to these questions.

For each of the three hypotheses below, 3-Way ANOVAs were run to compare the mean scores for the presence of drivers in each of the three types of policies, goals and objectives, and performance tracking mechanisms (all employees, purchasing employees and suppliers). *Mean scores found in Tables 10, 11 and 12 reflect either the unanimous presence or lack of presence for the driver in question.*

Initial review of the results of the 3-Way ANOVAs was quite surprising. Out of 744 agencies participating in the survey, there were several drivers, especially those regarding goals and objectives and performance tracking mechanisms; that were heavily weighted to the negative. As an example, Table 10 on goals and objectives indicates that 85% of the agencies responding to these questions had no drivers in place for goals and objectives (an average of 632 out of 744 participating agencies). Further, on the positive side, only 1.2% had the drivers in place (an average of 9 out of 744 respondents).

This begs the question: If an agency has goals and objectives for recycled materials, whose goals and objectives are they? With regard to the environment and the purchase of goods with recycled content, Table 21 clearly indicates that procurement does not interpret an agency's recycled goals as part of their responsibilities (N = 34 responding "yes"; N = 710 responding "no"). The unawareness or perhaps even deniability of responsibility presents an opportunity to explore what procurement's role is with regard to the Environment and how it can take on a leadership position to accomplish this goal for the organization. Further, and rather oddly enough, purchasing employees do not appear to see themselves as a subset of the entire employee population, as the N for goals and objectives in Table 20 regarding the Environment for the entire base of employees of an agency was higher than that of purchasing (N = 74 "yes" for all employees; N = 670 "no" for all employees).

The same logic of membership/non-membership holds true for the driver of performance tracking mechanisms. The responses received from agencies for the existence of this driver mirrored those of goals and objectives, as there appeared to be a paucity of agencies with performance tracking mechanisms, with an average of N = 9 “yes” for employees, purchasing employees and suppliers and an average N = 649 for “no” to each grouping. Once again, a comparison of responses for the Factor of Environment indicate that purchasing does not view itself as part of the membership of “all employees” (Table 26, Environment N = 48 for “yes” vs. Table 27, Environment N = 18).

In spite of the extremes identified in the existence of drivers for each of the factors of PPSR, a clear pattern begins to emerge—The presence of a driver has a positive impact on the mean PPSR score for an agency.

H²: PPSR activity is positively associated with the existence of formal goals and objectives.

Table 10: Three-Way ANOVA Mean PPSR Scores for Driver: Goals & Objectives

PPSR Factor	Goals & Objectives in Place	N	No Goals & Objectives in Place	N	F	Sig.
Environment	40.75	16	21.12	646	28.437	0.000
Diversity	31.60	10	15.83	494	17.05	0.000
Ethics	28.75	16	24.07	642	3.69	0.001
Community - Agency	11.00	1	5.22	656	5.385	0.000
Community - Personal	11.00	1	8.78	656	3.15	0.005
Human Rights - SOL Agency	22.00	4	19.50	676	8.054	0.000
Human Rights - SOL Supplier	14.00	4	8.49	676	5.428	0.000
Human Rights - Supplier Policies	8.50	4	5.03	676	5.515	0.000
Safety	15.56	2	12.12	590	11.789	0.000
Financial Accountability	13.20	30	11.56	610	5.635	0.000

In the table above, the first factor, Environmental initiatives, has a mean PPSR score of 21.12 for an agency with no formal goals and objectives in place for its employees as a whole, purchasing department or supplier community. Clearly, as indicated by the first column, when

there are formal goals and objectives, there is a vast increase in the PPSR score received. In this example, a 93% increase occurred, bringing the mean Environmental score to 40.75 in comparison to 21.12 without the driver for goals and objectives. All areas of PPSR experienced an increase with the presence of formal goals and objectives, to include that of personal philanthropy—indicating that institutional practices may bleed over into personal actions. Smaller PPSR score increases were indicated in the areas of Safety, Financial Accountability and Ethics, attributable to the fact that these areas are highly regulated and have become part of the day-to-day overall business practice, rather than one that can be influenced by new initiatives. Thus, Hypothesis 2 is supported.

H³: PPSR activity is positively associated with the presence of organizational policies within an agency.

Table 11 indicates that when formal policies are in place within an agency, the overall mean score for each of the areas of public procurement social responsibility are increased across the spectrum. Once again, the Environmental factor showed the largest increase from a mean PPSR score of 20.00 to 42.29, or 112%, by the presence of formal policies related to socially responsible activities in the area of the environment. While all areas showed an increase, the factor indicating the smallest improvement was that of Agency-based Philanthropy for the Community (PPSR score increase of 5.23 to 5.28—1% increase), while the presence of policies for Community activities had more impact on the personal behavior of an employee or supplier (PPSR score increase from 8.73 to 10.53—21% increase). The disparity identified here may indicate the positive relationship between an institution's ability to influence its employees and suppliers, while the establishment of formal policies for an agency has little effect on the philanthropy of an agency with regard to day-to-day activities due to the political nature of the

donation of governmental assets. In spite of the message that policies have little influence on charitable activities as much as the desired outcome, Hypothesis 3 is supported.

Table 11: Three-Way ANOVA Mean PPSR Scores for Driver: Formal Policies

PPSR Factor	Formal Policies in Place	N	No Formal Policies in Place	N	F	Sig.
Environment	42.29	14	20.00	546	47.279	0.000
Diversity	34.50	8	13.42	250	16.89	0.000
Ethics	29.25	56	20.07	122	26.236	0.000
Community - Agency	5.28	14	5.25	500	3.595	0.001
Community - Personal	10.53	14	8.72	500	3.678	0.001
Human Rights - SOL Agency	23.24	42	17.84	376	14.454	0.000
Human Rights - SOL Supplier	16.00	42	7.74	376	13.568	0.000
Human Rights - Supplier Policies	7.57	42	4.28	376	22.381	0.000
Safety	17.84	13	10.62	196	21.645	0.000
Financial Accountability	13.19	32	10.79	298	15.403	0.000

H⁴: The PPSR activity of an agency is positively associated with the existence of performance tracking mechanisms within an agency.

Once again, a 3-Way ANOVA was conducted related to the impact of performance tracking mechanisms and their impact on the overall PPSR score of a governmental agency. As reflected in Table 12, in each case where the presence of a tracking tool was indicated, the overall score of an agency, regardless of its demographics, increased. It must be noted that no standard is set for measurement of PPSR through performance tracking other than at an agency level. Respondents noted that an agency tracks its procurements awarded to diverse business types and had a tracking of recycled or environmentally favorable products acquired. Employees, both agency-wide and procurement-based, did not identify that their performance related to PPSR involvement in the areas of community, safety, human rights, ethics or financial responsibility was tracked. Of interest was the fact that agency set-asides and goals for participation served as performance tracking mechanisms in the eyes of the respondents.

Table 12: Three-Way ANOVA Mean PPSR Scores for Driver: Performance Tracking Measures

PPSR Factor	Performance Tracking in Place	N	No Performance Tracking in Place	N	F	Sig.
Environment	41.00	16	21.32	674	30.529	0.000
Diversity	35.50	8	15.58	496	20.82	0.000
Ethics	31.00	8	24.09	678	5.305	0.000
Community -Agency	5.50	1	5.31	660	4.207	0.000
Community - Personal	9.16	1	8.84	660	3.759	0.001
Human Rights - SOL Agency	24.50	1	19.59	700	3.693	0.012
Human Rights - SOL Supplier	20.50	1	8.52	700	13.206	0.000
Human Rights - Supplier Policies	7.00	1	5.08	700	6.963	0.000
Safety	14.83	12	12.19	588	14.713	0.000
Financial Accountability	13.00	32	11.63	630	3.789	0.000

Accordingly, Hypothesis 4 is supported.

