The Fine Jewellery Industry: Corporate Responsibility Challenges and Institutional Forces Facing SMEs

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Abstract There has been limited coverage of the corporate responsibility (CR) practices of small and medium-sized enterprises (SMEs) in the mainstream CR literature. Furthermore, there has been no systematic analysis of the responsibilities of the high value jewellery industry and jewellery SMEs in particular. This study explores the potential for harm and value creation by individual stakeholders in fine jewellery production. Using the harm chain and institutional theory to frame our investigation, we seek to understand how small businesses within the fine jewellery industry respond to the economic, social and environmental challenges associated with responsible jewellery production, and to investigate how they perceive and negotiate the tensions between responsibility and the resistance derived from the operational norms of secrecy and autonomy within the industry. Our exploratory research provides illustrative examples of how complex harm networks operate within and across the fine jewellery industry, and demonstrates the inter-relationships that exist across the different stages of the fine jewellery harm chain. Findings suggest that institutional forces are coalescing towards a more responsible agenda for the fine jewellery industry. Moreover, while CR is a tool to disrupt harmful institutional norms and practices within such an industry, it requires the co-creation of new transformative business models and multi-stakeholder involvement including firms (SMEs and MNEs), trade associations, non-governmental organisations and consumers. Solutions include national and international legislation, price adjusted certification routes for small firms, harmonisation of industry CR standards to reduce overlap in certification and regulation and gem and precious metal “track and trace” schemes.

Keywords Corporate responsibility · Harm chain · Institutional theory · Jewellery · SME · Small business

Introduction

The jewellery industry enjoys a high profile worldwide, yet is often critiqued for the way their business is conducted down the supply chain, particularly now with the growing expectancy that firms should become socially responsible and address the influence of institutional forces (Brammer et al. 2012). Although corporate responsibility (CR) has moved into the mainstream (Baden et al. 2011), CR research has focused primarily on large organisations rather than small and medium-sized enterprises (SMEs). In this study, we adopt the terminology suggested by Spence (2007), and use SME interchangeably with ‘small business’, since SME is a less familiar term in North America, and small business captures those firms with up to 250 employees.
However, Carroll et al. (2009), rendering the transferability of existing theory inappropriate to smaller firms (Sen and Cowley 2013; Baden et al. 2011; Preuss and Perschke 2010). The limited amount of research on the SME sector is also disproportionate to its economic impact, since it represents 99% of all enterprises (European Commission 2013a; Pedersen 2009; Jamali et al. 2009; Spence 2007). Therefore, while the impact of individual SMEs on social responsibility is likely to be small, their collective impact is substantial (European Commission 2013b; Carrigan et al. 2011; Jenkins 2009; Roberts et al. 2006). This represents a knowledge gap with regard to “a tailored perspective” on CR for small businesses within “a bespoke research agenda” (Spence 2007, p. 533).

Our research responds to this empirical gap and explores the challenges of embedding responsible business practices for SMEs that operate in complex and fragmented industries such as fine jewellery; thus, providing a rich understanding of CR in a previously under-researched sector. Limited understanding of responsible business practices in SMEs has been further amplified by a failure to recognise differences within SME categories and the contextual impacts found in local clusters or traditional sectors (European Commission 2011; Spence 2007). By using the fine jewellery industry as context, this study addresses those knowledge gaps, and the paucity of studies in the creative industry sector (Carrigan et al. 2013b; Chapain et al. 2010). The fine jewellery industry operates from unique geographical clusters and distinctive networks of interdependent SMEs with local and global connections built on trust, but it is criticised for its lack of transparency and traceability (Pollard 2004). Under pressure to adopt more responsible sourcing and production practices, the fine jewellery industry has the potential for both harm and value creation.

Our study seeks to explore the potential for harm and value creation by individual stakeholders in fine jewellery production, to understand how small businesses within the jewellery industry respond to the economic, social and environmental challenges, and to investigate how small businesses perceive and negotiate the tensions between responsibility and the resistance derived from the operational norms of secrecy and autonomy within the industry. Social responsibility and SMEs are often presented in terms of opposition and tension (Morsing and Perrini 2009). Consequently, we explore fine jewellery practitioners’ understandings of the relationship between responsibility and small business practice, taking care to address both positive and negative aspects of this relationship.

Our first research contribution is to extend knowledge of small business responsibility within the CR and Corporate Social Responsibility (CSR) literature. Secondly, the paper represents a theoretical extension of the CR and SME literature to incorporate the harm chain and institutional forces that impact on embedding socially responsible behaviour in small business culture. Finally, this study delivers comparative primary data that have the potential to contribute, both theoretically and practically, to ongoing debates about responsible business practices within complex and fragmented industry sectors such as the fine jewellery industry. The paper now briefly reviews the key literature on CR and SMEs, followed by an overview of the theoretical frameworks.

**CR Practices and SMEs**

Universally accepted definitions of CR and CSR regarding both large and small organisations remain elusive. For example, Spence (2007) adapts Davis’s (1973, p. 312) characterisation of social responsibility for her definition of CSR, which entails “the firm’s considerations of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm to accomplish social (and environmental) benefits along with the traditional economic gains which the firm seeks”. Indeed, Spence (2007) CSR definition decidedly encompasses the economic, social and environmental aspects of CR, and mirrors the Global Reporting Initiative core performance indicators.\(^2\) However, Carroll et al. (2012) suggest that defining the responsibilities of businesses through the term corporate social responsibility becomes problematic due to the word ‘social’. The authors argue that, instead, we should address such responsibility considerations as CR rather than CSR, as CR holds a middle ground between capitalism’s critics and its advocates. We thus follow Carroll et al. (2012) and use CR within this work. While the CR debate has predominantly focused upon ‘doing good’, little attention has been focused on ‘avoiding bad’ (Carrigan et al. 2013b; Lin-Hi and Muller 2013). Although smaller firms are not necessarily subject to global critique when exposed as behaving irresponsibly, they are still vulnerable, particularly in their immediate communities, and business reputation remains a primary objective for their engagement with CR (Sen and Cowley 2013). Consequently, researchers must reflect on the distinctive aspects of a small business perspective within CR (Spence 2007).

Such aspects include the need to use a recognisable vocabulary and approach rooted in the empirical reality of the small business context; the lack of codification of CR in

\(^2\) Global Reporting Initiative core performance indicators cover economic, environmental, labour practices and decent work, society, human rights and product responsibility. See https://www.globalreporting.org/resourcelibrary/g3.1-quick-reference-sheet.pdf.
small businesses; the importance of personal motivations to engage in CR by business owners; the moral proximity with community and customers experienced by small businesses; the flexibility, personal service and relationships characteristic of small businesses; the social imperative of maintaining livelihoods for their employees; the sector context influencing the culture of small business social responsibility and the distinctive competitive relationships whereby a moral responsibility may be felt towards fellow competitors who represent colleagues or stakeholders rather than ‘enemies’ (Spence 2007). These characteristics of social responsibility in small businesses suggest a distinctiveness that potentially renders theory drawn from ‘large firm’ perspectives less transferable.

Greater recognition also needs to be given to the interdependent sector networks (i.e. trade associations; intermediary organisations) that support small businesses to overcome (perceived) barriers to responsible practices (Lawrence et al. 2006; Simpson et al. 2004). SMEs prefer advice that is company-specific and face-to-face (European Commission 2013c; Simpson et al. 2004), therefore the specialised information and mentoring that sector networks can provide may be a way to encourage and sustain socially and environmentally responsible behaviour among SMEs (European Commission 2011; Lawrence et al. 2006). How SMEs treat their stakeholders (i.e. avoiding harm), depends on the institutions within which they operate, but these institutional factors have been overlooked in past studies of small business and social responsibility (Soundarajan et al. 2013), something that we address below.

