



COMMENTARY

Corporate social performance in international business

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Abstract

We examine the 2022 *JIBS* Decade Award article by Ioannou and Serafeim (*J Int Bus Stud* 43(9):834–864, 2012) and review the literature since 2012 to clarify research developments in corporate social responsibility and corporate social performance (CSP) in the multinational enterprise, articulating key themes, findings and antecedents. We present a general framework that highlights unique traits and processes of CSP for MNEs. To advance scholarly progress, we delineate how new theoretical perspectives, such as organizational identity and strategic choice, can be blended with the IB literature to deepen theorization of the topic. We also discuss how new global dynamics, such as geopolitics, digitization, and activism, may shape CSP strategies and activities for MNEs and how future research can tackle these issues.

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INTRODUCTION

The article by Ioannou and Serafeim (2012), recipient of the 2022 *JIBS* Decade Award, brought groundbreaking work on corporate social responsibility (CSR) and corporate social performance (CSP) to scholars and practitioners of international business (IB). Since its publication, we find that scholarship on CSR and CSP in relation to IB has progressed, but without a clear uniformity of purpose. As such, we believe reflection and analysis are needed in this important area of inquiry.

In this article, we acknowledge and honor the intellectual contribution of Ioannou and Serafeim (2012) and situate their contribution at the time of its publication. We then develop several key themes that have emerged in the literature on CSR and CSP in the subsequent decade. We capture key articles, illuminate developments in the nomological network of CSR and CSP, connect these phenomena to the multinational enterprise (MNE), and outline potential paths for the next decade of research. We aim to enhance understanding, stimulate more inquiry, and advance implications for international managerial practice in CSR and CSP.

Scholars have examined CSR and its extension concept, CSP, for decades. Basic notions about CSR date at least to the 18th century, when social advocates highlighted poor working conditions, child

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labor, and poverty. Modern activist movements arose in the 1950s, when CSR began to attract attention from firms and stakeholders (Carroll, 1999; Cochran, 2007). Managers viewed CSR in terms of philanthropic activities and community service intended to placate consumers, with potential implications for firms' financial performance (Cochran, 2007).

In the 1990s, Wood (1994) helpfully reframed CSR in terms of three pillars: principles, processes, and outcomes. *Principles* refers to a firm's public responsibility and managerial discretion to achieve socially responsible outcomes. *Processes* encompass environmental scanning, and the management of issues and public affairs. *Outcomes* reflect the effects of such processes on people, organizations, institutions, and the natural environment. Today, CSR is seen as a managerial concept in which firms integrate social and environmental concerns in their business operations, with a view to addressing economic, environmental, and social imperatives (the "triple-bottom-line approach") (United Nations Industrial Development Organization, 2022). Recently, scholars have framed CSR in terms of four criteria that an activity must meet to have genuine social impact – the activity must be *substantive*, delivering meaningful benefits; it must be *unequivocal*, meaning that benefits are not offset by harmful actions elsewhere; it must be *inclusive*, providing net positive or neutral impact to all parties; and it must be comparatively *efficient* (Kaul & Luo, 2019).

The need to develop a more practical and operational approach to CSR has driven scholars and firms to focus on CSP, as a concept and organizational goal. By the early 2000s, CSP became a conventional feature of decision-making for many MNEs. CSP was first defined by Sethi (1975), expanded by Carroll (1979), and refined by Wartick and Cochran (1985). Wood (1991: 693) defined CSP as "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships." Wood (2018) recently clarified CSP to highlight the role of business practices and deliberate actions in relation to people, organizations, institutions, communities, societies, and the earth, as well as unintended externalities of business activity.

Compared to CSR, CSP focuses directly and specifically on organizational conditions and actions – for example, environmental protection,

workplace and labor conditions, product safety, and issues related to women and minorities – in achieving performance goals (Hillman & Keim, 2001). CSP emphasizes the role of business *processes* for implementing social responsibility, responding to *stakeholders*, and resultant *outcomes* of CSR-related behaviors. Researchers and practitioners emphasize not only the 'why' (principles) of CSR, but also the 'who' (stakeholders)', the 'what and how' (processes), and the 'what happened' (outcomes) necessary to translate CSR into CSP. Because it directly or indirectly influences profitability and other traditional performance outcomes, CSP encompasses company responsiveness to stakeholders – for example, governments, communities, investors, employees, and customers (Barnett, Henriques, & Husted, 2020; Greening & Turban, 2000; Wood, 1991). CSP also emphasizes the *measurement* of the harms and benefits traditionally associated with CSR (Wood, 1991). Finally, CSP incorporates *sustainability* – meeting the needs of the present without compromising the ability to meet the needs of the future (WCED, 1987). CSP emphasizes the strategic and practical implementation of CSR, giving rise to identifiable and measurable value creation and economic benefits to the firm (Wood, 2018). Much CSR research has fallen short of assessing real social impact, often measuring CSR activities rather than impacts, and focusing on benefits to specific stakeholders rather than to wider society (Barnett et al., 2020). Embracing standards and activities based on CSP holds better potential for real impact in scholarly research and managerial practice. For MNEs and other firms, CSP is more practical and actionable than CSR.

CSP is especially salient and complex in the MNE because of substantial cross-national diversity in the norms, institutions, legal and regulatory systems, and natural environments that characterize IB. Differences in cultural, political, and economic institutions translate into diverse social and structural systems, which affect the nature of business at the organizational, industrial, and national levels, and all along the value chain of company activities (Campbell, 2007; Strike, Gao, & Bansal, 2006). In this sense, context plays an enormous role in CSP. For example, some countries are relatively prone to corruption, some endure substantial pollution, and still others are marked by abusive working conditions. MNEs hold distinctive potential as engines of economic progress and can strongly influence environmental and social conditions, for better or worse, in locales across the world. Many MNEs – for



example, BMW, Bosch, LEGO, Nike, Unilever – are CSP standard-bearers in their respective industries. The United Nations, the International Labour Organisation, and other global organizations point to MNEs as especially influential in the pursuit of social responsibility goals. However, diverse cross-national conditions complicate efforts to conceive, implement, measure, and assess social performance. The components and priorities of CSP vary substantially worldwide. Moreover, compared to international firms that rely on exporting and other arms-length entry modes, MNEs interact and operate more directly with governments, consumers, and other firms in the markets where they do business. MNEs partner with various suppliers, intermediaries, and other actors across the world. MNEs are often the largest employers, and operate the largest factories and other production facilities. In short, MNEs are at the forefront of efforts to adopt and implement CSP.