Table 13: Increased Mean Scores Related to Presence of PPSR Drivers

Mean Score Improvement Related to Social Responsibility Initiatives due to the Presence of Policies, Goals and Performance Tracking Mechanisms

	Environment	Diversity	Ethics	Finance	Human Rights - Agency	Human Rights - Suppliers	Human Rights Buy American	Safety	Community - Agency	Community - Personal
Policy - All Employees	■	■	■	■	■	■	■	■	■	■
Policy - Purchasing Employees	■	■	■	■	■	■	■	■		
Policy - Suppliers	■	■	■	■	■	■	■	■	■	■
Goals - All Employees	■	■	■	■	■	■	■	■	■	■
Goals - Purchasing Employees	■	■	■	■	■	■	■	■		■
Goals - Suppliers	■	■	■	■	■	■	■	■	■	
Performance Tracking - all Employees	■	■	■	■	■	■	■	■	■	■
Performance Tracking - Purchasing Employees	■	■	■	■	■	■	■	■		
Performance Tracking - Suppliers	■	■	■	■	■	■	■	■	■	■

Table 13 shows the interaction of the three sets of drivers (Formal Policies, Goals and Objectives and Performance Tracking Mechanisms) on the 10 factors identified as public procurement social responsibility. The placements of ■ in the blocks above indicate the areas of

increased mean additive index scores due to the presence of a driver. The higher the mean factor score, the more involved an agency is in socially responsible activities related to that construct.

All factors showed marked improved scores in the presence of formal policies, goals and objectives and performance tracking mechanisms in the majority of cases. Exceptions to this are in the two factors related to Community. Here, it becomes apparent that placing policies, goals and objectives as well as performance tracking mechanisms on procurement employees caused a drop in the mean scores. From a review of the free responses offered by the respondents, it was clear that the individuals in procurement saw themselves as facilitating the decisions made by the governing body of the entity, and not as agents charged with the disposition of assets. In an effort to remain fair, impartial and above reproach, the decision of donations in any form was seen to be showing favoritism by procurement and undesirable in the need to remain impartial. Clearly, the individuals in procurement do not want to be measured on how the assets of an agency are distributed or how their own assets are to be allocated. Community philanthropy needs to be a policy for all employees on an equal basis, as well as for suppliers. In this case, and only in this case, the establishment of separate goals and objectives, policies and performance tracking related to community served to reduce the PPSR scores for an agency. Philanthropy is either endorsed by an agency or, in an abundance of caution, avoided entirely due to the possible perception that the public could construe such activities as a waste of tax dollars.

As an individual, philanthropy is an intensely personal decision. The values of an individual can carry over into the workplace; and, conversely, the values of the workplace may bleed over into the employee's personal life. In six out of nine categories, the presence of drivers in the workplace resulted in higher scores for personal philanthropy. The adoption of

these drivers in any organization can, therefore, be said to drive an overall increase in the socially responsible activities of a population as a whole, not only for a governmental unit.

Polarization of Responses Received to the Drivers for Socially Responsible Initiatives

In light of the disparity of responses for the activities that are occurring or non-existent within agencies, it was not surprising to find such polarity in the presence or lack thereof of the drivers for socially responsible activities. Clearly the public sector, with the exception of a minority of agencies, doesn't feel as if it is their responsibility to introduce measurable objectives to ensure vibrant PPSR programs. Unlike their private sector counterparts, public sector agencies do not see as part of their strategic plans, the need to take into account a greater level of fiduciary responsibility for society as a whole other than in the current services that are provided to the community by the governmental unit. The data indicates that the outlook of local government appears to be reactionary with regard to the needs of society rather than proactive and holistic in approach, contractual in nature.

Due to the nature of the data, it was not possible to identify specifics of agencies that had drivers in place for a comparison to agencies that did not. Aside from type and geographical location, reasoning behind establishment or presence of the drivers could not be found. Impact of the drivers can be demonstrated as shown in Hypothesis 5.

H⁵: The presence of top-down support for PPSR is positively associated with the PPSR activities of an agency.

Top-down management support is defined as the establishment of policies, the setting of goals and objectives and the resultant performance tracking of the attainment of those tasks.

In their 2004 study, Hemingway and Maclagan discuss the impact of the personal values of management as a driver for CSR. The results of their study indicate that managers will introduce their own personal values when they are able in order to establish or modify corporate policies and programs. These actions are noted either as formal (in writing), interpretative (consequence of an ambiguous interpretation) or as an exercise of personal prerogative or initiative. As expected from a review of Tables 11, 12 and 13, the involvement of management in the PPSR process dictates higher levels of socially responsible initiative in an agency. Table 14 represents the mean PPSR scores for each driver identified as having an impact on the presence of PPSR activities.

Table 14: Impact of Top-Down Management Support for PPSR Activities on Mean PPSR Scores

	Presence of Top Down Management Support of PPSR	Absence of Top Down Management Support of PPSR
Mean Score of Policy	22.67	12.13
Mean Score of Goals & Objectives	24.33	13.36
Mean Score of Performance Tracking	23.78	13.21
Overall PPSR Score	23.59	12.90

A comparison of PPSR mean scores was conducted across the various descriptive sectors to determine if the PPSR activity of an agency would vary for Top-down management support. In each case, with the exception of annual procurement volume, there was no connection with the filtered disposition of the agency on the mean PPSR score. Additional discussion related to

this finding will follow in further validations of hypotheses. It follows that the impact of top-down management support is focal; and, as such, Hypothesis 5 is supported.

What are the Epidemiological Influences on PPSR Scores for Governmental Agencies, if any?

Demographical information on agencies participating in the NIGP 2005 Survey was used to discern difference in PPSR scores by agency type, location, annual spend, population served as well as annual budget size. The findings of this dissection are broken down by hypothesis for each category.

H⁶: PPSR scores are positively associated with agencies whose populations are greater than 1 million.

Table 15: Mean PPSR Score by Population

Population Served by Agency	PPSR Score	N
Less than 10,000	142.21	34
10,000 to 25,000	134.26	58
25,000 to 50,000	136.07	56
50,000 to 75,000	131.27	78
75,000 to 100,000	132.98	66
100,000 to 200,000	136.81	118
200,000 to 400,000	137.46	100
400,000 to 600,000	143.00	46
600,000 to 800,000	141.10	20
800,000 to 1 Million	138.00	38
1 Million to 2 Million	142.04	50
2 Million to 4 Million	151.37	46
Over 4 Million	153.12	34
Overall Score	138.52	744

Beliveau, Cottrill and O’Neill researched the involvement of a business or industry in CSR activities in 1994. They found that from an economic perspective, the greater the market share of a business, the more involved it was in CSR programs. Following the premise that the public sector has a 100% market share in the services it provides to its citizens, the larger the

population served, the larger the market share and, therefore, the greater the CSR activity level should be. It was anticipated that those agencies serving large populations would have higher PPSR scores due to the need for and provision of social services in metropolitan areas. While the highest PPSR scores received were found to be in densely settled areas, it must be noted that the PPSR of agencies less than 10,000 in population exceeded that of other agencies up to 400,000 in population. Further investigation as to why this occurred is needed to determine the factors leading to strong participation. The presence of an elected official with strong personal beliefs related to social responsibility or a policy-making board often would drive engagement in PPSR programs. Further, catastrophic events have a direct impact on the contribution of any agency's resources to social agendas. Take, for instance, Hurricane Katrina. Respondents noted that prior to the devastation caused by this disaster; employees were not allowed to donate time during work hours to help non-profits or community agencies. In response to the needs of the communities affected by this storm, all levels of involvement were encouraged. Instead of fearing public retribution for wasting tax-dollars through lost productivity due to time out of the office, constituents cheered the active role taken by government in its response to meeting the needs of society. Hypothesis 6 is not supported by the findings of this study.