Theoretical Framework: Adapting the Harm Chain and Institutional Theory to a SME Context

Polonsky et al. (2003, p. 346) propose the notion of the harm chain, which allows “firms and public policymakers to consider fully all who are harmed, as well as those who can address harm throughout the harm chain”. Previous studies have used and extended this theoretical framework in various contexts such as the clothing industry (Carrigan et al. 2013a), social marketing, public policy and alcohol consumption (Hastings and Domegan 2013; Previte and Fry 2006), tourism (Clarke et al. 2014) and pharmaceuticals (Hoek and Maubach 2005). We have selected it for our study given its suitability for addressing the relationship between stakeholder responsibility and small business practice throughout the supply chain, with a focus on both the positive and negative dimensions of this relationship. The harm chain suggests that within the business exchange there are four stages where harm can occur, namely pre-production, production, consumption and post-consumption. Recently, the marketing literature has characterised a transition from value in exchange to value in use (see Vargo and Lusch 2004) suggesting that consumers are intrinsically involved in co-creating value (Carrigan et al. 2013a). Thus, Previte and Fry (2006) improvement of Polonsky et al.’s (2003) harm chain using Vargo and Lusch (2004) ideas allows our analysis to fully include the symbolic dimensions of the jewellery industry. Despite the strengths of Polonsky et al.’s (2003) and Previte and Fry (2006) harm chain frameworks, they neglect a broader explanation of why such harms occur, which is why Carrigan et al. (2013a) further enhanced the framework with an additional dimension, namely ‘institutional forces causing harm’.

This dimension, captured via the lens of institutional theory, “provides a rich theoretical foundation for examining a wide range of critical issues and also allows for theorising at multiple levels of analysis” (Kostova et al. 2008, p. 994). Although institutional theory has been used to “explain both the persistence and the homogeneity of phenomena”, Dacin et al. (2002, p. 45) advocate that it can also explain individual and organisational action; that it can help to explain that “institutions serve both to powerfully drive change and to shape the nature of change across levels and contexts”, while also themselves changing “in character and potency over time”. Thus, institutional theory enables us to explain not only the institutional forces causing harms within the fine jewellery industry, but also how the same forces could potentially enable positive transformational change; it helps point to the drivers, processes, as well as the actions that can cause, but also tackle, harm. For example, the co-creation of harm around jewellery designers who ignore gem/mineral provenance during the pre-production stage, points to a regulatory need for stronger responsible sourcing policies and/or requirements to comply with environmental initiatives.

An institutional perspective is useful to explain how structural elements such as professional traditions or political pressures construct the context of business practice (Soundarajan et al. 2013). DiMaggio and Powell (1983) identify three isomorphic forces by which institutional changes occur, namely coercive, mimetic and normative. According to Connelly et al. (2011), coercive isomorphism occurs as a result of pressure from regulators and actors upon whom the organisation depends for resources such as customers. Mimetic isomorphism relates to the imitation of other (competitor) firms or ‘benchmarking’ to reduce cognitive uncertainty. Normative isomorphism is associated with pressures arising from social factors such as trade associations, NGOs and the media. On recognising the omission of internal institutional forces (see Zsidisin et al. 2005), Grewal and Dharwadkar (2002) suggest an updated framework relating to the drivers of institutional change. Similar to DiMaggio and Powell
coercive isomorphism is Grewal and Dharwadkar (2002) institutional process of ‘regulating’, as it refers to achieving stability, order and social welfare. The second institutional process proposed by the authors is ‘validating’ and involves establishing legitimacy via interactions with trade associations. Zsidisin et al. (2005) suggest that ‘validating’ encompasses both mimetic and normative isomorphism originally established by DiMaggio and Powell (1983). The third institutional process refers to ‘habitualising’ and consists of business activities becoming habitualised either via cultural norms and/or shared corporate beliefs. These factors characterise the institutional change process, including deinstitutionalisation and the emergence of new institutional forms (Dacin et al. 2002).

The global environmental and social harm caused by fine jewellery SMEs primarily stems from the complex processes and networks that are a feature of a number of jewellery products (Carrigan et al. 2013b). Although there are many positives to arise from the business transactions that underpin fine jewellery SMEs, the harms which arise tend to be perceived as cancelled against, or subtracted from, the goods produced (Gowri 2004). As long as the industry tells itself that their actions bring about more good than harm, they are also less likely to reflect upon how they might work against those harms.

While some voluntary certification processes that seek to eliminate unethical practices in the diamond and gold mining sectors (e.g. Kimberley Process, Fairtrade Gold) have been developed, much criticism has been directed towards such schemes for not going far enough (European Commission 2014a; Earthworks 2010, 2013), or for being inaccessible to SMEs in the industry, which hinders the responsibility habitualising process. Therefore, fine-jewellery SMEs must consider how external stakeholder groups may perceive the responsibilities of firms to be broader than those self-defined by the firm (Polonsky and Jevons 2009). Thus, a research perspective that considers the harms associated with the marketing of fine jewellery is beneficial to our understanding of this field, since excellent social and environmental performance are now central to both competitive advantage and sustainability (Thøgersen and Crompton 2009). The next section discusses the adopted methodology.

Methodology

A qualitative approach was considered appropriate due to the exploratory nature of the study (Creswell 2007; Miles et al. 2014) and the lack of research investigation within the context of fine jewellery SMEs. Empirical data for this project were collected through in-depth, face-to-face interviews conducted with SME representatives and key trade informants at their premises in the Birmingham Jewellery Quarter (BJQ). Twelve interviews lasting between 1 and 2 h resulted in data saturation; this small number of participants is consistent with prescribed methodological approaches to explore fine-grained, in-depth inquiry (Sen and Cowley 2013; Crouch and McKenzie 2006). The interviews allowed participants to introduce and reflect on issues that they perceived as relevant to the research topic (Kvale 1996).

As the location of one of the main UK Assay Offices and a significant fine jewellery market for SMEs trading locally and globally, the BJQ provided our geographical context, a decision that was also guided by scoping conversations with key industry contacts within the trade. This localised industry cluster is dominated by small firms employing less than 10 people (Pollard 2004; De Propris and Wei 2007).

The jewellery sector is a particularly difficult industry to gain access to due to the secrecy and security involved, and the topic is a sensitive one for informants to discuss. For researchers, this presents particular difficulties as unsolicited approaches to businesses are likely to be rejected. Thus, using an intermediary within one of the major UK jewellery trade associations, the authors gained permission to access their members’ database, which features a cross-section of fine jewellery firms involved in manufacturing and retailing that source and trade their products worldwide. Thus, a mixed and emergent sampling strategy incorporating both purposive and snowball approaches was used to identify participants (Crouch and McKenzie 2006). It should be noted that unlike McFarlane et al. (2003), our context does not cover pre-production (i.e. extraction) stages of the jewellery manufacturing supply chain, but does engage with intermediaries throughout the supply chain, including participants that have links with extraction and sourcing. As a cluster, the BJQ is a contextual microcosm of the wider industry. Therefore, our sample permits an informed snapshot of the trade and its operations.

All interviews were taped and transcribed verbatim to address issues of credibility and confirmability (Lincoln and Guba 1985). We have anonymised the participating organisations’ identities using pseudonyms and an identifier to indicate the nature of their business (see Table 1).

Data analysis was on-going throughout the project, following a template analysis approach. Initially each

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3 Before embarking upon the study, the authors gained approval from their respective research ethics committees.

