Strategic Corporate Social Responsibility of Multinational Companies

Subsidiaries in Emerging Markets: Evidence from China

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Abstract

With the advent of globalization, the track record of multinational companies (MNCs) has been vague in relation to their corporate social responsibility (CSR) in the emerging host markets. What seems lacking is a better understanding of what exactly is required of today's MNCs to simultaneously generate profits for shareholders, while satisfying the legitimate demands from multiple stakeholders in the countries where they operate. This paper explores whether and how MNC subsidiaries practice strategic CSR in the emerging market of China. Drawing on various streams of CSR literature, we develop a conceptual framework and then apply it to analyze the CSR strategies of eleven MNCs known to be active in relation to their CSR involvement in China. Our multiple case studies, involving interviews with MNC managers and archival research, reveal distinctive features of CSR orientation and the strategies of MNCs that rely on developing relationships with non-traditional stakeholders, co-inventing social solutions, and building local capacity and infrastructure in emerging markets, being sensitized to a mixture of motivations and reconciling social and economic value creation. The findings are analyzed and implications are drawn regarding how MNC subsidiaries position themselves in the context of CSR in emerging markets.

Key words: strategic CSR; MNCs; emerging markets; China.

Introduction

When you see a chance to make a profit, think also of fairness and justness.

[Jian Li Si Yi 见利思义] Confucius, *The Analects*

Among the various forces that have been reshaping the global competitive landscape, the growing attention to corporate social responsibility (CSR) is, without doubt, one of the most noteworthy trends. Although more and more multinational companies (MNCs) have come to terms with the CSR agenda, the concept of CSR itself remains ambiguous (Chapple and Moon, 2007). Most of the research related to CSR has focused on the social and environmental responsiveness and performance of companies in the developed economies (e.g., Bondy et al., 2012; Doh and Guay, 2006; Orlitzky et al., 2003; Pinkse et al., 2010; Strike et al., 2006). With the growing presence of MNCs in emerging countries, it is likely that MNC subsidiaries from developed country contexts such as the United States (U.S.) or Europe will find themselves embedded in a situation where the CSR conception and practices are different than those prevailing in their home markets (Jamali, 2010; Jamali and Mirshak, 2010; McWilliams et al., 2006; Rodriguez et al., 2006). Moreover, they may have to overcome the “liability of foreignness”, that is, uncertainties and costs derived from spatial, cultural and institutional distances and other host country-specific factors (Bhanji and Oxley, 2013; Zaheer, 1995), hence the importance of gaining social acceptance and credibility in markets where they may be regarded with some skepticism. This presents both theoretical and practical questions regarding how MNC subsidiaries approach CSR in emerging markets and whether they face particular opportunities and challenges in aligning their shareholder interests with stakeholder expectations in host markets.

Several scholars (e.g., Hah and Freeman, 2014; Husted and Allen, 2006; Kolk et al., 2010) attempt to address this research gap by describing the CSR strategies of MNCs in comparison with those of domestic companies, but there is consensus that the development of research on CSR and MNCs is still at an early stage (Rodriguez et al., 2006) and research on CSR orientation and implementation in the context of MNCs remains fragmented (Lindgreen et al., 2009). One of the difficulties associated with assessing the CSR involvement of MNCs in emerging countries is no doubt attributed to the vagueness of the concept of CSR itself (Jamali, 2010) as well as its variants (such as strategic CSR) (e.g., Garriga and Melé, 2004; Wood, 1991). In the absence of a universal definition of CSR, various potential challenges present themselves in conducting effective comparisons of CSR conception and orientation. These are often compounded by the complexities of MNCs, which are often networks of differentiated entities and processes that are both heterogeneous and loosely connected (Jamali, 2010; Jamali and Mirshak, 2010; Polonsky and Jevons, 2009; Werther Jr. and Chandler, 2005).

In relation to the CSR orientations of MNCs operating in emerging countries, various concerns have been raised in previous literature. Primary among these is that MNCs do not always behave responsibly in emerging countries, with ill-prepared managers often focusing on responding to the demands of the most powerful stakeholders (Eweje, 2006; Newenham-Kahindi, 2011). Furthermore, emerging host markets, despite their huge potential and growing wealth, may present challenges and opportunities to CSR positioning and implementation due to the existence of institutional voids (Dahan et al., 2010; Khanna and Palepu, 1997; Karam and Jamali, 2013; Zhao, 2013), or the lack of socio-political structures that facilitate market operations, such as an underdeveloped institutional environment, ineffective regulatory

monitoring, non-functional consumer redress mechanisms and weaker civil society institutions (Elg et al., 2014; Falkenberg, 2004; Lam, 2009; Yin and Zhang, 2012; Zhao et al., 2014). Therefore more research is needed to gain a better understanding of how MNCs position themselves in relation to CSR in emerging markets and how they embrace and address particular challenges and opportunities in the non-market environment (Wright et al., 2005).