H⁷: PPSR scores are negatively associated with agencies whose budgets are less than \$100 million.

Logically, it is reasonable to assume that the smaller the budget of an agency, the smaller the amount of discretionary funds available for PPSR activities. Once again, a review of the data in Table 16 indicates that while the highest PPSR scores received related to budget size did fall under the large budget category, there is once again a need to determine what role, if any, the size of a budget has on the involvement an agency has in PPSR initiatives. The spectrum of activities found in PPSR includes involvement outside of the financial spectrum. The

establishment of codes of ethics as well as volunteerism can garner higher PPSR scores, while minimally impacting the budget of a participating entity. Conversely, however, the establishment of a Living Wage policy, a mandate for suppliers to use only recycled products in construction, as well as provision for insurance for all eligible employees and their domestic partners has a financial impact on the bottom line paid for goods and services.

Interestingly, a few agencies responded that they had enacted social programs such as living wage programs just to abandon them due to the excessive time and money required to monitor and compensate suppliers for the increased costs passed on to the entity. It is clear that there is no clear measurement of success for this type of social program; and, in the absence of proof-positive for continued participation in light of increased costs, most often the initiatives are discontinued. As opposed to the private sector, government does not appear to be interested in bolstering its social responsibility image, as its entire function is to provide for society in the absence of private sector interest. Accordingly, Hypothesis 7 is not supported by this research.

Table 16: Mean PPSR Score by Agency Budget Size

Total Agency Budget	F= 1.71 Sig. 0.092	
	PPSR Score	N
Less than \$5 Million	133.04	98
\$5 Million to \$10 Million	139.85	40
\$10 Million to \$25 Million	140.19	64
\$25 Million to \$50 Million	134.73	84
\$50 Million to \$100 Million	138.10	114
\$100 Million to \$250 Million	139.08	146
\$250 Million to \$500 Million	139.08	100
\$500 Million to \$1 Billion	142.94	48
Over \$1 Billion	146.46	50
Overall Score	138.52	744

H⁸: PPSR scores are positively associated with agencies located in the Southeast, South Central and West.

Traditionally, Border States have governmental agencies that offer a high level of social programs due to the high number of migrant workers—and immigrants who have settled just over the line between international borders. Additionally, lifestyles and personal beliefs vary based on geographic location. Political parties have also been known to be able to draw geographical boundaries for conservative and liberal approaches to society. Another area of influence on participation revolves around the socio-cultural dimensions of a region. The customs, lifestyles, and values that characterize the society where the agency is located, including the educational levels, norms and values and attitudes towards social responsibility, all play into the determination of PPSR scoring. Within a country, there are substantial differences in attitudes, beliefs, motivation, morality, superstition, and perception, as well as other characteristics. Hofstede, Neuijen & Ohayv (1990) developed a model in which worldwide differences in culture are categorized according to five dimensions, which include:

- Power distance—the degree of inequality among people, which the population of a country considers normal.
- Individualism vs. collectivism—the degree to which people in a country prefer to act as individuals or as members of a group.
- Masculinity vs. femininity—the degree to which values like assertiveness, performance, success, and competitiveness are used to guide decisions versus values like the quality of life, warm personal relationships, service, and solidarity.
- Uncertainty avoidance—the degree to which citizens of a country prefer structured over unstructured situations, rigidity of procedures, or willingness to accept risk and potential failure.
- Time orientation—the extents to which decisions are based on long-term orientation versus short-term orientation, past versus present versus future, and punctuality.

Hofstede (1993) argues that U.S. management theories contain a number of idiosyncrasies that are not necessarily shared by managers in other cultures. Approaches to

motivation and leadership, for example, differ widely throughout the world. An example of this is the difference between the East Coast and the West Coast of the United States. Easterners will readily admit to a more structured lifestyle, conservative in its approach to values and ideals with tradition and formality recognized as having its place in everyday life. Those individuals living on the West Coast will freely admit to their lifestyle as being one resultant of the desire to escape the shackles of conformity created through etiquette and structure. If it was unacceptable to go to work without socks in Boston, for instance, that became the norm for business in Seattle. The resultant migration from the East to the West has resulted in a higher awareness of a social conscience in the West, one that has lent itself to some of the highest participation levels in corporate social responsibility, as reported by Business for Social Responsibility. Starbucks Coffee Company ¹⁴ headquartered in the Northwest, leads the nation in its sustainability efforts and overall response to social responsibility efforts. It is precisely this recognition of awareness that leads to the supposition that the West would have higher than average PPSR scores.

An analysis of PPSR mean scores based on geographic regions indicates that the North Central region has the highest level of PPSR participation. This result, however, must be discounted due to the low number of participant responses for the zone (N=6). Representation for the Central area is very low due to the vast expanses of land associated with governmental agencies and their disassociation with networking and professional associations in general. The highest scores received were for “Other” (Ireland and the United Kingdom) and Canada, further illustrating the point that European nations and Canada far surpass the United States in corporate social responsibility and governmental social responsibility.

¹⁴ <http://www.bsr.org/CSRResources/IssueBriefDetail.cfm?DocumentID=48809#leader>, retrieved June 1, 2006.

Following the removal of the Central region for its non-generalizability, the areas of the West, Southeast and South Central are the highest scoring regions for PPSR. Influencing factors for these scores, however, may be due to Hurricane Katrina efforts. The South Central region is where Louisiana and Texas are found, as well as Mississippi in the Southeast. The NIGP survey was issued following the landfall of the Hurricane and may be skewed due to recent participation in emergency response efforts. Future surveys will either prove or disprove the effects of natural events such as Hurricane Katrina based on responses collected. Hypothesis 8 is not supported by this study.

Table 17: Mean PPSR Score by Agency Location

Geographic Location of Agency F= 1.42 Sig. 0.137

	PPSR Score	N
Northeast (CT, MA, ME, NH, RI, NY, VT)	136.08	38
Mid Atlantic (DC, DE, MD, NJ, PA, VA, WV)	135.93	96
Southeast (AL, FL, GA, MS, NC, SC, TN)	136.32	206
South Central (AR, AZ, LA, NM, OK, TX)	142.97	124
Central (CO, IA, KS, MO, NE, UT)	136.00	72
Great Lakes (IL, IN, KY, MI, MN, OH, WI)	136.40	102
North Central (ID, MT, ND, SD, WY)	151.50	6
West (AK, CA, HI, NV, OR, WA)	142.66	64
Canada	146.68	34
Other	150.50	2
Overall Score	138.52	744

H²: PPSR scores are positively associated with agencies that are defined as being most flexible in their organizational structures.