Meanwhile, trade tensions, anti-globalist fervor, techno-nationalism, and the COVID-19 pandemic have affected the progress of globalization. Growth in foreign direct investment (FDI) has been flat or declining for several years (e.g., Luo, 2022; Witt, 2019). The liabilities of foreignness and local competition remain powerful hurdles in MNE internationalization (Miller & Eden, 2006; Zaheer, 1995). Against this backdrop, CSP can provide numerous advantages to the MNE. CSP can spotlight and differentiate the MNE in international markets. CSP enhances company reputation and customer patronage, thereby facilitating entry into markets where the firm may face buyer resistance, strong competition, and other disadvantages. A strong CSP paves the way for positive relations with local communities and governments and supports recruitment of managerial talent and other employees. MNEs are especially well positioned to champion vital causes and goals, such as ‘bottom-of-the-pyramid’ markets (Prahalad, 2006). Given the abundance of environmental and social challenges across the world, CSP is more salient than ever to the MNE.

In these and other ways, research on CSP remains a new frontier. But that said, CSP has important implications for the world. To help build research on CSP and MNEs, we next summarize the award-winning article by Ioannou and Serafeim (2012). We then review the IB literature on CSP and CSR as developed in the 2012–2022 period. We identify key findings, including the foremost antecedents to CSP. We discuss these findings and develop an

organizing framework for examining CSP in the MNE. We articulate key theoretical perspectives from IB that have been little employed in CSP-MNE research, but which can usefully advance future research. Further, we identify needed methodological improvements, as well as general dynamics and other trends that affect CSP in the 2020s.

COMMENTARY ON IOANNOU AND SERAFEIM (2012)

Ioannou and Serafeim’s (2012) findings are important, and at times, surprising and controversial. Their article served to advance not only scholarship and policymaking, but also education, on a topic critically important to people around the world. Ioannou and Serafeim (2012) introduced key levers that public policymakers can examine in national business systems to enhance understanding and planning on political, educational, labor, financial, and cultural institutions, with a view to achieving CSP goals worldwide.

Ioannou and Serafeim (2012) also emphasized the importance of MNEs to address CSR. Further, by highlighting the role of institutions (Scott, 1995), they elevated the salience of MNE CSR, while illustrating complementarities between the social and economic performance of the firm. The authors skillfully linked macro (country) and micro (firm) elements across political science, as well as cultural and economic domains, to reveal a broad spectrum of factors that affect MNE CSP. They drew their theoretical framing from multiple fields, including from outside IB. Their study is methodologically meticulous, and includes longitudinal data, multilevel analysis, and comparative insights. Their hypotheses were tested using data over a 7-year period with firms from 42 countries. The authors developed a composite index based on social and environmental metrics to assess CSP.

Common to many cross-national studies, Ioannou and Serafeim (2012) used secondary data. Secondary data obliges researchers to measure complex constructs with items developed for other purposes, which can diminish the reliability of measurement and the validity of findings. The data in Ioannou and Serafeim (2012) were derived from publicly available sources, which implies that findings are most applicable to large, publicly traded firms. The nature of CSP varies across functions, firms, industries, and nations, a complication especially prominent in IB research. Ioannou and Serafeim (2012) sought to explain such variation by

examining diversity in cross-national institutional environments.

Given that the development of theory on CSR and CSP originated in the 1950s and 1960s, it is surprising that Ioannou and Serafeim (2012) was one of the first studies to provide strong evidence on the impact of country-level institutions on CSP. Even given the importance of their research, CSP remains a relatively under-researched topic, about which formal theorizing in IB remains underdeveloped.

Ioannou and Serafeim (2012) concluded that nation-level variation in institutional factors influences variations in CSP across firms. They highlighted how the United Nations Global Compact and other global institutions have exerted a harmonizing effect on CSP standards and practices among MNEs and nations. CSR and CSP are 'social constructions' that affect stakeholders across widely diverse industries and nations, which complicates efforts to establish global standards for social performance. The authors noted that "despite years of research on the antecedents of financial performance heterogeneity...we are still far from being able to explain social performance heterogeneity across firms" (Ioannou & Serafeim, 2012: 838).

Ioannou and Serafeim (2012) stressed that the focus on CSP is increasingly synergistic with traditional performance measures. Country-level political and educational systems, as well as firm-level human resources, appear salient to the pursuit of CSP goals. Political and organizational leaders are well positioned to drive CSP goals as they can leverage education systems, human resources, and superior guidance. At the same time, many firms endure limited resources, or may operate in competitive industries, where cutting corners and minimizing costs are key to survival and success. Options will be limited for such businesses to undertake activities that support CSP.

Ioannou and Serafeim's (2012) focus on institutional variables tends to limit the scope of practical approaches that managers can derive from their research to formulate CSP goals and implement social performance in their firms. One way to extend their work is to distill strong directions for managers on how to employ research findings on CSR and CSP in IB, in order to navigate and leverage institutional factors that affect CSP.

THE LITERATURE IN IB SINCE 2012

To better understand the state of knowledge regarding CSP for MNEs, we undertook a review of the literature for the 2012–2022 period. We focused on the concepts of CSP and CSR in relation to organizational performance, with the goal of clarifying the state of IB-related knowledge as of 2022. We sought to illustrate novel insights in these areas.

Our review encompassed 19 journals: *Academy of Management Journal*, *Academy of Management Review*, *Administrative Science Quarterly*, *Business and Society*, *Business and Society Review*, *International Business Review*, *Journal of the Academy of Marketing Science*, *Journal of Business Ethics*, *Journal of Business Research*, *Journal of Consumer Research*, *Journal of International Business Studies*, *Journal of International Management*, *Journal of Leadership and Organizational Studies*, *Journal of Marketing*, *Journal of Organizational Management Studies*, *Journal of World Business*, *Management International Review*, *Organizational Science*, and *Strategic Management Journal*. Our initial keyword search of these journals on 'CSR', 'CSP' and related words in the 2012–2022 period identified 149 articles. We then focused our review on articles that referred specifically to IB and MNEs. This yielded a total of 46 articles. We next performed a content analysis (Krippendorff, 2018) to identify the main characteristics of research in these articles.