4 Assay offices specialise in the hallmarking of gold, silver and platinum. Hallmarking was established for the protection of the public against fraud and of the trader against unfair competition. Hallmarking is one of the oldest forms of consumer protection. Birmingham Assay Office was founded by an Act of Parliament in 1773.
author took two transcripts and coded them independently. Then we compared codes, agreed on which codes seemed to reflect the data best before analysing two more scripts and compared them again (see Table 2).

Nvivo10 software was used to support this iterative process, which led to the emergence of a coding template including thematic categories (King 2004). As the analysis progressed, more detailed codes emerged and findings are presented next.

### Findings

The main themes discussed in this section address the harm chain and institutional factors linked to business (ir)responsibility in the context of the researched fine jewellery SMEs. The presentation of the findings is structured according to the qualitative coding and emergent template-based thematic analysis carried out (Table 2). This, in turn, leads to the more focused discussion around the industry-specific adaptation of Carrigan et al.’s (2013a) extended harm chain framework (Fig. 1). In this way, the framework is used to both systematically develop a higher-order discussion around the negative externalities emerging from our qualitative research with SME jewellery businesses, but also to represent such issues and analysis visually.

#### CR and SMEs in the BJQ

For some fine jewellers the size of their business was seen as a disadvantage that meant they perceived themselves to be left out of strategic discussions at a local and global level:

There are big things going on in the Quarter that we never hear about...as small, very small business people, we’re not considered to be players. It’s the people that have the proper businesses, you know, that sell the proper jewellery (Ruby).

As a result, such SMEs believe they are not taken as seriously as the larger jewellery businesses. As many SMEs commented on the perceived divisions between smaller and larger businesses, it was evident that collective approaches to doing business were rare:

In the main, the jewellery industry is more fragmented than it’s been for a long time, and we have gone back to being that cottage industry with lots of little skills and pockets of people doing their own thing (Emerald).

According to Conzelmann (2012) and Pedersen and Gwozdz (2014), only when companies act together in the same sector can the benefits of CR be realised. Participants in this study agree with that view, and there is a nascent movement among global certification bodies within the jewellery industry, such as the Responsible Jewellery Council (RJC⁵) and governmental regulators such as the European Commission, to work together and establish CR standards that can be universally applied across the supply chain. This combination of normative and coercive forces represent a period of transition for jewellery, which may result in a more legitimatised and institutionalised CR paradigm. However, findings suggest that historically these exclusive clubs of primarily multinational enterprise-led (MNE) trade associations have not always understood the needs of SMEs in their CR initiatives:

The small businesses can’t afford to be [CR] audited... They can fill out some forms but they can’t

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⁵ The Responsible Jewellery Council is a not-for-profit organisation setting standards for responsible business practice across the jewellery supply chain.
| Codes | Higher order codes/categories | Emerging themes | Examples of participants’ quotes |
|-------|-------------------------------|-----------------|---------------------------------|
| Small size of business as disadvantage in CR; SMEs not taken seriously in CR; firms need to act together to benefit from CR; certification bodies/ regulators must work together to help SMEs | Combination of normative and coercive forces | CR and SMEs in the BJQ | “…We’ve had discussions here about how we might be able to create … an associate blanket membership of the Responsible Jewellery Council, as long as you can demonstrate this, this and this… And maybe you audit randomly but everybody pays towards that one audit, I don’t know, but… [SMEs] want to be part of it but financially all these things come down to finances” (Emerald) |
| SMEs are unheard in CR; jewellery businesses as culturally closed; some see benefits of greater openness for CR; CR as tool to raise standards collaboratively; BJQ as a collaborative community; trust as essential to BJQ B2B relationships; too much trust as detrimental | Voices of SMEs are not considered among those forces behind institutional changes | | “…It feels like if I decided to do that, is it going to make any difference, and I think it’s like those people at the top, feeling like, actually, yes, we’ve got to have this conscience, we’ve got to have this awareness, and it needs to almost come down the chain” (Diamond) |
| Responsibility as job security; limited references to regulatory influences; few references to hallmarking and Health & Safety; Kimberley Process perceived as legislative influence; larger businesses and legislation could pressure SMEs to adopt CR | Economic climate more pressing than CR | SMEs and the Institutional Process of ‘Regulating’ | “…The cynic in me says, yes, that’s great, so a small percentage of us will do it the right way, and all those big umm money making people will still go on doing it just the way they’ve always done it. And they will do all the money laundering and they will make all the money out of this, and us people at the bottom of the food chain, will continue to struggle. It won’t make any difference to us” (Ruby) |
| Nominal dialogue around sourcing of materials; lack of consumer drive (with the odd exception); responsible sourcing far removed from day-to-day business; responsible sourcing as beneficial but difficult; jewellery firms sourcing ethically as isomorphic forces; irresponsible sourcing impossible to monitor | Traceability as ‘red herring’ | | “You tend to work with people that are… Are on recommendation and you know of them or about them, umm, but it is very much, from the people that you employ, to the people that you send your work to, to the shops that stock your work, it’s very much umm… Yes, on trust” (Opal) |
| | | | “I’ve just learnt yesterday there’s a new Stone Directive that’s coming from the EU. I don’t know if you know about it? About lead in crystal. And the contents of lead. And apparently the BJA have been championing that it shouldn’t happen… Now, to me, it’s absolutely a massive piece of legislation that’s really, really important” (Pearl) |
| | | | “…Most designer/makers have part-time jobs anyway, you know, they’re not a solely dependent on their work, their making, to make money, because it just isn’t… It’s just not going to happen” (Ruby) |
| | | | “Jewellery is ultimately one of the, if not the, most recyclable kind of product you can find. You can melt it down. You can pull it apart. You can re-make things. So that is fantastic, but what that does mean is that quite literally 95 % of the materials, the metals, that we use are and have been recycled a number of times, I mean, literally you know the gold in a piece could be, you know, infinitely old… But to sort of trace origin is almost impossible” (Opal) |
| | | | “The intelligent young people do(ish) but the average no. Very occasionally someone mentions conflict diamonds” (Platinum) |
| Codes | Higher order codes/categories | Emerging themes | Examples of participants’ quotes |
|-------|-------------------------------|-----------------|----------------------------------|
| Trade associations (TA) linked to skills rather than CR; TA as validating and regulating influences; TA reigning in illegal behaviour; SMEs question TA relevance and costs; questionable motives for TA membership; superficial awareness of the role of TAs | Professional membership advantages and disadvantages | SMEs and the Institutional Process of ‘Validating’ | “Going back to the membership of the BJA. We get newsletters from them and you know they are always at conferences and doing stuff, so if there is any sort of big breaking news about anything, we will hear about it” (Ruby) |
| CR need not cost more; CIBJO, RJC, ISO standards and Fairtrade as CR oriented; mixed views towards ISO; diminishing value of Fairtrade accreditation; doubts about transferability of CR practices; transparency, honesty and proven trading relationships as validation; one attempt to implement responsible trademark | The value of accreditation | | “The Chief Executive of the BJA agreed that he felt that it was a little bit harsh and I’ve said to the company in question, I said, do you realise it’s a small world, this sort of our industry, and if you treat people like this … you know … it’s not good. Anyway, a day later, I had a call from the Managing Director of the company, apologising profusely, but it was only because the BJA had rung up and said” (Opal) |
| Widespread recycling processes; saving money as incentive; additional business opportunities also an incentive; most SMEs not as green as they could be | SMEs already engaged in sustainability by default | SMEs and the Institutional Process of ‘Habitualising’ | “I don’t know, from a Fair Trade point of view, I don’t understand it enough. I’m not qualified. I get Fair Trade coffee beans. I get Fair Trade bananas. I get Fair Trade… All the other Fair Trade stuff. But I can afford that. At the moment what people can’t seem to afford is the uplifting cost of Fair Trade metal. The difficulty is, in the current economic climate, ultimately you’re faced with this [trade off]. (…) Somehow we have to get it to be commercial because the coffee and the bananas are commercial” (Pearl) |
| | | | “We’re ISO standard because we believe that, in our business, by being efficient and by you know doing all the things that we should do as a business, it makes us more aware and it makes us more environmentally friendly and therefore makes us a better partner with somebody out there to do business with, because our standards are much higher. (…) Is it expensive to do? It’s time consuming, so therefore it is… Therefore it’s expensive. Outside audits, internal audits, and we don’t pay lip service, you know… It’s the right thing for us to do in our business… Do the people that do business with [us] care that we’re ISO accredited, and the answer is no, they don’t care…” (Emerald) |
| | | | “…Obviously there’s a certain amount of new material in there all the time, but there’s also a lot that gets recycled because everybody scraps in all their cut offs and every so often you might scrap in some old stock, plus the public are recycling a lot” (Diamond) |
| | | | “So we try where we can to do… and my Creative Director would argue that we don’t do enough sustainable stuff. We probably should do more green stuff internally so we are looking at things like solar panels for the roof and we try to do our recycling and we’re not as green as we could be probably” (Pearl) |
SMEs think consumers do not care about CR; consumers ask about provenance of diamonds but not other stones/metals; lack of consumer appetite as barrier to change; some consumers more interested in CR than others; fear of difficult conversations about CR; consumer left unaware and uninformed; potential for consumer interest CR to grow