Governmental structure directly relates to its ability to respond to citizen needs (Benton, 2002). There is a strong relationship between the type of governmental unit and spending for all types of services—local, regional and traditional. Research into local governments indicate a division as to the importance of organizational structure on service delivery. Benton (2000, 2002), Schneider and Park (1989) endorse the idea that structure matters. Researchers such as Morgan and Pelissero (1980) and Morgan and Kickham (1999) find no correlation between the structure of the governmental unit and its ability to deliver services. Schneider and Park (1989) found that municipalities tended to employ more business-like processes which thus dictated a higher level of efficiency in service delivery. (Hayes and Chang, 1990) County organizations however are seen as more ominous in their structure and unable to adopt reformed business practices due to their size and management style of the CEO. (DeGrove and Lawrence, 1977)

Following a comparison of PPSR scores by agency type, the lowest PPSR mean score was not surprisingly found to be by counties. From a financial perspective, funding for most social programs at the state and local levels are done through the counties; and, as a result, supplemental social activities are minimal in their appearance. One respondent stated, “Our County provides for social program on a regular basis through its budget process. Isn’t that enough?”¹⁵ With regard to the provision of insurance for domestic partners, many respondents noted that in their state, same-sex marriages were illegal; and, therefore, providing insurance coverage for domestic partners would be against the law. It is apparent that the terminology of

¹⁵ Anonymous response from the 2005 NIGP Survey on Social Responsibility in Public Procurement.

socially responsible activities can be confusing to the public- domestic partners need not be of the same sex.

Table 18 indicates that the Health-related agencies scored highest in social responsibility activities. Given the Hippocratic Oath and other values associated with the health professions, it is not surprising to find the mean score as high as it is represented. Unfortunately, as mentioned earlier, with an N = 4, the results are not generalizable. Most hospitals are operating in the private sector, and health departments typically will fall under counties. Comparison to the private sector should be made to see if the Health-related sector is the highest scoring group for CSR to validate the findings here. Utilities are seen as enterprise funds; and, as such, enterprises have far more flexibility with their funds and resources. As they are fee-based, they are able, and most are expected to give back to the community on a regular basis. The hypothesis related to an organization’s structure having an impact on the PPSR for the agency is therefore upheld.

Table 18: Mean PPSR Score by Type of Agency

Agency Type	F= 3.94 Sig. 0.000	
	PPSR Score	N
State/Province	147.03	106
County/Region	132.66	132
City/Municipality	135.14	296
School System	143.04	76
College/University	139.93	42
Health Related	172.25	4
Utility	151.67	12
Spec Authority/District	140.73	60
Other	141.56	16
Overall Score	138.52	744

H¹⁰: PPSR scores are negatively associated with procurement volumes less than \$100 Million.

Given the same philosophy as represented in hypothesis H⁷ related to the total budget of an agency, the lower the overall spend by an agency, the less discretionary funds available for PPSR efforts. These efforts are represented through donations to non-profits, increased costs associated with contracting for goods and services as well as increased general and administrative costs for the agency. More social programs dictate the need for oversight, thus necessitating monitoring and measurement. Small agencies (those with an annual spend under \$100 Million as defined by NIGP) are not staffed to accommodate these programs; and, therefore, lower participation was expected. Table 19 indicates that the agency average score is attained at the \$100 million dollar level. Hypothesis 10 is supported by these findings.

Table 19: Mean PPSR Score for Annual Procurement Volume

Annual Procurement Volume	PPSR Score	N
Less than \$1 Million	134.38	8
\$1 Million to \$10 Million	135.03	138
\$10 Million to \$25 Million	137.99	168
\$25 Million to \$50 Million	133.10	132
\$50 Million to \$75 Million	136.97	66
\$75 Million to \$100 Million	138.27	56
\$100 Million to \$200 Million	140.55	64
\$200 Million to \$300 Million	147.16	44
Over \$300 Million	152.19	68
Total	138.52	744

CHAPTER FIVE: CONCLUSION

Discussion and Research Implications

The ISM study was limited to an overwhelming majority of private sector procurement organizations, while this research was limited to strictly public sector procurement organizations. While it was unclear at the onset of the research how the results from the private sector could be applied to the public sector, this research clears the way for further comparison. The findings of this study confirm the research done by Carter and Jennings (2000) and offer evidence of the fact that although there are distinct differences between public and private procurement, there still remain similarities that can be universally measured. PPSR, as with PSR, can be directly tied to a theoretical argument for the need to have both the business sector as well as the governmental sector work to leverage their “spend” in order to benefit society. For both sectors of supply management, diversity, ethics, financial responsibility, safety, human rights and the environment can all be positively impacted by creative acquisition processes. The merging of interests of both NIGP and ISM with regard to socially responsible activities in procurement is called for and may serve as a bridge for future relations.

Key to the success of any PPSR initiative is top-down management support for the programs. This support comes in the form of formal goals and objectives for the agency as well as its employees and suppliers, formal policies requiring the purchase of socially responsible products as well as bidding requirements from suppliers. Tying performance appraisal for all parties to tracking mechanisms related to PPSR initiatives guarantees a more personal involvement in ensuring success.

Personal values and ethics translate into business applications on a daily basis. The ability of one individual to change the landscape of procurement's involvement in social responsibility is not unheard of, just perhaps unknown. The results of this study, when presented to the membership, can be conveyed in such a manner that procurement professionals will step up to the PPSR plate and propose policies, goals and initiatives heretofore left unmentioned. One person can bring about a strong PPSR change in an agency; and, through the sharing of this study and the facilitators for success, it is hoped that those in the purchasing department for an agency will take the lead.

Findings and Implications of this Research

This study has improved the knowledge of public procurement initiative in social responsibility by conceptualizing the activities known as public procurement social responsibility. The findings clearly show that agencies, by adopting policies & procedures, goals & objectives as well as performance tracking mechanisms can influence the socially responsible behaviors of an entity as well as perhaps influence the personal behaviors of its employees by setting an example for them to follow. Agency type, location and annual "spend" further impact the socially responsible activities of a governmental unit; however the greatest impact is felt by managerial influence regardless of size, location or expenditures. Specifically, the data indicates that:

- The activities defined as socially responsible for procurement in the private sector are also relevant in the public sector;
- PPSR is positively associated with the existence of formal goals and objectives;
- PPSR is positively associated with the existence of organizational policies within and agency;

- PPSR activity of an agency is positively associated with the existence of performance tracking mechanisms;
- PPSR is positively associated with top-down management support;
- PPSR scores for an agency are not tied to the size of the population served;
- PPSR scores for an agency are not tied to the agency's annual budget;
- PPSR scores are positively influenced by the cultural values as determined by geographical location of the agency;
- PPSR scores are positively influenced by agency's rule-making structure; and,
- PPSR scores are tied to an agency's annual procurement volume.

PPSR and its Implications for Public Affairs

The implications of these findings for PPSR are fairly straight forward. PPSR to be effective, requires flexible agency leadership which defines goals and objectives, promulgates support of policy and measures performance against goals and objectives. If the goal of an agency is to increase PPSR, to be successful it will require executive attention and vigorous management support rather than mere lip service. Clear guidance, well defined goals, and measures that are both used and useful in determining goal achievement, must be developed and implemented as well as being the subject of direct management interests. In other words, management can't just talk the talk, they must walk the walk.