In our review, we found that institutional theory (e.g., Scott, 1995) and stakeholder theory (e.g., Freeman, Harrison, Wicks, Parmar, & de Colle, 2010) were the most frequently used theoretical perspectives. Other theoretical perspectives tended to be article specific, with more than ten other theoretical perspectives used, but in not more than four articles each.

Most articles in our review adopted a confirmatory research approach, using quantitative data, which was most often secondary data. A wide variety of secondary sources were used. The KLD database (MSCI, 2022) and the Thomson Reuters ESG Asset4 database (e.g., Thomson Reuters, 2020) were the most common data sources. CSP and CSR were measured at multiple levels: national, institutional, organizational, and individual.

Overall, we found that most research has been opportunistic rather than programmatic. Most articles examined CSR or CSP idiosyncratically, giving little attention to building systematically on earlier research. The literature has tended to



neglect the development or application of consistent, homogenous conceptualizations of key constructs. In theoretical and managerial terms, we found no general agreement on the definitions of CSP or CSR. Indeed, rather than consolidation, there has been considerable fragmentation in the operationalization of these constructs. Construct measures typically did not follow programmatically from prior literature. When reporting CSP, our review suggests that firms usually focused on positive reputation, legitimacy, or increased credibility, as well as relationship-building with stakeholders. At the same time, we note that CSR and CSP are complex constructs with variability across contexts, which likely complicates measurement, especially when using secondary data.

In terms of theorizing and model development, most articles in our review were characterized by substantial heterogeneity of antecedents or correlates to CSR or CSP, providing further evidence on the want of programmatic research. IB research since 2012 has also shown little consensus or hard evidence on long-term impact on social performance goals. Most articles were marked by limited external validity, which hinders the potential to generalize findings beyond individual studies.

Relatedly, our review revealed that research has produced only incremental implications for practitioners. Research that connects observable phenomena to practical attributes or outcomes has been limited. This dearth of pragmatic implications likely has arisen because, in addition to being fragmented and idiosyncratic, most research has not focused on CSP, or on constructs or measures readily relevant to CSP strategies and outcomes. Moreover, there has been very little research to develop or improve measures of CSP and its various dimensions. In the absence of such measures, firms will struggle to conceive, implement, and assess CSP and its antecedents. Thus, for example, a key unaddressed issue concerns whether MNEs can or should adopt global standards for CSP in their activities or adapt CSP to differing contexts around the world. CSP requires consideration of various elements and dimensions, only some of which may be amenable to standardization. However, research aimed at developing global standards for CSP has been limited.

Another interest area related to MNEs is how collaborators, suppliers, distributors, and other value chain members are linked to CSP. External actors can play key roles in understanding, conceiving, developing, implementing, and assessing

CSP and its antecedents. MNEs with widely dispersed value chain activities may struggle to monitor the CSP of suppliers and affiliates around the world (Kim & Davis, 2016). However, research in this area has been limited. One way that MNEs can monitor and control CSP along their value chains is through the skillful use of technology. For example, digital technologies can enhance measurement of CSP goals, as well as CSR practice and compliance in value chains (George, Merrill, & Schillebeeckx, 2021). But there has been almost no research on the role of technology in MNE pursuit of CSP.

In summary, IB-related research in the past decade has been characterized by a relatively weak development of key constructs and explanations, and a lack of integration with prior literature. Research has been marked by limited construct measurement, an overreliance on secondary data, and idiosyncratic findings. Implications for both theory and practice have been modest and incremental. Extant definitions and conceptualizations have not produced frameworks or models for the systematic collection, organization, and analysis of company data on CSP. This weak measurement of CSR and CSP in scholarly research will hinder the ability of firms to develop and apply these important concepts, and to link them to financial performance and other organizational goals. Investment of resources and capabilities into such goals requires performance indicators that can be measured to forecast and evaluate CSR and CSP outcomes.

Aside from this overview, our literature review since Ioannou and Serafeim (2012) has allowed us to identify the most impactful articles on CSP and performance-related CSR in IB. We detail these articles in Table 1, in which impact is measured using article citation counts from Google Scholar.

REVIEW AND FINDINGS ON FACTORS AFFECTING CSP IN THE MNE

Next, we sought to summarize factors that affect the adoption and implementation of CSP in the MNE (Table 2). The table can help guide the development of models on the antecedents and determinants of CSP, which in turn can support theory building.

As reflected in Table 2, initially, as they develop CSP, MNEs are affected by existing conditions in their home and host countries. Organizational activities occur within natural, economic, and institutional environments, as well as within

Table 1 The ten most highly cited CSP-related articles in IB since 2012

Impactful articles	Google Scholar citation count	Research focus and key findings
Wang et al. (2016)	821	Review of key issues and future research directions in CSR, including the need for greater focus on CSR outcomes, organizational rather than financial performance, unpacking dimensions of CSR, mechanisms and motives in CSR, and opportunities for CSR research, in international business.
Stephan, Uhlaner and Stride (2015)	669	Offers an integrative, configurational view of formal and informal institutions, and clarifies the role of institutional voids versus institutional support. Argues that local firms with foreign CEOs engage in more CSR initiatives than do local firms with local CEOs, resulting in greater CSP.
Campbell, Eden and Miller (2012)	524	Finds that foreign affiliates can improve legitimacy and overcome foreignness by becoming socially committed to host-country constituents through CSR. Foreign affiliates from more distant countries are less likely to engage in CSR than affiliates from more proximate countries.
Flammer (2015)	501	Examines whether product market competition affects CSR. Findings suggest a positive correlation between competition and CSR.
Bondy, Moon and Matten (2012)	500	Examines CSR in MNEs, and finds that CSR has become institutionalized in such firms. Also finds that an increasingly strategic approach to CSR supports traditional business imperatives, including organizational performance.
Caligiuri, Cieri De, Minbaeva, Verbeke and Zimmermann (2020)	485	MNEs undertook various actions to alleviate harm from the COVID-19 pandemic. Firms are actively managing distance and rethinking boundaries. The article suggests future research directions on HRM and the COVID-19 pandemic
Garcia-Sanchez, Rodriguez-Ariza and Frias-Aceituno (2013)	434	MNEs face rising pressure to report on corporate governance and sustainability. The article argues for integrated reporting of commercial, social, and environmental outcomes in the firm
El Ghoul, Guedhami and Kim (2017)	424	Finds that the value of CSR initiatives is greater in countries where an absence of market-supporting institutions increases transaction costs and limits resource access. CSR can reduce transaction costs, facilitate resource access, and improve competitive advantage in such countries
Surroca et al. (2013)	415	Examines the role of stakeholder pressure on MNEs and the transfer of socially irresponsible practices to subsidiaries, as affected by factors in national institutional environments and particularly in subsidiaries relatively disconnected from company headquarters
Boulouta and Pitelis (2014)	364	Drawing on literature from economics, strategy, and CSR, the study examines CSR's link to competitiveness in 19 countries. The study finds that CSR can significantly contribute to national competitiveness