Consumers are not driving jewellery SME CR

“I wonder just, to the general public, I wonder just how important it is. Well my guess would be it’s not particularly, yes, I have been asked about diamonds, never been asked about metal, I’ve never been asked about where does this metal come from. Well I had a commission where I was going to use a diamond and I was asked” (Ruby)

“…You’ve got the consumers who are … I say they have access to more information. I do believe that is altering their purchase patterns. But at the moment perhaps on a small scale, we’re probably talking about more higher end where people have got the money to demand I will pay X, or whatever” (Agate)

Fig. 1 The fine jewellery extended harm chain

afford an annual audit that might cost them a couple of grand (Emerald).

Although organisations to some extent choose and shape their own environment (Djelic and Ainamo 1999), there is a risk that the voices of SMEs at all stages of the fine jewellery harm chain (pre-production, production, consumption and post-consumption) are going mostly unheard among those forces behind institutional changes in the jewellery sector.

Most SMEs referred to the culturally closed and insular nature that is historically inherent within jewellery businesses. In particular, one SME spoke of how this impacted on his business when starting up as a designer and manufacturer:

The jewellery industry’s quite narrow…it’s close-knit but it’s also quite…It looks inwardly too much. I think there’s an element of protectiveness. I can remember when I first joined walking around the trade, people wouldn’t let me in, because they didn’t know who I was, and it took a good couple of years to be accepted (Pearl).

Others felt that it was not so much an issue around ‘acceptance’ but more of a barrier to entry; an attempt to protect their business:
It’s all hush hush...everyone’s like that, you don’t want everyone knowing your business...it’s a competitive thing and a security thing (Platinum).

However, there was evidence that some firms recognised the potential benefits of greater openness between traders:

I’m quite open with knowledge... I feel that for our sector to continue to be here... imparting knowledge and enthusiasm for what we do is quite key. Now people perhaps are more closeted and closed when they feel that somebody else might take what they have, you know, take business away from them, which you can understand (Opal).

Regardless of the views held around secrecy, most SMEs spoke about the ‘community’ benefits of being located in a creative industry cluster like the BJQ:

It’s knowing people, knowing who’s around and having access to all those other trades and the suppliers. If you want something it’s just there... being able to collect everything, not having to do it all through the post and having personal relationships with the people that you’re working with (Diamond).

Indeed, once SMEs are considered part of the Quarter, many of them rely greatly on trust between BJQ members to conduct their business:

I have to say it is a most wonderful community... I might have a diamond that would have cost £3000/£4000, and I’m making a ring for it, and I will take it to my setter, and he will set it for me, and there’s no paperwork goes between us... I don’t have to leave anything with him and he doesn’t have to leave anything with me, I know that when he phones me I’ll go back and collect it, and it’s done completely on trust around here... I think we craftsmen you know we’re just different (Silver).

The excerpt above reveals the importance of trust. As suggested by Pollard (2004), trust is a fundamental concept mentioned by many SMEs and featured heavily throughout the pre-production, production, consumption and post-consumption stages of the harm chain. However, there is a negative side to this institutionalised trust, which ethically compromises the integrity and transparency of chain of custody transactions (Saicheua et al. 2012):

...We have to have trust, I mean, the last diamond I bought, for something, I did ask at the diamond dealer, is this conflict free, is it? And he said, to the best of his knowledge, it was, you know, and that’s all... I’m not going to look for a certificate or anything, I’m just hoping that he’s trustworthy (Ruby).

Too much reliance on trust, particularly when it comes to mineral and gem provenance, can destabilise jewellery CR and perhaps open the door to potentially unscrupulous behaviour by rogue traders across the different stages of the chain, who might behave opportunistically.

**SMEs and the Institutional Process of ‘Regulating’**

The SMEs in this study were unanimous in agreeing that a key challenge facing their day-to-day business operations was the current economic climate, something that was more pressing than raising CR operating standards. The tight margins and high mineral and gem prices acted as coercive forces that impacted upon engagement with responsible practices:

Probably the biggest challenge at the moment is that we’re still suffering on the back of the recession you know it’s hard to be selling luxury products. Stuff isn’t selling as much as it was so I think you’re still finding a lot of businesses are starting to go under as a result of that... You feel like you’re trying everything you can to keep your costs down, concentrating on surviving (Diamond).

Thus for many participants, being socially responsible was delivering job security for themselves and their staff, keeping down costs and paying their creditors, rather than consideration of issues some distance downstream. In comparison to the extensive discussions around costs and economic infrastructure, the references to the regulatory influences upon SME business operations were limited:

...We have voluntary codes. We don’t have legislation. So when I say voluntary codes I’m talking about guidelines produced by the OECD, the London Bullion Market Association, LBMA (Agate).

One or two referred to the legal process of hallmarking and others mentioned escalating Health & Safety legislation. While there was some recognition that health and safety had improved in production, for some SMEs adherence to it was sporadic and therefore seen as a personal choice rather than an enforced regulatory policy, opening up the potential for workplace harms:

I wear gloves when I’m doing it, the oxidising. I try to remember to do it, but I have to admit... I’m a bit you know a bit sloppy, so I do forget sometimes (Garnet).

Despite the quantity of both European Union and International regulations around the sourcing, importing and exporting of stones and metals, there was nominal dialogue around sourcing of materials in relation to the pre-
production and production stages of the jewellery supply chain. Although widely recognised as a global voluntary certification scheme, the EU membership of the Kimberley Process was perceived and referred to by SMEs as more of a legislative influence. However, despite checks and guarantees around the sources of materials being sought by SMEs, they mainly selected their suppliers based on trust, given the challenges of fully guaranteeing the origin of the materials sourced:

My diamond dealer… I trust him that he doesn’t sell conflict diamonds… All he does, on the bottom of the invoice each month, is put ‘we do not sell conflict diamonds’… So how do I know where them diamonds have come from? You can’t! And gold, how do you know they’re telling the truth? You see, the service has the facility to mark something but how can they prove it, I don’t know (Platinum).