In speaking of social responsibility from the public sector perspective, it can be said that socially responsible initiatives can be split into two distinct classes—those that encourage such activities (implied or encouraged but not mandated) and ones that foster efforts to bring about change through a regulatory framework (explicit measurements, policies, goals etc.). Absent from the big picture in America is a federal oversight into CSR as a whole, along with an index

to measure performance. These types of agencies exist in the European model as well as in Australia; however, the United States is resting its laurels on encouragement rather than a scorecard measurement of overall CSR participation.

Supplemental to a national office of CSR oversight would be one for the public sector that would establish standards for governmental performance in PPSR activities. In the absence of formal initiatives on behalf of state and local agencies, the mere requirement or mandate for businesses to report their CSR activities as a provision to receive governmental contracts would in itself encourage a greater level of participation from the private sector. Further, government cannot adopt a “do as I say not as I do” attitude in each of these areas. It must expect of others (the private sector) the same that it expects of itself as a corporation.

But how do governmental PPSR activities and/or CSR reporting requirements affect society as a whole? Here is an example of how a higher degree of involvement at all levels of government could work for the betterment of society:

Inclusion of socially responsible initiatives in bidding requirements—It should come as no surprise to the average citizen that the medical expenses associated with those individuals without health insurance are borne on the backs of the taxpayers. The most basic of health care (i.e., shots) is foregone due to the lack of medical coverage. The resulting products of such behaviors are last-minute 911 calls from women who have carried a pregnancy to full-term and are in labor with a child that has not received one bit of pre-natal care. While the cost of pre-natal care may be a few thousand dollars to a health insurance company, those children who are born with congenital problems that may have been prevented with pre-natal care often become the responsibility of society for the balance of their lives.

While the democratic form of government may be the best approach to maintaining and fostering capitalism and growth, somehow the researcher thinks that the socialist approach to medical care may be best for all. In order for everyone, both the born and un-born, to be afforded the same opportunity to receive needed medical care, an alteration of approach must be made to move the expense of indigent care from the government to the private sector. The beginning of this paradigm shift can be fostered through the bidding process and a mandate for health coverage for all employees.

Each of the above scenarios brings about the need for the government to step in and provide services in the areas where there is no private sector market. What does this mean? In the end, the government pays—why not pay up-front through contracts so that the final outcome may be less expensive on the whole? PPSR initiatives are one step in bringing about this change and clearly affect all areas of public affairs, be they in criminal justice, social work, health or public administration.

Limitations of the Research

The generalizability of the present research is limited due to its limited geographic scope as well as in agency types. The sample population contained disproportionately small representations of agencies in certain regions of the United States as well as in certain types of governmental units. As this was limited to an analysis of secondary data, the direction of causation cannot be established with regard to these two areas. It is planned that the study of PPSR will become an ongoing activity, and refinement in response collection is anticipated.

Recommendations for Further Study

The research performed in this study, while conducted in depth in the area of determining what activities are occurring within public procurement with regard to social responsibility,

leaves untouched the bulk of the social responsibility issue related to why so little is being done to leverage the power of the governmental purse. While the results of this study are meaningful and valid, the need to expand the research scope is indicated. Additionally, further refinement of the definition of public procurement socially responsible activities is called for.

As mentioned in the methodology section, this research was structured in a format that followed the private sector's research model as defined by the Institute of Supply Management. Now that the model for public procurement social responsibility has been established, it would be of value to compare and contrast the findings of the public sector with those of the private sector. Structurally, this is an achievable goal and would serve to identify where strengths and weaknesses occur, thus providing the opportunity for shared knowledge between both sides of the procurement function. If government were to truly learn from business and vice versa, this sharing of information would enhance both sectors and bring much desired respect to both sides of the profession.

Another area for inquiry is in the area of charitable donations made on behalf of corporations to gain access to politicians. While the actual spend of an agency is quantifiable and its actions can be identified and measured, the activity related to the politics of social responsibility is relatively uncharted. While an agency may not be directly donating funds or assets to a non-profit organization such as the Boys and Girls Clubs (B&GC), hypothetically the B&GC may be receiving donations from the corporate sector as part of the buy-in for access to the Mayor, as the B&GC is his pet charity. This is not a direct donation or effort by an arm of the government to support socially responsible activities. It should, however, be recognized through further study for its value and impact on society. Without the political process in place and the structure and ramifications on campaign contributions and acceptance of gifts, these

donations would most likely not be made. As corporate donations are available from industry sources, these variables could be introduced to the model of public sector socially responsible activities at the same level as those of corporate donations.

Data revealed that there are the agencies that have made inroads with regard to socially responsible initiatives with great success, and then there are those that have put programs in place and removed them for varied reasons. These instances or examples of victory and defeat should be studied for the lessons to be learned from both. Free comments received as part of this study should be further examined to determine if the predictors for flourishing as opposed to struggling programs could be identified.

Untapped in this study is also the inclusion of the federal sector of public spending. As the agencies polled did not represent the tremendous magnitude of the national spending made by the military, federal government, and other recipients of congressional spending, these agencies should be reviewed for their initiatives as well.

The PPSR Body of Knowledge

Whichever theory, methodology, data or statistical approach is taken, the results should contribute to the PPSR body of knowledge. Anytime there is validation of a theory or model through research and analysis, a positive contribution is made. Further, if the results refute the original hypotheses, yet another contribution is made. Although this was an exploratory study of secondary data, the research effort has followed this ideal by establishing both the positive and negative contributions to PPSR at the state and local levels, thus raising the opportunity for further research. It is this type of research endeavor that others gain interest in delving deeper into the area of PPSR and the power of the purse—more specifically, how governments can do more to improve society as a whole.

APPENDIX A: SURVEY INSTRUMENT

Social Responsibility Survey

For the purpose of this survey, the term Supplier may be interchangeable with that of Contractor, as well as the term Department with Division.

1. Please click on all areas of social responsibility for which your purchasing and warehousing operation has:

	Community	Diversity (Supplier)	Diversity (employment)	Environment	Ethics	Financial Responsibility	Human Rights	Safety
A. A written policy for its employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. A written policy for the its purchasing and warehousing employees only.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. A written policy for its suppliers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Specific goals and objectives (measurements) for its employees related to each of these areas.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	Community	Diversity (Supplier)	Diversity (employment)	Environment	Ethics	Financial Responsibility	Human Rights	Safety
E. Specific goals and objectives (measurements) for its purchasing and warehousing employees related to each of these areas.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
F. Specific goals and measurements for its suppliers.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
G. A performance tracking mechanism for its employees.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
H. A performance tracking mechanism for its purchasing and warehousing employees only.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

	Community	Diversity (Supplier)	Diversity (employment)	Environment	Ethics	Financial Responsibility	Human Rights	Safety
I. A performance tracking mechanism for its suppliers.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

2. Currently, our purchasing and warehousing function:

	To no extent whatsoever	To almost no extent	To a little extent	To some extent	To a good extent	To a great extent	To a very great extent
A. Has volunteers supporting local charities during work hours.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
B. Has volunteers supporting local charities on their own time.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

	To no extent whatsoever	To almost no extent	To a little extent	To some extent	To a good extent	To a great extent	To a very great extent
C. Donates to community organizations from the assets of the agency.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>
D. Donates to community organizations from their personal assets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Please list specific measurements that your organization has, and make any comments you wish related to a standard on Community below:

A. Diversity

Supplier diversity encompasses minority-owned businesses (MBE), woman-owned businesses (WBE), disabled veterans, socially or economically disadvantaged, historically underutilized, and other diversity status under Federal Government guidelines. Typically a supplier must meet third-party criteria for certification.