Google Scholar citation counts as of November, 2022

industrial and organizational environments, all of which influence the pursuit and realization of social performance goals. The MNE is accountable to both external and internal stakeholders that, alongside various contextual components, are relevant within the firm's home and host country environments. Such features in the MNE's environment can engender varying conditions that affect CSR goals, activities, and performance outcomes.

Human, knowledge, and technological resources are especially important to developing CSP. Knowledge can emerge from an MNE's social capital, its

networks, and its value chain partners. Organizational resources and capabilities give rise to firm-specific advantages (FSAs) and play a role in developing and achieving social performance goals. For example, technological competence supports the development of key knowledge on CSP-related issues, as well as the ability to optimize energy systems, production, and logistics and the transportation of firm inputs and outputs. Elements of the organizational environment, as well as resources, capabilities, posture, and strategy, are jointly determined, integrated, and

Table 2 Factors influencing an MNE's adoption and implementation of CSP

Factors	Explanation	Implications for CSP
Home and host country environments	Conditions in the home and host countries, including the natural, economic, institutional, regulatory, cultural, social, and market environments, and the nature of competition, in each country	Largely outside the MNE's control Affects the nature of resources, capabilities, governance, strategies, operations, and general activities, appropriate in host countries Highlights the role of <i>context</i> , inherent in IB
Organizational environment	Conditions within the MNE, especially the industry of the firm, and its corporate culture, norms and standards, organizational structure, governance system, work environment, types of employees, and scale and scope of the firm's international activities	Type of industry affects CSP-related phenomena, such as nature of the workplace, value-chain activities, and types of externalities Organizational factors are within MNE control, such as corporate culture, norms, governance, and the work environment, which can be developed to support CSP
External and internal stakeholders	Individuals and organizations that have an interest in activities and outcomes of the firm. External stakeholders include investors, consumers, governments, and society. Internal stakeholders include owners, managers, employees, and partners throughout organizational value chains	Stakeholder demands vary internationally Stakeholders make demands that the MNE may address Internal stakeholders are best positioned to support CSP Investors, employees, partners, and consumers may favor firms that manifestly embrace CSP
Organizational resources	Tangible and intangible assets possessed by, or available to, the firm. Examples include knowledge, capital, human resources, social capital, networks and partners, physical assets, technology, information, and data	Knowledge, capital, human capital, technology, and other resources strongly influence MNE efficiency and effectiveness in pursuing CSP Information and data provide useful insights on how to achieve CSP
Organizational capabilities	The firm's abilities and competences employed to address organizational goals and environmental conditions. Examples include managerial vision and commitment, managerial competence, planning ability, innovativeness, technological competence, R&D, capacity for strategic adjustment, partnering abilities, skills for supply chain management, internal processes, controls, and analytical skills	MNEs leverage capabilities – e.g., vision, commitment, and competence – to bundle, manage, and exploit resources to achieve CSP goals, including addressing social conditions R&D, innovativeness, and the capacity to make strategic adjustments facilitate CSP solutions Capabilities for partnering and supply chain management are influential in MNE value chains Dynamic capabilities strongly support addressing diverse and changing host country environments
Organizational postures and strategies	Postures reflect the firm's overall orientations and proclivities. Strategies encompass planning and actions to achieve goals, using resources and capabilities. Examples include internationalization strategies, geographic diversification, integration-responsiveness, corporate governance, organizational legitimacy, entrepreneurial orientation, market strategies, non-market strategies, communications, disclosure and signaling, philanthropy and activism	Postures are foundational to the culture of the firm and strongly influence the nature and magnitude of organizational priorities, resources, capabilities, and strategies directed to CSP Strategy helps achieve CSR and CSP by making best use of firm resources and capabilities Strategy development hinges on the nature of organizational resources and capabilities The firm can leverage specific stakeholders, including external partners, to develop strategies ended to achieve CSP goals

interdependent. Skillful and mindful managers seek to integrate social performance goals into the firm's structure, resources, capabilities, posture, and strategy, often leveraging technology to achieve key goals.

The classification in Table 2 implies a role in scholarly research for theories and theoretical frameworks related to institutional perspectives (Scott, 1995), stakeholder theory (Freeman et al, 2010), the resource-based view (Wernerfelt, 1984),

and the capabilities view (Teece, Pisano, & Shuen, 1997), as well as theories related to strategic behavior (Cyert & March, 1963) and strategic choice (Child, 1972), among others. Our review revealed that these perspectives have been employed to frame prior research. We elaborate further on theory in CSP and CSR research in IB later in this commentary.

FRAMING THE FUTURE: A GENERAL MODEL

Our literature review shows moderate improvement in the past decade of research on MNEs and CSP. That said, the literature remains fragmented, with commensurate opportunities to develop a programmatic agenda for research. Such an agenda should stress groundbreaking theorization. To guide future research, in Figure 1 we present a general organizing framework for examining CSP in the MNE. As shown in the figure, CSP in IB is expected to engender value creation for the firm and for society. The figure depicts how CSP in IB comprises three components – ethics and compliance, social responsiveness, and environmental sustainability. Each component contains several subcomponents. The components and

subcomponents have their roots in prior research that shows significant consensus.