Some participants suggested that traceability, as currently regulated within the industry, is a ‘red herring’. Buyer confidence can be misplaced and chain of custody cannot be wholly guaranteed by regulating forces, despite appearances of integrity. Many firms in the study seemed to accept the challenges to ensuring responsible practice from mine to market, but it is not universal. Even so, attitudes towards responsible sourcing were extremely mixed. In some cases, SMEs stated they were not aware of such issues or that they were aware but felt that these policies were so far removed from their business that it did not warrant much consideration:

We have tended to live in a bit of a bubble and we’re not necessarily that aware of those kinds of issues. I mean, we see it played out in all sorts of other businesses and on the news and all of that, but it’s never really occurred to me that it’s something that I should be addressing, generally speaking… It’s not around us. Nobody’s that bothered (Ruby).

For other SMEs, socially responsible sourcing was considered beneficial to the business, but in order for it to make a meaningful impact they think it needs to be adopted by all businesses rather than a select few (Conzelmann 2012; Pedersen and Gwozdz 2014), and be easier to implement:

It [ethics] would be something I’d follow, probably rather not lead in… As it mainstreams then it will get more affordable. I think more people will do it. It’s just not very easy yet and I think it needs to be easy before people really jump on board with it (Diamond).

A few SMEs expressed a more proactive approach to adopting responsible sourcing. However, it was generally felt that such initiatives were driven by industry rather than the consumer and one could expect limited uptake while consumers remained ambivalent:

There is, in the industry, a fundamental awareness of ethical trading. It’s discussed a lot, it’s been debated at trade shows, we’re all involved in it, supply chain management and audits and everybody’s talking about it… It is a top down push… It’s not coming from the consumer. Without a doubt, if the pull is from the consumer, it would be much faster throughout the industry. If the push is from the industry, then people will always sit down and say, well look, it’s all very nice, but nobody actually needs to be pushing this (Emerald).

Within the wider industry there are firms such as CRED jewellery (who commit to ensure all the gold used in their jewellery is 100 % independently certified fair trade gold), along with other trade organisations acting as isomorphic forces to disrupt and create institutional change, but only one participant mentioned CRED’s practices. Many SMEs endorsed the Kimberley Process, but there was still a sense that it was not without its limitations (Earthworks 2010, 2013). As a result, it was felt that both larger jewellery businesses and government legislation could bring institutional pressure to enable more substantial progress when it comes to encouraging SMEs to adopt responsible sourcing:

I think most people are supportive of it [Kimberley Process]… Tiffany and people like that have literally got their own mine now, which, yes, that’s literally the only way you can guarantee full traceability… Tiffany can because, at the end of the day, they’ve got the money to do that, which hopefully will kind of come more into the industry, because if they’re doing it, well the next guy will think if we do that then we’re going to increase our [business]… So it’s starting at the bottom and it’s starting at the top, and hopefully, somewhere, it’ll meet in the middle, and we’re kind of in the middle really (Opal).

Some SMEs shared the view that no matter what legislation was in place, irresponsible sourcing within the jewellery business was impossible to monitor:

…All we can do is ask the questions about suppliers and ensure they’re asking that of their suppliers and try to make the whole supply chain as transparent and as traceable as possible (Opal).

In the absence of a stronger regulatory environment concerning responsible sourcing and production, many of the SMEs interviewed went on to discuss their interactions with trade associations responsible for the monitoring and benchmarking of jewellery production (i.e. validating influences).
SMEs and the Institutional Process of ‘Validating’

SMEs discussed professional memberships and the advantages and disadvantages they presented. Some trade memberships were viewed as informative and beneficial for skills and training validation or marketing advantages such as The Society of Designer Craftsmen, The Guild of Enamellers and The Royal Birmingham Society for Artists (RBSA). Many referred to the British Jewellers Association (BJA), citing the membership advantages primarily in the form of financial discounts for sales fairs, copyright services, legal services and general newsletters keeping everyone up to date. Thus, the overarching role of trade associations was perceived as setting skills and manufacturing benchmarks rather than providing explicit CR benefits. Trade associations were understood by some as a strong validating and regulating influence, with certain organisations perceived as influential for reigning in illegal behaviour and supporting firms against crooked operators:

We weren’t in the British Jewellers’ Association at that time, but they would sort of start us on the right road. It’s the place to go to start you on the right road. I had a problem with a sapphire which I bought as real and then the customer said it was synthetic… So then I went to the Assay Office and they said it was real, so I sorted this out, but the British Jewellers’ Association would help you through that (Platinum).

Given the high value of materials within jewellery and the capacity for fraud, insider trading norms also play an important part in regulating the industry, with informal mechanisms operating to control what was considered undesirable behaviour:

For us to buy something, some gold that was mined in Africa, directly, wouldn’t know where to start looking, you know, you get the odd African walks in the door, or a phone call…I’m talking about… from source….The thing about that is why would I want to get myself potentially jailed just because I want to buy 3000 pieces of gold from the bloke I don’t know. It’s never going to happen….you don’t go outside of those circles… (Gold).

This was reinforced by Opal who commented on their company ethics and the operational sanctions for those who step outside the industry rules:

…but because the industry is built on trust. Yes, it really is and, again, people who aren’t trustworthy are the people who do disappear…We’re not just kind of you know…have people walking through our door, dropping bags of gold off that we don’t know where they’ve come from…we buy our materials from a big company and they are one of the biggest in Europe…and, yes, we sort of feel that they are trustworthy…

Even so, participants acknowledged there are companies who profit from unfair although not always illegal trading because of the high value stakes of the business, suggesting that trust is not universal:

I opened the shop up there and next to one of the biggest retailers in the area, probably got more money than anybody else, so they’re trying to put you out, so…you are competition, yes, and you know, competition you want it to be fair, but it’s not fair for the retailer when you’ve got a bloke who is a multimillionaire next door to you, and he undercuts you on everything. So you can’t make a profit. We had to close the shop because it wasn’t making any money. And all the people that were working here…I was scrapping gold to pay wages and I’m trying to keep people in a job…didn’t want to let people go because they’d got families (Gold)

One SME did acknowledge the role of trade associations in terms of encouraging and signalling socially responsible behaviour for the industry (Lawrence et al. 2006):

I think the whole ethical trading thing is wider than Fair Trade… We’re almost obligated to have a look at it properly and we’ve joined the RJC, the Responsible Jewellery Council (Pearl).

Alternatively, some SMEs questioned their relevance to the industry and what they perceived as costly membership fees: “it’s a bit like the Chamber of Commerce for the jewellery industry. I’ve never bothered [joining] because I didn’t think that it was worth the amount of money” (Silver). Such SMEs doubted the authenticity of the motives for membership, particularly by larger firms:

I think there’s obviously certain suppliers in the quarter cottoning on to the fact that people want to know this information and, to a certain degree, I feel like maybe they’re exploiting it, you know, because they’re selling a higher value product (Diamond).

When discussing trade associations that were focused upon more socially responsible practices, some SMEs mentioned CIBJO (the World Jewellery Confederation), the RJC, the International Organisation for Standardisation (ISO) standards and Fairtrade. However, generally there was only superficial awareness of the role of trade associations and what they can offer to members and the industry. Regarding CIBJO, one respondent talked about the value of having their support to encourage other SMEs to become more socially responsible and disseminate...
information, but acknowledged that there was still a very long way to go:

We can advise, we can disseminate information, and we can get them involved [in CR]. There is evidence that demonstrates the companies that operate CR policies are those which are more commercially successful, because they’re engaging with their consumers, engaging with local environment, they are looking after their staff properly, they are looking at how they source their materials and this all adds up to a feeling of well-being... We aren’t that advanced... CIBJO some time ago had what they called an Ethics Committee and that’s now been reformed and the CR project has been taken under CIBJO’s wing... It’s very sort of bottom up, you know, we need to do this and we’ve now got a structure in which to do it (Agate).