4. Currently, our purchasing and warehousing functions:

	To no extent whatsoever	To almost no extent	To a little extent	To some extent	To a good extent	To a great extent	To a very great extent
A. Purchase from diversity-owned suppliers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Have a formal supplier diversity program.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Proactively develop diversity-owned suppliers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Require suppliers to implement and support an active supplier diversity program.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	To no extent whatsoever	To almost no extent	To a little extent	To some extent	To a good extent	To a great extent	To a very great extent
E. Proactively promote diverse employment practices throughout the procurement function.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. Please list specific measurements that your organization has, and make any comments you wish related to a standard on **Diversity** below:

B. Environment

6. Currently, our purchasing and warehousing functions:

	To no extent whatsoever	To almost no extent	To a little extent	To some extent	To a good extent	To a great extent	To a very great extent
A. Evaluate the environmental friendliness of purchased products and packaging.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Reduce packaging materials.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Have waste reduction goals for the department/agency.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Challenge suppliers to commit to waste reduction goals.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Assess the environmental responsibility of suppliers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. Please list specific measurements that your organization has, and make any comments you wish related to a standard on the **Environment** below:

C. Ethics

8. Currently, our purchasing and warehousing functions:

	To no extent whatsoever	To almost no extent	To a little extent	To some extent	To a good extent	To a great extent	To a very great extent
A. Abide by a formally endorsed set of principles and standards of ethical conduct.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Ensure awareness of our department's code of conduct by all employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Conducts/participates in ethics training.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
D. Require suppliers to comply with the agency's code of conduct.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Require suppliers to	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

demonstrate that they have an ethics policy and program in place.							
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9. Please list specific measurements that your organization has, and make any comments you wish related to a standard on the **Ethics** below:

D. Human Rights

10. Currently, our purchasing and warehousing functions:

	To no extent whatsoever	To almost no extent	To a little extent	To some extent	To a good extent	To a great extent	To a very great extent
A. Conduct supplier visits to ensure that suppliers are not using sweatshop labor.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Ensure that suppliers comply with child labor laws.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Require suppliers to	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

provide fair compensation (a living wage) to workers.							
D. Treat people with dignity and respect.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
E. Provide health insurance to all eligible employees.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	To no extent whatsoever	To almost no extent	To a little extent	To some extent	To a good extent	To a great extent	To a very great extent
F. Require suppliers to demonstrate a proactive human rights program.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G. Assess key secondary suppliers to ensure compliance with human rights policies.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Please list specific measurements that your organization has, and make any comments you wish related to a standard on **Human Rights** below:



E. Safety

12. Currently, our purchasing and warehousing functions:

	To no extent whatsoever	To almost no extent	To a little extent	To some extent	To a good extent	To a great extent	To a very great extent
A. Ensure that suppliers' locations are operated in a safe manner.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Ensure the safe incoming movement of product to our agency.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. Ensure that each employee in the department works in a safe environment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. Please list specific measurements that your organization has, and make any comments you wish related to a standard on **Safety** below:



F. Demographics

14. What is your Geographic location?

- Northeast (CT, MA, ME, NH, RI, NY, VT)
- Mid Atlantic (DC, DE, MD, NJ, PA, VA, WV)
- Southeast (AL, FL, GA, MS, NC, SC, TN)
- South Central (AR, AZ, LA, NM, OK, TX)
- Central (CO, IA, KS, MO, NE, UT)
- Great Lakes (IL, IN, KY, MI, MN, OH, WI)
- North Central (ID, MT, ND, SD, WY)
- West (AK, CA, HI, NV, OR, WA)
- Canada

15. What type of agency do you represent?

- Federal Government
- State/Provincial Government
- County/Regional Government
- City/Municipal Government
- School System
- College/University
- Health Related
- Utility
- Special Authority/District

16. What is the total annual dollar volume which passes through your department?

- Less than \$1 Million
- \$1 million to \$10 Million
- \$10 Million to \$25 Million
- \$25 Million to \$50 Million
- \$50 Million to \$75 Million
- \$75 Million to \$100 Million
- \$100 Million to \$200 Million
- \$200 Million to \$300 Million
- Over \$300 Million

17. What is the population served by your jurisdiction?

- Less than 10,000
- 10,000 to 25,000
- 25,000 to 50,000
- 50,000 to 75,000
- 75,000 to 100,000
- 100,000 to 200,000
- 200,000 to 400,000
- 400,000 to 600,000
- 600,000 to 800,000
- 800,000 to 1 Million
- 1 Million to 2 Million
- 2 Million to 4 Million
- Over 4 Million

18. What is the total budget of your agency to include salaries and other overhead expenses?

- Less than \$5 Million
- \$5 Million to \$10 Million
- \$10 Million to \$25 Million
- \$25 Million to \$50 Million
- \$50 Million to \$100 Million
- \$100 Million to \$250 Million
- \$250 Million to \$500 Million
- \$500 Million to \$1 Billion
- Over \$1 Billion

APPENDIX B: ANOVA TABLES RELATED TO PPSR DRIVERS

Table 20: Means of the socially responsible initiative areas of agencies with and without formal goals and objectives for all of its employees

Principle of Public Procurement Social Responsibility	Variable	Yes	n=	No	n=	F	Sig.
Environmental Initiatives	CLUS1	34.48	74	21.40	670	133.84	0.000
Diversity (supplier)	CLUS2	28.81	66	17.91	678	108.65	0.000
Diversity (employment)	CLUS2	23.67	108	18.07	636	40.40	0.000
Standards of Living for Suppliers	CLUS3	16.62	58	12.46	686	23.22	0.000
Ethical Standards	CLUS4	27.21	74	24.12	670	18.82	0.000
Standard of Living for Agency Employees	CLUS5	23.45	58	19.48	686	18.77	0.000
Personal Philanthropy	CLUS6	9.69	70	8.81	674	5.78	0.016
Supplier Human Rights Policies	CLUS7	7.03	58	5.05	686	22.29	0.000
Safety	CLUS8	14.93	146	12.15	598	59.92	0.000
Financial Accountability	CLUS9	12.94	108	11.61	636	26.16	0.000
Agency Philanthropy	CLUS10	6.71	70	5.21	674	16.93	0.000

Table 21: Means of the socially responsible initiative areas of agencies with and without formal goals and objectives for its purchasing employees

Principle of Public Procurement Social Responsibility	Variable	Yes	n=	No	n=	F	Sig.
Environmental Initiatives	CLUS1	33.41	34	22.19	710	42.95	0.000
Diversity (supplier)	CLUS2	26.87	96	17.70	648	106.74	0.000
Diversity (employment)	CLUS2	29.60	20	18.59	724	32.67	0.000
Standards of Living for Suppliers	CLUS3	18.33	18	12.64	726	14.07	0.000
Ethical Standards	CLUS4	26.69	64	24.22	680	10.41	0.001
Standard of Living for Agency Employees	CLUS5	21.78	18	19.74	726	1.59	0.208
Personal Philanthropy	CLUS6	9.33	24	8.88	720	0.57	0.450
Supplier Human Rights Policies	CLUS7	6.56	18	5.17	726	3.47	0.063
Safety	CLUS8	16.34	29	12.55	715	25.21	0.000
Financial Accountability	CLUS9	13.23	60	11.68	684	21.11	0.000
Agency Philanthropy	CLUS10	4.67	24	5.37	720	1.33	0.249