An MNE’s CSP is shaped by the Diversity and Complexity of International Business Environments. These include the pluralism of institutional mandates relating to business ethics, CSR, and climate change policies. MNEs must deal with numerous institutional forces and comply with various regulatory requirements imposed by home and host countries, and wherever else the firm operates. This pluralism is further complicated by heterogeneity in rules and norms, which compel MNEs to adapt to local compliance while upholding the core values and norms of their global CSP standards. This points to a complex reality in which global CSP and local CSP standards can range from the different to the incompatible. Moreover, MNEs may take advantage of such differences and locate potentially harmful activities in countries characterized by relatively weak social performance standards. For example, firms may source inputs from foreign operations sited in “pollution havens” – countries with undeveloped environmental protections (Berry, Kaul, & Lee, 2021; Bu & Wagner, 2016; Surroca, Tribo, & Zahra, 2013). Additionally, global stakeholders – investors, governments, consumers, NGOs, and local communities – present complex

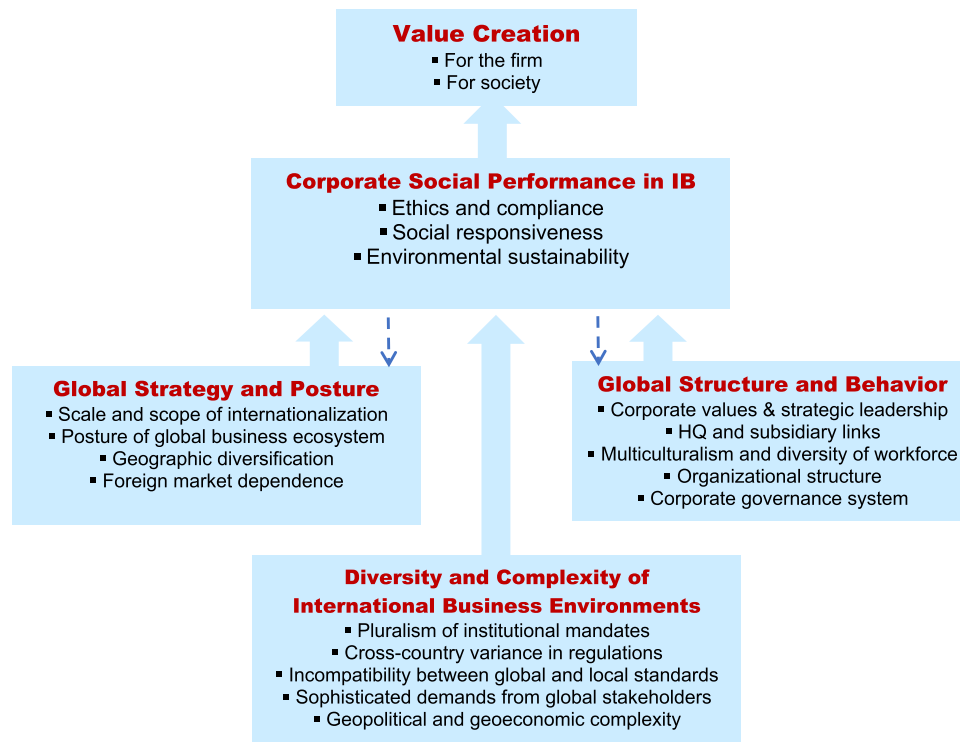


Figure 1 An organizing framework for examining CSP in the MNE.



and competing demands for MNEs beyond those of domestic stakeholders. Global interests compel MNEs to redesign their CSP strategies to serve the long-term interests of various critical stakeholders. Finally, CSP can be influenced by geopolitical forces. Techno-nationalism, for instance, complicates efforts by tech-sector MNEs to conduct globally coordinated CSP activities (Luo, 2022).

In addition, we envisage that an MNE's CSP is influenced by its Global Strategy and Posture. In the MNE, CSP can be affected by the firm's international expansion scale and scope, global business ecosystem dependence, geographic diversification, and degree of reliance on foreign markets. Global strategy and posture influence an MNE's CSP in several ways. Initially, global strategy and posture determine the diversity and breadth of the global stakeholders that CSP aims to serve. A firm's strategic posture defines the territory of CSP. In addition, CSP is contingent on the MNE's dependence on foreign resources, foreign markets, and foreign stakeholders. As this dependence increases, international CSP becomes more critical to the MNE's global success.

MNE strategies in such areas as geographic diversification, global value chain concentration, business-government relations, and global integration effectiveness will influence the level of the MNE's external dependence and risk exposure. Furthermore, MNEs need to balance global harmonization and local adaptation of CSP. A critical issue for resource-constrained MNEs concerns how to employ varying CSR practices to respond to diverse foreign stakeholders while maintaining the firm's global norms and standards. Finally, we suggest that current CSP practices can also influence subsequent global strategies such that strategic adjustment, restructuring or realignment in continuous internationalization are needed based on feedback from international CSP assessments. For instance, if a green energy innovation is too costly to undertake in certain foreign markets, an MNE can downsize its local operations and relocate key functions to other countries.

Finally, we consider how an MNE's Global Structure and Behavior influence its international CSP. They do so because international CSP is shaped by the MNE's corporate values and its global leadership stance. Structure also determines how CSP decisions are balanced between headquarters and country units (e.g., Asmussen & Fosfuri, 2019). For example, a polycentric structure for global operations may catalyze CSP practices that are

differentiated across nations, while a geocentric structure implies CSP that must be globally standardized and harmonized. CSP is partly embedded in the organization's overall culture and philosophies (Durand & Jacqueminet, 2015; Sethi, 1995; Turban & Greening, 1997). As such, structural and behavior attributes reflected in the multicultural workforce, organizational structures, and corporate governance systems will affect the nature and success of CSP internationally. Over the long term, CSP and global structure/behavior may be recursive. Past CSP can be a valuable benchmark to modify global corporate governance systems to improve evolving CSP over time.

Using this framework as a foundation, research can be developed in several ways. Future research can explore processes by which MNEs globally plan and execute CSP that accounts for both global harmonization and national adjustments. What is to be centralized and standardized and what is to be decentralized and adapted for CSP affairs calls for a grand blueprinting as well as concerted coordination by headquarters.

A critical future agenda entails understanding how to organize and manage cross-border CSP. MNEs must address CSP as both a global mandate (e.g., global standards, norms, and responsibilities) and a series of local mandates (e.g., local regulation compliance, local partnerships, and local responsibilities). These two forms of mandates can be incompatible, imposing institutional multiplicity pressures on firms (Kolk, 2016). Scholars need to tackle organizational policies that treat CSP as an entire organizational mindset and routine for every subsidiary and every function in spatially dispersed countries. MNEs are also structurally complex, calling for an integrated and orchestrated structure in which all corporate units and foreign subsidiaries commit to pursuing CSP that is globally synchronized.