SMEs’ views towards ISO accreditation were also mixed. On the one hand, it was suggested that membership of ISO was a more substantial initiative with which to be involved. On the other hand, for some SMEs, ISO standards were perceived as something more suited to larger companies and that it enabled businesses to merely tick a box. In contrast to the mixed views held towards ISO accreditation, most SMEs agreed about the diminishing value of Fairtrade accreditation:

From our experience, people are interested but it’s not a deal breaker... Practically, it’s very hard for us to get it and it’s actually a lot more expensive, so if you ask me how many of my clients are adamant on Fair Trade... I’ve never had anyone... I still have, you know, pessimism about the whole kind of Fair Trade thing. I think for us and our clients the important thing is to be transparent and honest (Opal).

Transforming attitudes to encourage a culture of openness and information sharing around responsible practice will take time and one participant acknowledged the challenges ahead:

I think the only thing you can ask people to do, at the moment, is to say to them, you have taken every reasonable precaution. ...Because they can’t influence OECD regulations... But they have taken every reasonable step to ask the right questions and to get whatever assurances are available, be it a certificate, something in writing, whatever it might be (Agate).

Thus, there was a sense from some SMEs that they themselves had to take responsibility for CR dissemination and attempt to improve perceptions of the industry rather than just join a trade association. Given the moderate commitment among fine jewellery SMEs towards any one accreditation body or trade association, one respondent discussed his attempts to create value by implementing an alternative responsible trademark for the consumer instead:

We have to be quite pro-active rather than reactive. This is what we’re now working on [trade mark]. It’s going to be a three year project. I’m going to the EU the end of this month to see whether we get some more funding for it... Effectively we’re talking about the CR project and we’re looking, very crudely, at maybe some form of kite mark, just some validation, so it can be on the retailer... We have checked our supply chain and our mission with this is to actually increase consumer confidence in the purchase of jewellery (Agate).

Some SMEs showed interest in engaging more with socially responsible production practices, but for most, the additional costs involved in gaining accreditation from any trade association was simply a cost they could not afford to pay. There are however, many socially responsible, cultural norms that have become habitualised for SMEs in the BJQ.

**SMEs and the Institutional Process of ‘Habitualising’**

Because of the nature of the materials used within the jewellery sector, there was a perception from most SMEs that the industry deserves greater recognition (Perrini 2006) regarding their responsible, widespread adoption of recycling processes and its management of waste at the post-consumption stage of the harm chain. Although some SMEs claimed that the industry had always done this due to the need to recover the high value materials involved, other SMEs commented that some SMEs were now capitalising on this activity and re-branding their products as eco-friendly:

Gold has been around for centuries and centuries, and it is always being recycled, re-fash-ioned. So, in actual fact, you can’t say with 100% certainty what the provenance is... And there is a great deal of hoo-ha about it, but it is gathering support. Cookson’s do eco-gold and they bill that as made from recycled gold. It’s all recycled! (Amber).

While saving money by reducing wastage was a major incentive for SMEs to adopt environmental processes, cost savings appeared to be driving more consumers towards the recycling of jewellery too and, thus, creating additional business opportunities for SMEs:

Because gold’s gone up and stones have gone up I think that’s sort of encouraged them [consumers] to have it remade because they know it is worth...
something, therefore it is worth remaking as some-
thing you’re going to wear...So that’s mostly what
we do (Platinum).

In other ways, most SMEs acknowledged that they were
“not as green as we could be probably” (Emerald), but
defended their reticence towards becoming more socially
responsible on the basis that only a very small number of
consumers actually care:

I don’t think most people probably even think about it
[provenance]… It’s not on peoples’ radar so much is
it? I don’t suppose people think about where the
metal comes from, how it’s done… They’re just
thinking about the product they’re buying (Diamond).

Of the SMEs who were asked by consumers (albeit
rarely) about the origin of their materials, many felt that
this was simply down to the publicity surrounding the film
‘Blood Diamond’, in that consumers subsequently asked
about the origin of diamonds but not about other stones or
metals:

You come up against people who just want Fair
Trade diamonds after the scandal many years ago…
I’ve had it a couple of times [people asking for ethical
stones]; it needs to be an ethically-sourced stone…
But no one’s ever then said what are the mining
conditions? (Quartz).

Lack of consumer appetite for ethical consumption is a
persistent problem across many industries (Janssen et al.
2014; Carrigan et al. 2013a; Chatzikidakis et al. 2007), and
acts as a barrier to institutional change. Companies want
consumers to drive the CR agenda, claiming there are
insufficient incentives to adopt sustainable practice unless
consumers do so. Some go so far as to suggest that there are
strong disincentives to adopting responsible practices,
reflected in comments from our participants:

It [Blood Diamonds] came out and in the six months
after the film came out, if I got four calls from
retailers around the country saying I’ve got a cus-
tomer in my shop looking at one of your diamond
rings, they want to be assured that the diamonds that
you’re supplying are conflict free. So, hang on, for
half a dozen people in a year maybe, I don’t know,
we’re talking about nobody, and then all I had to do
to that retailer is say, yes, don’t worry, we only buy
conflict free diamonds from legitimate sources and if
you have a look on the invoice for the ring that
you’ve got, it says at the bottom, all diamonds are
subject to you know… And in every one of those half
dozens conversations, they went, okay, that’s fine,
thanks. Most of the consumers don’t care (Emerald).

Another issue that SMEs struggled with was the fear that
if they were to discuss CR with customers, it might lead to
difficult conversations about practices that would be con-
sidered less responsible. Their concern was that it could
damage their business if they could not justify themselves
as 100 % responsible:

If I put these products in my window, these are
conflict free, these are... Absolutely ethically
sourced. Fair Trade. Great product. Blah, blah, blah.
What I’m saying, and I’ve heard this over and over
again with the blood diamond issue, what I’m saying
is, those 10 products in the window are... You can
have all the ticks on the boxes you like, the 99 % of
the other things in my shop I can’t tell you that, so
hang on, am I a bad retailer? (Emerald).

However, unintentional harms are created if retailers
avoid discussing CR, since the consumer is left unaware
and uninformed. Indeed, such industry obfuscation acts as a
barrier to enabling responsible consumption practices. Other
SMEs felt that consumer interest around socially
responsible manufacturing varied according to the type of
consumer. But little evidence existed to indicate fine jew-
ellery consumers co-creating responsible value, although
one or two participants believed that consumer interest in
the origin of their jewellery would grow in the future:

I really am minded that consumers are becoming far
more savvy today with the knowledge they want to
acquire before they go and buy an item of high
value… I believe at some stage consumers will start
asking questions and putting the retailers, and ergo
the manufacturers, on the spot… Lovely ring, can you
tell me where the diamond comes from? (Agate).

So, despite the many economic, social and environ-
mental challenges associated with responsible jewellery
manufacturing discussed above, and some of the cynicism
expressed, SMEs were of the view that momentum was
gathering within the industry that signalled greater interest
in CR for the future. To what extent that will trickle
downstream and upstream, and impact upon the everyday
operations of SMEs, is something more difficult to gauge.