Table 22: Means of the socially responsible initiative areas of agencies with and without formal goals and objectives for its suppliers

Principle of Public Procurement Social Responsibility	Variable	Yes	n=	No	n=	F	Sig.
Environmental Initiatives	CLUS1	36.80	20	22.31	724	42.93	0.000
Diversity (supplier)	CLUS2	29.08	102	17.26	642	208.70	0.000
Diversity (employment)	CLUS2	27.81	32	18.48	712	37.11	0.000
Standards of Living for Suppliers	CLUS3	18.00	12	12.70	732	8.16	0.004
Ethical Standards	CLUS4	28.40	20	24.32	724	9.43	0.002
Standard of Living for Agency Employees	CLUS5	21.00	12	19.77	732	0.39	0.534
Personal Philanthropy	CLUS6	8.25	8	8.90	736	0.39	0.534
Supplier Human Rights Policies	CLUS7	8.17	12	5.16	732	11.17	0.001
Safety	CLUS8	15.40	20	12.62	724	9.23	0.002
Financial Accountability	CLUS9	13.26	38	11.72	706	13.36	0.000
Agency Philanthropy	CLUS10	7.75	8	5.32	736	5.40	0.020

Table 23: Means of the socially responsible initiative areas of agencies with and without written policies for all of its employees

Principle of Public Procurement Social Responsibility	Variable	Yes	n=	No	n=	F	Sig.
Environmental Initiatives	CLUS1	31.21	162	20.33	582	186.35	0.000
Diversity (supplier)	CLUS2	26.31	172	16.65	572	210.12	0.000
Diversity (employment)	CLUS2	21.45	428	15.40	316	100.01	0.000
Standards of Living for Suppliers	CLUS3	14.45	350	11.30	394	47.61	0.000
Ethical Standards	CLUS4	25.55	546	21.33	198	82.58	0.000
Standard of Living for Agency Employees	CLUS5	22.05	350	17.78	394	81.94	0.000
Personal Philanthropy	CLUS6	9.37	228	8.68	516	8.93	0.003
Supplier Human Rights Policies	CLUS7	6.10	350	4.42	394	58.18	0.000
Safety	CLUS8	13.46	540	10.67	204	76.61	0.000
Financial Accountability	CLUS9	12.55	384	11.02	360	73.89	0.000
Agency Philanthropy	CLUS10	5.62	228	5.23	516	2.83	0.093

Table 24: Means of the socially responsible initiative areas of agencies with and without written policies for its purchasing employees

Principle of Public Procurement Social Responsibility	Variable	Yes	n=	No	n=	F	Sig.
Environmental Initiatives	CLUS1	30.54	56	22.06	688	38.86	0.000
Diversity (supplier)	CLUS2	25.65	132	17.42	612	117.18	0.000
Diversity (employment)	CLUS2	26.83	24	18.62	720	21.38	0.000
Standards of Living for Suppliers	CLUS3	18.05	36	12.51	708	26.47	0.000
Ethical Standards	CLUS4	25.95	286	23.47	458	32.30	0.000
Standard of Living for Agency Employees	CLUS5	21.50	36	19.71	708	2.41	0.121
Personal Philanthropy	CLUS6	8.55	44	8.91	700	0.65	0.420
Supplier Human Rights Policies	CLUS7	8.50	36	5.04	708	44.82	0.000
Safety	CLUS8	14.86	51	12.54	693	15.94	0.000
Financial Accountability	CLUS9	12.60	156	11.60	588	19.84	0.000
Agency Philanthropy	CLUS10	3.86	44	5.44	700	12.06	0.001

Table 25: Means of the socially responsible initiative areas of agencies with and without written policies for its suppliers

Principle of Public Procurement Social Responsibility	Variable	Yes	n=	No	n=	F	Sig.
Environmental Initiatives	CLUS1	38.22	46	21.68	698	139.29	0
Diversity (supplier)	CLUS2	26.53	120	17.41	624	130.53	0
Diversity (employment)	CLUS2	24.54	74	18.26	670	36.58	0
Standards of Living for Suppliers	CLUS3	17.63	54	12.4	690	34.8	0
Ethical Standards	CLUS4	27.66	136	23.7	608	53.88	0
Standard of Living for Agency Employees	CLUS5	22.07	54	19.61	690	6.65	0.01
Personal Philanthropy	CLUS6	10.05	44	8.82	700	7.39	0.007
Supplier Human Rights Policies	CLUS7	7.67	54	5.01	690	38.16	0
Safety	CLUS8	16.22	83	12.25	661	77.63	0
Financial Accountability	CLUS9	13.1	84	11.64	660	25.11	0
Agency Philanthropy	CLUS10	5.63	44	5.33	700	0.443	0.506

Table 26: Means of the socially responsible initiative areas of agencies with and without performance tracking mechanisms for all of its employees

Principle of Public Procurement Social Responsibility	Variable	Yes	n=	No	n=	F	Sig.
Environmental Initiatives	CLUS1	39.92	48	21.65	696	140.33	0.000
Diversity (supplier)	CLUS2	29.32	56	18.03	688	99.16	0.000
Diversity (employment)	CLUS2	25.73	132	17.41	612	115.00	0.000
Standards of Living for Suppliers	CLUS3	17.32	38	12.54	706	20.55	0.000
Ethical Standards	CLUS4	28.33	48	24.15	696	23.19	0.000
Standard of Living for Agency Employees	CLUS5	22.68	38	19.64	706	7.36	0.007
Personal Philanthropy	CLUS6	9.21	56	8.86	688	0.75	0.387
Supplier Human Rights Policies	CLUS7	6.95	38	5.11	706	12.71	0.000
Safety	CLUS8	14.57	152	12.21	592	43.21	0.000
Financial Accountability	CLUS9	12.78	92	11.67	652	15.78	0.000
Agency Philanthropy	CLUS10	5.68	56	5.32	688	0.86	0.385

Table 27: Means of the socially responsible initiative areas of agencies with and without performance tracking mechanisms for its purchasing employees

Principle of Public Procurement Social Responsibility	Variable	Yes	n=	No	n=	F	Sig.
Environmental Initiatives	CLUS1	37.67	18	22.33	726	43.45	0.000
Diversity (supplier)	CLUS2	26.93	84	17.86	660	91.24	0.000
Diversity (employment)	CLUS2	32.60	10	18.70	734	26.17	0.000
Standards of Living for Suppliers	CLUS3	27.00	4	12.71	740	20.29	0.000
Ethical Standards	CLUS4	27.64	28	24.30	716	8.74	0.003
Standard of Living for Agency Employees	CLUS5	24.50	4	19.77	740	1.94	0.163
Personal Philanthropy	CLUS6	7.67	24	8.93	720	4.37	0.037
Supplier Human Rights Policies	CLUS7	7.00	4	5.20	740	1.33	0.248
Safety	CLUS8	18.00	13	12.60	731	23.29	0.000
Financial Accountability	CLUS9	13.32	44	11.71	700	16.89	0.000
Agency Philanthropy	CLUS10	4.42	24	5.38	720	2.49	0.115