This blueprinting should also consider how deeply CSP is integrated into the MNE's global strategy. Research can examine how CSP and other global strategies work synergistically for the firm and for society. Sustainability initiatives, for example, can be entangled with other global strategies such as FDI decisions, supply chains, and global R&D. A vital question therefore rests on how sustainability should be synchronized with other global strategies to gain both sustainable growth for the firm and a sustainable environment for society. As sustainability calls for both top-down and bottom-up measures from home and abroad, local

managers in foreign subunits can be a powerful knowledge source. Scholars should address what is needed structurally and organizationally to stimulate subsidiary managers to pursue sustainability that comports with the nature and goals of the global firm. Moreover, international managers tend to contribute more earnestly when motivated to raise new ideas that can create opportunities from social responsiveness and sustainability (Rupp, Ganapathi, Aguilera, & Williams, 2006). An important issue hence lies in examining predefined processes meant to encourage new ideas from a global workforce that is distant from corporate headquarters.

THEORETICAL ENRICHMENT FOR FUTURE RESEARCH

Institutional theory and stakeholder theory are the most common theoretical perspectives in research on MNEs' CSP. This trend is not surprising as CSP is designed to satisfy stakeholder needs and to cement organizational legitimacy for transnational activities (Kostova, 1999). Nonetheless, there exist several other perspectives that we think are equally important yet under-attended by IB scholars. To further enlighten future research, we explain below how (1) strategic choice theory, (2) the I-R (global integration-local responsiveness) paradigm, and (3) organizational identity theory can be integrated with research on MNE CSP so that understanding of CSP is not only better contextualized for MNEs but theoretically enriched with a broader and cross-disciplinary view.

Strategic Choice Theory

Strategic choice refers to the decision making of company leadership after deliberately examining the influence of both the external environment and internal conditions (Child, 1972). The strategic choice perspective uses a nondeterministic or voluntarist view to explain how firms respond to external environmental forces based on their internal strategic intention. Per this theory, CSP is not merely an organizational response to conform to institutional pressures but also a proactive strategic intent and an idiosyncratic strategic option. MNEs may choose from a portfolio of CSP strategies depending on how far the firm can preserve its autonomy when balancing the external environment and internal resources to gain expected returns.

By acknowledging constraints in the institutional environment, strategic choice logic highlights the important process of strategic decision-making to reach a rational choice. Hitt and Tyler (1991) suggest that strategic choice is fundamentally affected by environmental conditions that influence the firm's risk-return expectations and its ability to control such risks and uncertainties. In this manner, the strategic choice perspective emphasizes both corporate strategy and the institutional environment (Oliver, 1991). Recent research implies that CSP is no longer a voluntary action but a strategic choice through which MNEs establish a process to integrate human rights as well as social, environmental, ethical, and consumer concerns into their business operations and core strategy (e.g., Katsoulakos & Katsoulakos, 2007). Through innovating new business models to address social or environmental challenges, firms can capture higher organizational, reputational and sustainability returns in the long run (Johnson, Melin, & Whittington, 2003; Searcy, 2012).

Research can extend this theory when the alignment between task and institutional environmental conditions and CSP strategies is emphasized at the corporate and/or subsidiary levels. This alignment is especially central when the MNE has limited resources to carry out international CSP or when environmental conditions are uncertain and complex. The alignment logic also enlightens how MNEs design CSP to meet demands from different stakeholders in different territories and for different purposes. Future inquiry can discover how such an alignment nexus works to support global CSP.

Alongside various opportunities to engage in CSP, MNEs encounter complex circumstances and organizational-institutional conditions that give rise to socially *irresponsible* behaviors and outcomes. Identifying current and potential responsible and irresponsible activities helps deepen understanding of CSP in all its dimensions (Strike et al., 2006; Surroca et al., 2013). One approach warranting attention is to demystify and disentangle CSP components (e.g., compliance, social responsiveness, sustainability) to distill alignment pathways for each component. Another approach is to study the configuration between CSP strategies and FDI strategies in a dynamic environment. An optimal mix of CSP strategy and other global strategies will have strong implications for both legitimacy and efficiency. Strategic choice theory is a viable guide to elucidate such possibilities. A third approach deals with internal alignment within the



MNE – matching a specific subsidiary's CSP mandate with its strategic role or identity as designated by corporate headquarters. The IB literature has developed a wealth of wisdom on differentiated strategic roles of various subsidiaries (e.g., Gupta, 1987; Roth & Morrison, 1992). Linking CSP research to this literature would be informative and exciting.

The Integration-Responsiveness (I-R) Paradigm

The I-R paradigm contends that MNEs must maintain a system of integration that maximizes the benefits from internalization while allowing various subsidiaries the necessary flexibility to adapt to local environments (Bartlett & Ghoshal, 2002; Prahalad & Doz, 1987). It emphasizes the importance an MNE gives to global integration (or standardization) and local responsiveness (or adaptation) of subsidiary operations. MNEs can choose to emphasize one dimension over another or combine both dimensions, depending on organizational needs and environmental dynamics (Birkinshaw, Morrison, & Hulland, 1995).

This paradigm can be instrumental to studying the balance between the global harmonization and local adjustment of CSP practices across countries in the MNE. Global CSP actions that comprise standardized or universal projects spanning all the MNE's subsidiaries can inspire corporate headquarters to share, integrate, and implement international CSP values, principles, and strategies (Muller, 2006). Local CSP actions, on the other hand, aim to improve CSP in a specific host country where the MNE has a strategic stake. It is worth noting that global and local do not necessarily contradict each other – MNEs can adopt global and local CSP simultaneously and complementarily (Bansal & Roth, 2000). We view international CSP by MNEs as part of the transnational mission that balances global vision and local demands in that CSP needs to be globally designed and orchestrated, while, simultaneously, specific CSP initiatives and their implementation can be locally responsive.