Implications and Potential Solutions

There is evidence that institutional forces are coalescing
towards a more responsible agenda for the jewellery
industry (European Commission 2014a; Earthworks 2010,
2013a; Chatzikidakis et al. 2007), and
acts as a barrier to institutional change. Companies want
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6 Blood Diamond was a Hollywood film from 2006 based on the
story of conflict diamond trading in Sierra Leone.
Although CR is a tool to disrupt harmful institutional norms and practices within the industry, it requires the co-creation of new business models and multi-stakeholder involvement including firms (SMEs and MNEs), trade associations, non-governmental organisations and consumers. Alongside these collective validating efforts (Carrigan et al. 2013a), complementary legislative initiatives at national and international levels will need to provide regulatory pressure to incentivise that change. An early move has been the United States 2010 Dodd Frank Act regarding conflict minerals and more recently the European Commission Conflict Minerals (2014) draft legislation. Both seek to regulate the pre-production and production stages of the sector, but such institutional forces are driving a CR agenda primarily informed by ‘big business’ priorities while not necessarily alleviating the problems they seek to address, particularly those faced by small businesses across the supply chain. The Dodd Frank Act pertains to the regulation of tin, tungsten, tantalum and gold (i.e. conflict minerals) and impacts upon the Great Lakes region of Africa, specifically the Democratic Republic of Congo (DRC). Gold from designated conflict sources is prohibited and companies are required to demonstrate due diligence, and where required produce third party verification of compliance. Jewellery firms that use gold in their products do not want their brands to be associated with the abuses of war, and most end-users did not know their sources of minerals before Dodd Frank, so the law has forced them to look deeper. Since being imposed, there have been mixed reports regarding how effectively it has reduced harms and exploitation in the DRC. Some have argued that Dodd Frank has led to many lucrative mines in eastern Congo no longer being controlled by violent armed groups and started a shift towards legal and peaceful forms of natural resource extraction. However, artisan mined gold continues to fund armed commanders, with 98% of artisanal gold smuggled out of the Congo, suggesting further reforms are needed to address conflict gold and close loopholes (Bafilemba et al. 2014). The jewellery industry has voiced concerns that burdensome reporting requirements will result in de facto boycotts on minerals sourced from the region and create more, not less instability. Unintended consequences of Dodd Frank are being reported by the industry that cite the closure of legitimate mines in the DRC and neighbouring states, and raises fears of more opportunities for exploitation (Layton 2015). However, Intel and Apple have recently announced that all gold in their computers and phones is now conflict-free, which suggests in some sectors, businesses are responding to the new legislation.

The Kimberley Process, established in 2003 by a UN resolution, has also failed to deliver a comprehensive solution to the problems of conflict diamonds. Its narrow terms of certification focus solely on diamond mining and distribution, and do not address wider issues such as worker exploitation, health and safety or child labour. Corruption and smuggling remain prevalent in certain parts of the diamond pipeline, while most retail staff would struggle to confirm which country, let alone which mine their gems were sourced from. Proposed EU legislation for controlling imported minerals from conflict zones does not cover diamonds, and Fairtrade’s standard for gold, which helps artisan miners obtain a fair price, safer work practices and community investment does not relate to diamonds either. Conscious of both the stakeholder benefits and shortcomings emerging from Dodd Frank and the Kimberley Process, the jewellery industry continues to lobby the European Commission over the European Parliament proposed conflict minerals draft legislation that will also cover tin, tungsten, tantalum and gold. Having consulted widely on the potential impact of such regulation, the EU will vote on the draft in May 2015. While NGOs and other civil society groups seek a legally binding obligation for all upstream and downstream companies to undertake supply chain due diligence to identify and mitigate the risk of conflict financing and human rights abuse, a recent European Parliament briefing suggests that EU regulation could be delivered by voluntary self-certification (Layton 2015). Although some within the jewellery industry would prefer this outcome, critics argue that this will do little to engender change or support greater CR in the supply of ‘conflict’ minerals. The legislation, although underpinned by existing OECD guidelines, unrestricted in its geographical coverage (unlike Dodd Frank), and proposing incentives to comply for public procurement, essentially delivers an ‘opt-in’ scheme rather than binding rules, and is unlikely to offer a panacea for greater CR (Murry 2014).

Despite their limitations, these regulations are coercive forces that will impact across the global jewellery industry, but nonetheless run the risk of failing SMEs for whom these grand narratives seem far removed from the responsibilities of their everyday business. However, there are some models of CR emerging within the industry that may provide greater traction. Canadian brands are using a ‘track and trace’ approach that provides comprehensive traceability for their gems to a specific mine. Each cut and polished diamond is laser-marked with a unique tracking number that consumers can independently verify, and track across the supply chain (Rhode 2014). One UK-based SME, Hockley Mint, is launching a range of ethical jewellery combining Fairtrade gold and fully traceable Canadian diamonds, targeting what it believes to be a growing market for conscientious consumption (Jordan 2015). This will be supported by a website where customers can validate and register their diamonds. Making initiatives accessible to SMEs is an important catalyst for their
engagement with CR; our respondents noted how working with Fairtrade gold has proven problematic in the past for many small jewellers who either could not access affordable supplies (or in appropriate quantities) or meet Fairtrade accreditation requirements. To overcome these barriers, the Goldsmiths Registration Scheme was launched in April 2014 offering small designers a chance to work in Fairtrade gold or silver without having to have a full license or buy large quantities of metal. By offering small jewellery designers the opportunity to register with Fairtrade for free, and buy certified precious metals from a master licensee in a semi-finished form, the scheme has the potential to transform the UK market for Fairtrade gold and silver, and widen the use and customer reach of Fairtrade metals. Each designer can stamp items with the Fairtrade mark and the metal is fully traceable back to the mine. This offers affordable and pragmatic supply chain transparency and traceability that was previously limited to mainly multinational operators with substantial resources and vertical integration.

Our findings demonstrate that if SMEs cannot make the connections between their business and upstream activity, then they will feel detached from the impact of their actions (see also Bradshaw 2012), resulting in habitualised ‘business as usual’. Moreover, they find it difficult to see how they can “manage social and environmental issues that exist outside their direct control” in distant economic, cultural and geographic settings (Pedersen 2009, p. 113). In such a fragmented industry, complex supply chains are inherently vulnerable and only as strong as the weakest link. To help SMEs engage with CR, a more inclusive process is needed that gives SMEs a voice in the debate. This will support the design of new tools and frameworks that can reduce the cost burden of managing responsible business standards (Baden et al. 2011; Pedersen 2009).

Bringing CR into the discursive consciousness of SMEs is vital and may require reframing how activity is presented around CR to address the coercive forces that render perceived cost a barrier for small jewellery businesses. Thus, framing CR initiatives as cost effective (e.g. recycling), time saving (e.g. innovative technology), but also resource efficient and responsible could act as potent persuasive signals in the fine jewellery industry given that its practices at the pre-production, production and post-production stage lend themselves to these platforms. In addition, offering certification routes that are price adjusted to accommodate the resources of small firms (such as those offered by the RJC or Goldsmiths Registration Scheme) will go some way to assuage perceived cost barriers.

Despite evidence that MNEs are increasingly conforming to normative pressures in order to remain legitimate in the eyes of relevant stakeholders (Carrigan et al. 2013a; DiMaggio and Powell 1983), the jewellery SMEs in our study felt they had insufficient incentive to adopt responsible practice. Moreover, there was a sense that the added value created by endorsing responsible trade initiatives was being unscrupulously leveraged by large firms to charge higher prices to a naive consumer. This raises doubts about the transferability of CR practices and signals across industries, and hints at the need for more bespoke CR solutions for the fine jewellery buyer. For example, it was evident that Fair Trade has so far had less traction in this industry, compared to the fruit or coffee trade, although initiatives such as the Goldsmiths Registration Scheme and increased supplies of Fairtrade gold may help in the future. Currently this form of institutionalised representation of ethical trading is perceived by some SMEs as a relatively meaningless marker of responsible jewellery business. Transparency and honesty, and proven trading relationships, can provide more reassurance to industry customers in jewellery transactions. This represents a different, more intangible validation that is hard to capture in any formalised way.