Table 28: Means of the socially responsible initiative areas of agencies with and without performance tracking mechanisms for its suppliers

Principle of Public Procurement Social Responsibility	Variable	Yes	n=	No	n=	F	Sig.
Environmental Initiatives	CLUS1	36.38	26	22.20	718	53.74	0.000
Diversity (supplier)	CLUS2	27.93	110	17.32	634	172.52	0.000
Diversity (employment)	CLUS2	29.75	24	18.52	720	40.97	0.000
Standards of Living for Suppliers	CLUS3	18.33	6	12.74	738	4.56	0.033
Ethical Standards	CLUS4	30.33	18	24.28	726	18.96	0.000
Standard of Living for Agency Employees	CLUS5	24.67	6	19.75	738	1.59	0.208
Personal Philanthropy	CLUS6	9.38	32	8.87	712	3.14	0.077
Supplier Human Rights Policies	CLUS7	8.67	6	5.18	738	7.53	0.006
Safety	CLUS8	15.12	16	12.64	728	5.90	0.015
Financial Accountability	CLUS9	13.05	42	11.73	702	10.74	0.001
Agency Philanthropy	CLUS10	5.87	32	5.33	712	1.06	0.303

APPENDIX C: MEANS ACROSS AGENCY TYPES

Ten Areas of Public Procurement Social Responsibility

<u>Environment</u>	Average	State	County	City	School Districts	College-University	Health	Utilities	Special Districts	Other
Evaluates the environmental friendliness of purchased products and packaging	3.13	3.35	2.86	2.88	3.53	3.6	3.75	3.58	3.53	3.5
Reduces packaging materials in solicitation documents	2.96	3.08	2.87	2.76	3.57	3.33	4	2.58	2.85	2.94
Has waste reduction goals for the department/agency	2.88	3.24	2.78	2.71	3.05	3	5	3.58	2.72	2.81
Challenges suppliers to commit to waste reduction goals	2.15	2.37	2.03	1.97	2.62	2.12	3.25	2.83	2.15	2.25
Assess the environmental responsibility of suppliers	2.23	2.61	2.08	2.02	2.76	2	3.25	2.67	2.32	2.06
Requires the use of recycled goods in solicitation documents	2.96	3.55	2.77	2.82	3.3	2.5	3.75	3.67	2.7	3.13
Has an energy efficiency program for vehicle acquisitions	2.98	3.44	2.61	2.95	3.17	3	2.75	3.92	2.85	2.56
Has an energy efficiency program for lighting and computer equipment acquisitions	3.41	3.94	3.27	3.17	3.97	3.55	5.25	3.5	3.13	3.12

Diversity

Purchases from diversity-owned suppliers	4.09	4.38	3.73	4.1	3.95	4.26	4.25	4.58	4.33	4.06
Has a formal supplier diversity purchase program	3.14	3.95	2.96	2.85	2.92	3.45	2.75	3	3.47	3.56
Proactively develops diverse suppliers	3.24	3.89	2.9	3.07	3.18	3.4	2.75	2.75	3.57	4
Requires suppliers to implement and support an active supplier diversity program	2.53	3.01	2.27	2.47	2.43	2.6	2.5	2.42	2.68	2.69
Proactively promotes diverse employment practices through the procurement function	3.69	4.22	3.61	3.42	3.75	3.95	3.25	4.33	3.82	3.87
Has preference programs(s) in place	2.19	2.69	2.18	1.99	2.14	2.17	1	2.25	2.42	2.31

Ethics

Abides by a formal endorsed set of principles and standards of ethical conduct	6.31	6.44	6.32	6.26	6.38	6.45	6.75	6.42	6.08	6.5
Ensures awareness of the agency's code of conduct by all employees	6.04	6.07	6.07	5.98	6.16	6.12	6.75	6.25	5.98	6
Conducts/participates in ethics training	4.98	5.5	4.95	4.87	5.05	4.83	4.75	5.33	4.7	5.13
Requires suppliers to comply with the agency's code of conduct	4.63	4.94	4.51	4.32	5.28	4.74	4.25	4.58	4.97	4.63
Requires suppliers to demonstrate that they have an ethics policy and program in place	2.46	2.75	2.38	2.34	2.43	2.67	2	2.83	2.5	2.75

Community

Agency	Has Volunteers supporting local charities during work hours	2.71	2.81	2.86	2.58	2.61	2.14	6.5	3.67	2.83	3.13
	Donates to community organizations from the assets of the agency	2.64	2.38	2.73	2.74	2.37	2.43	5.5	3.17	2.5	3
Personal	Has Volunteers supporting local charities on their own time	4.3	4.89	4.05	4.06	4.39	4.52	6.5	5	4.37	4.63
	Donates to community organizations from personal assets	4.59	5.04	4.52	4.41	4.47	4.57	5	5	4.77	5

Human Rights

Agency	Pays its employees a living wage as wet for the geographical area and work to be done	4.01	3.43	3.64	4.24	4.24	4.14	7	4.5	4.13	3.88
	Treats people with dignity and respect	5.55	5.23	5.27	5.68	5.79	5.86	7	6.83	5.07	6.12
	Provides health insurance to all eligible employees	5.81	5.53	5.35	6	5.39	6.24	7	7	6.03	6.88
	Provides health insurance to all eligible employees and their domestic partners	4.42	4.15	3.61	4.74	4.34	4.95	7	3.5	4.97	4

Supplier A	Ensures that suppliers comply with child labor laws	2.33	2.57	2.29	2.07	2.82	2.43	5	2.5	2.5	2
	Requires suppliers to provide fair compensation (a living wage) to workers	3.14	2.96	3.03	3.24	3.79	2.19	6	3.33	3.1	2
	Requires suppliers to provide health insurance to all eligible employees	1.79	1.7	1.68	1.82	1.66	1.9	4	2.83	1.63	2.25
	Requires suppliers to provide health insurance to all eligible employees and their domestic partners	1.51	1.49	1.42	1.51	1.58	1.52	4	1.5	1.5	1.25

Supplier B	Conducts supplier visits to ensure that suppliers are not using sweatshop labor	1.63	2	1.68	1.47	1.71	1.57	3	1.83	1.53	1.25
	Requires suppliers to demonstrate a proactive human rights program	1.95	2.06	1.77	1.86	1.92	2.38	1	1.67	2.27	2.5
	Assesses key secondary suppliers to ensure compliance with human rights policies	1.63	1.75	1.64	1.54	1.71	1.67	1	1.33	1.63	2.5

Safety

	Ensures that suppliers' locations are operated in a safe manner	2.56	2.78	2.56	2.52	2.33	2.55	2.75	3.42	2.55	2.5
	Ensures the safe incoming movement of product to the agency	4.45	4.84	4.17	4.22	4.97	4.24	4	5.17	4.83	4.5
	Ensures that each employee in the agency works in a safe environment	5.69	5.98	5.39	5.58	6.01	5.43	7	6.58	5.87	5.56

Financial Accountability

	Is knowledgeable of, and follows generally accepted financial standards and requirements	6.25	6.32	6.24	6.31	6.08	6.26	5.5	6.33	6.23	5.62
	Actively promotes responsible financial behavior throughout the supply chain	5.56	5.75	5.64	5.6	5.2	5.19	5.5	5.42	5.65	5.13

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