This duality is plausible for at least two reasons. First, core principles and policies of all CSP activities, whether ethics and compliance, CSR, and sustainability initiatives, must be globally homogeneous and harmonized regardless of industry, size, maturity, and the country of origin of an MNE. CSP is a corporate-level decision, requiring high levels of global consistency, coherence, and integration. Second, although the core principles, policies, and criteria of CSP need to be globally harmonized,

specific CSP conduct, projects, and actions can be modified to suit conditions in individual markets. This modification will increase the fit of CSP initiatives with local stakeholders' needs. For example, many MNEs institute global standards and principles for decarbonization, energy saving, and sustainability innovation. Indeed, corporate sustainability offices can be established to globally plan, create, and coordinate such initiatives, which then unfold in the MNE's countries. Then, specific activities – for example, 'green' initiatives or poverty reduction projects – can be tailor-made in a host country to better meet the needs of local socioeconomic development. Under their Project Shakti initiative in India, for example, Unilever hired women in villages and provided them with micro-finance loans to sell soap, oil, detergent, and other products door-to-door. More than 65,000 women entrepreneurs doubled their incomes, while increasing rural access to hygiene in Indian villages (Rajan & Rangan, 2007).

Future research that attempts to address antecedents, processes, and outcomes of MNEs' CSP may find the I-R perspective useful. This theory suggests that internal and external antecedents as well as global and local mandates can work jointly to affect I-R duality and symmetry. This situational contingency view has been documented in CSP research for general businesses (e.g., Ma, 2009; Neville, Bell, & Menguc, 2005). The I-R paradigm offers additional insights specific to global businesses. Since CSP encompasses a portfolio of activities and functions to be performed by a multitude of units across locations, the I-R configuration can be probed along different components of international CSP – for example, local embeddedness is likely to be stronger for social responsiveness initiatives, while business ethics and compliance can be established at the global level.

Organizational Identity Theory

Organizational identity theory (Albert & Whetten, 1985; Ashforth & Mael, 1989) applies sociological and psychological logic about identity to organizations. It is related to but separate from organizational culture. It assumes a larger perspective than work identity (the identity that individuals assume in their work environment) and organizational behavior (the study of human behavior in organizational settings). Per this theory, an organization's identity affects its strategy and legitimacy building, thus influencing CSP practices as well (Huemer, 2010).

We recommend this theory for several reasons. First, it captures the distinguishing property (identity) of the organization in comparison to other organizations. CSP can represent this distinctive identity in an international setting. In our view, many MNEs proactively conduct CSP that goes beyond merely attaining legitimacy to amplify intents to enhance organizational distinctiveness and global identity. When such a pursuit is enduring, that is, when it is deeply ingrained in the organization's corporate culture and global vision, this property may be even more rewarding for the firm and for society. The theory also provides insights into ways in which organizations do things like CSP with a certain distinctiveness that allows the organization to create and legitimize itself.

Second, this theory suggests that taking an organizational role is relatively easier when the role consists of only one activity, when it is in a single subsystem of the organization, and when it relates to a role set in which all members are also in the same subsystem. But these conditions are rarely met in cross-border activities and exchanges, which compounds this multiplicity. The theory illustrates how organizations and their subunits can deal with this complexity in diverse social and cultural settings.

Third, although the theory does not directly address CSP, it does pinpoint directions in which organizations can build their identity. This will be beneficial to future inquiries on CSP processes for MNEs. When addressing such processes, an organization must identify which of its aspects truly define it and how the firm should respond to such characterizations (Murnighan, 1993). This may result in various actions such as setting an agenda to change an identity that has become negative, building on an identity to promote growth and influence in a community, or deciding which aspects to preserve (Ashforth & Mael, 1989). This logic underpins research that focuses on how CSP changes over time. Identity change can benefit organizations, allowing them to adapt to evolving environments (Albert & Whetten, 1985).

NEW GLOBAL DYNAMICS AND FUTURE CSP RESEARCH

Globalization has been beset by a wide range of disruptions and adversities. As the world evolves, so too should strategies and practices for CSP. This observation applies even more to MNEs as they must deal with economic diversity, geopolitical

turbulence, ideological tensions, regulatory interference, social inequalities, global supply chain breakdowns, and other complexities. Here we discuss several especially noteworthy global dynamics that will affect MNE CSP in the coming years.

Geopolitics

Geopolitics is the origin of many globalization challenges facing international businesses (e.g., trade tensions, techno-nationalism, economic decoupling) since nation-state politicians make decisions on a variety of trade and economic policies that affect other nations bilaterally or multilaterally. Geopolitical disruptions highlight the direct impact of geopolitical risks on MNEs, and prompt them to respond, individually and collectively, in a delicate and careful manner. As such, international executives have become more aware of the need to sharpen their attention to, and understanding of, geopolitical impacts that can disrupt their global activities.

This impact holds for international CSP as well. IB scholars can diagnose how CSP should work together with MNEs' geo-strategies. It warrants attention to distill interplays between CSP and geopolitical changes not just from single countries but from a holistic or global lens. A key challenge for MNEs is to identify relevant social and environmental issues that impact the environment in which they operate. Geopolitical dynamics can change such issues, compelling MNEs to adjust and even reconfigure their international CSP strategies and policies. Reconfiguration here describes an MNE's efforts to realign its worldwide CSP postures and priorities with emergent geopolitical conditions. Research can explore this realignment, to illuminate how MNEs maintain fitness by adjusting practices or locations of international CSP in response to geopolitical changes. This realignment can be seen as a strategic adaptation to both opportunities from geopolitical cooperation and threats from geopolitical confrontation.

Another major direction lies in *resilient CSP*. Geopolitical complexity creates an environment in which multinationals cannot avoid risk but must instead confront it. Resilience pertains to a firm's distinctive capability to withstand and recover from operational disruptions or hardships that impede its core businesses and corporate performance. To cope with geopolitical shocks and chronic stresses, foresight that accommodates risk becomes a critical capability that can guide the firm toward recovery and transformation from shocks.



CSP is an integral part of the MNE's overall resilience in its global operations. CSP strategies should be neither rigid nor deterministic. Thus, future attention is needed on the interactions between geopolitical parameters and CSP evolution, especially CSP responses to geopolitical tensions, in the pursuit of overall resilience. Research can examine whether MNEs can fortify this resilience by focusing CSP commitments on cooperative areas across nations, working with corporate peers to advocate for viable national policies regarding social and environmental issues, and recalibrating CSP projects from geopolitically risky to "neutral" countries that connect strongly with the home and host countries.