Thus, it will require greater policy and government leadership to accelerate the progress of responsible behaviour. It was difficult for most SMEs to think beyond the everyday economics of business, and a range of institutional forces facilitate and hinder their ability to implement positive changes. Transformative change will require a move from a transactional model of regulation, to a transformational model that transcends self-interest (Palazzo and Richter 2005), where collaboration enables more rapid change. New business models that are less short-term profit oriented are needed, and fine jewellers must focus on responsibility considerations. Part of this will require the jewellery business to cultivate a broader conception of ‘value’, and help SMEs and consumers to appreciate the social and environmental costs of their practices. Indeed, one significant value-led activity for the SMEs in the BJQ and others world-wide, is their ability to redesign old jewellery and reduce waste, or recycle it productively, representing a particularly sustainable feature of the jewellery industry and one that is rarely promoted. Companies tend to view it as a commercial rather than a sustainability-informed transaction, but it has transformational potential across the harm chain given the finite aspects of many jewellery raw materials, the limited quantities of Fairtrade certified precious minerals being mined (Hilson 2008), and the many hazardous and irresponsible aspects of extraction. Consequently, one SME in the BJQ, discussed the potential to create an alternative (as well as affordable) responsible trademark for the consumer.

This may be a potential solution, but the possibilities of creating a trademark that could provide reassurance across the complex supply chains represented by the many different gems and minerals involved in jewellery production,
and receive support from the numerous global trade bodies and vested interests that control and monitor those pipelines remains a long term aspiration. It would also require significant cooperation and coordination between the stakeholders represented within jewellery supply chains, which although not impossible is not immediately apparent. There are moves within the industry to harmonise certain CR standards, and reduce unnecessary overlap in certification and regulation requirements, which would reduce resource demands on SMEs. One such initiative is the RJC’s recognition of the Fairmined standards which enhances market access for artisanal and small mine producers (RJC 2013). Considering the pivotal yet conflicting role that small scale artisan mining plays in pre-production harms, poor due diligence and compliance, while also acting as a significant global producer of minerals and gems, source of employment and community development, bringing artisan miners into the responsible supply chain is a crucial step forward in jewellery CR. Supporting downstream buyers (including SMEs) to confidently source artisanal-mined minerals and gems that are untainted by conflict or exploitive practices through Fairmined or RJC initiatives might encourage jewellers to proactively engage with their consumers around this point of differentiation in their offering.

According to Pedersen (2009) CR in the supply chain can be driven by both deeply held values and narrow self-interest, something that was apparent in our findings. This means a multiplicity of collaborative efforts are necessary to choice edit product offerings (Mayo and Fielder 2006), achieve greater homogeneity in social and environmental disclosure in supply chain exchanges (Jenkins and Yakovleva 2006) and support SME mentoring on CR. More and better industry collaboration and knowledge sharing around the benefits of CR are necessary to raise standards across the supply chain (European Commission 2013b, c). Mentoring and exchanging good practice experience has been signalled as an important route to engaging SMEs, particularly if that knowledge exchange comes from industry insiders. Large firms could offer help and guidance to their smaller suppliers to overcome some of the cost and resource burdens of certification, while trade associations might follow the example of France’s UFB-JOP7 offering support mechanisms with CR certification processes. UFBJOP joined the RJC and has taken an active role in promoting the adoption of certification among French jewellers to both “live up to an internationally recognised standard and to remain competitive in the industry” (Mollenhoff et al. 2014, p. 44). Shared practice should be perceived as opportunity creation rather than competitively threatening, and would represent a positive disruption to institutionalised practices that create unintentional harms. Such opportunities are reflected in the ‘Just Ask’ campaign launched in March 2014 by the Company of Master Jewellers (CMJ) whereby members were urged to ask their suppliers where an item comes from, in the hope that it could “instigate better clarity of provenance in the industry before our customers and future customers start to ask” (Bishop 2014, p. 1). This campaign, targeted at both production and consumption stages of the industry, does have the potential to impact further upstream. In addition, SME jewellers need to build confidence to navigate the complexities of their industry in terms of CR, and overcome fears that customers will make unfavourable comparisons about what they are not doing if they initiate discussions at point-of-sale about responsible purchasing. Despite appeals for the industry to be more publicly accountable for responsibility performance (European Commission 2014b; Earthworks 2010, 2013), it appears that SMEs are currently reluctant to move too far ahead of the consumer.

Conclusion

This study explored the potential for harm and value creation by SME stakeholders in fine jewellery production. We sought to understand how small businesses within the fine jewellery industry respond to the economic, social and environmental challenges associated with responsible jewellery production, and to investigate how small businesses perceive and negotiate the tensions between responsibility and the resistance derived from the operational norms of secrecy and autonomy within the industry. CR has increasingly become the focus of enquiry by scholars, policy makers and practitioners who seek a bespoke research agenda for more high-quality theoretical and empirical research. However, within that agenda the issue of business responsibility within the context of SMEs has been under-investigated (European Commission 2013b; Sen and Cowley 2013; Jenkins 2009; Spence 2007).

This research sought to contribute to the literature by addressing this gap, providing a richer understanding of business responsibility in a previously under-researched industry context, and offering greater opportunity for theory and management practice development in the area of small business and CR research. The jewellery industry presents a particularly complex sector wherein a number of high-value, high-risk and highly fragmented supply chains feed into an end product that is globally traded. The findings from this study offer unique insights regarding CR opportunities and barriers to those studying and operating within this specific industry, but which will resonate across

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similarly complex supply chains. Most jewellery industry research to date has focused upon upstream issues relating to precious metal and gem extraction and its social, economic and environmental impacts upon local communities (Childs 2008, 2014; Hilson 2008). This study connects that body of research to downstream stakeholders, and highlights the mutually dependent CR connections from mine to market, and market to mine. Our second contribution is to extend existing research beyond mainly conceptual discussion by using the harm chain and institutional theory to frame our empirical investigation of small business CR. This has revealed how complex harm networks operate within and across the jewellery industry, and demonstrated the inter-relationships that exist across the different stages of the harm chain. Our third contribution entails the key original findings of this study, which present primary data that contribute to current debates on responsible business practices within complex industries such as that of fine jewellery.

Our study has its limitations, as it is a small-scale study of a single industry, conducted in a specific geographic cluster, albeit one with global reach. Despite this, it has produced more nuanced insights into the responsible business practices of SMEs. Our purpose was to explore rather than seek generalisations; whether or not the evidence from this study can be generalised remains undetermined, since the experience of UK small fine jewellery businesses may not be mirrored elsewhere. However, it does provide a launch point for future research into CR and SMEs. We recommend research that seeks to understand SMEs and their CR practices in different countries, because different forms of business responsibility “differ among countries and change within them” (Matten and Moon 2008, p. 404). The contextual influence of alternative institutional frameworks also impacts upon the CR agenda of SMEs (Pedersen and Gwоздz 2014), therefore we suggest an examination of SMEs and their CR practices in developed and developing economies, the latter in particular offering intricate complexities within indigenous industries (Soundarajan et al. 2013). This research also makes the case for a larger study of the jewellery sector in multiple country sites (e.g. Canada, Italy, India, China), using different methodologies to identify how responsible business processes are regulated, validated and habitualised by jewellery firms and trade associations in different national contexts. By the same token, institutional forces differ across sectors (Jackson and Apostolakou 2010), so studies of SMEs and their CR practices within and across different sectors, including similarly complex supply chains such as high-tech manufacturing (computers, mobile phones) and the food industry would prove a fruitful research direction.

Compliance with Ethical Standards

Conflict of Interest The authors declare that they have no conflict of interest.

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