Digitization

Digital connectivity facilitates the pursuit of 'green' approaches by enabling the deployment and sharing of pro-sustainability digital technologies and intelligence, as well as organizational practices that promote environmental protection. Digitization can facilitate various actions that lead to ecologically responsible decisions and lifestyles that protect the environment and sustain its natural resources for current and future generations. By deploying digital technologies such as electronic tagging, companies harvest data about demand, usage, and the life cycle of products, to engender "circular economy" benefits (e.g., George et al., 2021). However, IB research has lagged such developments. Better understanding is needed, for example, on how an MNE's headquarters can orchestrate digital transformations of environmental, health, safety, and quality programs to connect, monitor, and integrate sustainability.

Research should examine the methods and processes used to build capabilities and train global employees to develop a digital mindset and digital skills for implementing cross-border CSP activities. We need research to unpack how global training, mobility, appraisal, incentives, and promotion, as well as corporate culture and behavioral norms, are utilized to spur digital approaches for addressing social development, human capital enhancement, community involvement, and environmental sustainability. Further, digitization can help MNEs transform often siloed CSP practices to systems-like CSP. CSP programs comprise a variety of loosely connected activities to be performed by various units, making the oversight among these programs often siloed across the organization. Environmental, social and governance issues, on the other

hand, are intersectional and interconnected, both functionally and geographically. A critical issue meriting research is to ascertain what is needed for MNEs to establish and utilize digital intelligence and capabilities to connect, integrate, perform, optimize, and update global CSP activities.

Activism

The trend line of activism is global (Neubaum & Zahra, 2006) and reflects a frontier issue for the IB community, pointing to both new opportunities and new challenges for MNEs to address. Young generations, such as millennials, are a new category of global stakeholders. Powerful and influential, they pressure MNEs to respond to their demands and concerns. Accordingly, activism is ripe for scholarly inquiry. How should MNEs address the concerns of millennials? How can MNEs work together with them for a better world? It is likely that this new activism may carry disparate weights on different aspects of CSP dimensions. Scholarly research can help demystify such differentiations. In addition, country-level variances may exist in millennials and Gen Z Stakeholders across countries. For example, those in developed economies may be more concerned with climate change and ethical consumerism, while those in developing economies may focus on pollution and worker rights.

Coupled with activism is the power of social media, citizen journalism and mainstream media, which increasingly bring public attention to the social purpose of MNEs operating in today's geopolitical hotspots beset by genocide, crimes against humanity, anti-democratic crackdowns, curtailed media access and constrained press freedoms. Such challenges point to important areas for research. MNE managers striving for CSP must undertake business diplomacy – processes and actions by which the firm establishes and sustains positive relations with governments, NGOs, media, interest groups, and local communities in countries where the firm does business. Managers may need to employ diplomatic strategies to sustain CSP in areas with which new generation activists are profusely concerned. However, this topic remains largely understudied, creating opportunities for novel theoretical insight.

METHODOLOGICAL IMPROVEMENTS

Our investigation suggests that CSP research in IB during the past decade is marked by various limitations. The implication of our review is that CSR and CSP research in IB is still at an early stage of development, characterized by studies that are idiosyncratic or that provide tentative answers to emergent questions on the ‘what, how and why’ of the focal phenomenon. Explanations – including conceptualization and operationalization of key constructs and relationships – typically are characterized by limited grounding in prior theory, with perfunctory efforts aimed at formal theorizing. Most studies have emphasized confirmatory research based on secondary data, with attendant implications for measurement quality. External validity has been lacking.

Accordingly, we suggest that more systematic and programmatic research is needed to progress theory to a more advanced stage, with more emphasis on validity of findings. Scholarship needs to focus on systematically identifying and clarifying key constructs and relationships, by drawing on prior work and potentially leveraging literature from non-business fields. Better formulated and integrated theoretical development will facilitate formulating new explanations, research propositions, and hypotheses. Consistent with others (Barnett et al., 2020), we argue for greater emphasis on research designs and data appropriate for early stage theory development. We advocate for a better balance of qualitative research, to reveal CSP-related constructs and relationships. For example, Schüßler, Lohmeyer, and Ashwin (2022) conducted in-depth qualitative research on apparel MNEs to explore how they addressed labor violations following the deadly 2013 collapse of the Rana Plaza factory in Bangladesh, to reveal how CSR managers navigate the tension between emergent responsible management logic and highly institutionalized market logic.

Particularly useful is research that (i) begins with qualitative data to identify and conceptualize constructs and relationships using case studies of exemplary firms, to generate propositions and hypotheses, and then (ii) follows with surveys to collect primary data from large-scale samples of

firms, to assess specific hypotheses that emerged from the qualitative phase of research. Research is also needed to clarify and improve the measurement of CSP constructs, for the benefit of scholars and practitioners alike (Wang, Tong, Takeuchi, & George, 2016). Research should inform managers on how to better measure CSP and its antecedents, to advance the pursuit and achievement of CSP goals in the global firm.

CONCLUSION

In this commentary, we elaborated the state of CSP research in the IB context since 2012, and presented our perspective toward how this important topic can be advanced in future endeavors. Our review revealed various limitations in the CSR and CSP literature. Since 2012, research has not followed a systematic, programmatic path to developing theory. Most studies have emphasized confirmatory research with large-scale quantitative data derived from secondary sources. Research largely has been opportunistic and idiosyncratic, resulting in limited and incremental implications for theory and practice.

Given these outcomes, we argue for more effective research in both the theoretical and methodological domains of IB scholarship on CSP. More work is needed to develop valid and consistent definitions of key concepts, and to systematically conceptualize key constructs and relationships. Cohesive, programmatic research using appropriate methods is needed to move the field forward. Research should aim to provide actionable implications for managers.

To help develop this ambitious agenda, we identified key factors that influence an MNE's pursuit of CSP. We developed an organizing framework and advanced several theoretical perspectives, some of which have been rarely employed in prior CSP research in IB. We called for research in the context of contemporary global dynamics likely to affect global CSP. In the process, we identified promising directions for future research. Advancing theory on CSR and CSP in IB research is critical to supporting social performance in IB. The 2022 *JIBS* Decade Award article (Ioannou & Serafeim, 2012) is a key contribution to the field. We have built on



this important work to provide guidance on making further advancements in research on a topic of

enormous importance to IB and the world.

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