Of particular interest is how MNCs in emerging markets grapple with the reconciliation of shareholder and stakeholder demands (Crilly, 2011; Elg et al., 2014; Zhao et al., Zhou, 2014). This is a salient concern for MNCs as they are more likely to be publicly traded and to be exposed to greater government monitoring and societal scrutiny across their operations. In this respect, it becomes important to understand whether strategic CSR—creating and implementing social projects that seek to reconcile shareholder value and competitive advantage (Husted et al., 2015; Porter and Kramer, 2006)—is adopted and practiced by MNCs and how these firms deal with various stakeholder demands and the potentially different institutional and market dynamics in the emerging markets (Bhattacharyya, 2010; Orlitzky et al., 2011; O’Riordan and Fairbrass, 2014; Wiig and Kolstad, 2010). Thus we intend to explore in this study the question of whether and how strategic CSR is practiced by MNCs operating in emerging markets. Specifically, we are interested in exploring how MNC subsidiaries interpret and rationalize CSR in the host emerging market, and make sense of intra-organizational, inter-organizational and broader institutional dynamics in their social decision-making when trying to meet the dual challenges from business and social expectations. Although the strategic CSR literature is rarely invoked in the international business context, a common feature is that it addresses how businesses strategically manage their broader social environment, and as such, provides pertinent insights

for theorising not only about CSR but also about MNC strategies in emerging markets (London and Hart, 2004; Zhao et al., 2014). Therefore by probing into the question of how MNCs approach CSR and whether and how they enact variants of strategic CSR, this article presents an opportunity to advance knowledge by addressing both theoretical and practical empirical gaps in relation to how MNCs manage the business-society interface in emerging markets.

First, we synthesize several theoretical frameworks relevant to strategic CSR and develop an integrative framework that can be informative in analysing the CSR orientations and strategies of MNCs operating in emerging markets. We then adopt an interpretive qualitative research methodology, capitalizing on multiple case studies of 11 MNCs operating in China to gather nuanced feedback in relation to the relevance and applicability of this framework in practice. The findings are discussed and implications are drawn regarding how MNCs position themselves in the context of CSR in fast-growing emerging markets. From there, we outline some relevant theoretical and empirical insights and implications useful for further consideration, testing and refinement in the context of future research on CSR in emerging markets.

CSR of MNCs in Emerging Markets

The word “corporate” associated with “social responsibility” hints of the more significant role expected of larger corporations in the social domain. According to Prahalad and Hammond (2002), “big corporations should solve big problems” (p. 58); the authors in fact hold MNCs accountable for future world economies through investment in the poorest countries. Some even go as far as advocating for *noblesse oblige*, implying that international enterprises with greater power and resources are expected to exhibit greater responsibility and contribute to local,

regional and national development on a par with their status and wealth (de la Cruz Déniz-Déniz and Garcia-Falcon, 2002; Hill, 2012).

While MNCs are increasingly viewing emerging markets, such as Brazil, Russia, China and India, as potential sources of future growth, there is very limited empirical research on strategies for pursuing these new business opportunities in a more socially responsible way (London and Hart, 2004; Zhao et al., 2014). The case of MNC subsidiaries presents a unique challenge to CSR design and implementation, since they have to satisfy stakeholders in the host emerging countries in order to acquire local legitimacy as well as conform to the requirements of the parent company and home stakeholders to maintain their international license to operate (Kostova and Roth, 2002; Zaheer, 1995). Some specific challenges facing MNCs in the emerging markets include bridging the formal and informal institutions, overcoming the infrastructure gaps, and lack of knowledge about local culture and local market expectations (London and Hart, 2004; Marquis and Raynard, 2015).

As a result, strategic CSR with the aim of creating shared value may be particularly appealing in emerging markets where the institutional drivers of CSR tend to be weaker and macro-economic constraints may divert business attention to survival and cutthroat competition (Jamali and Mirshak, 2007; Jamali and Neville, 2011; Porter and Kramer, 2006, 2011). MNC subsidiaries operating in emerging markets provide an appropriate context to explore the multifaceted nature of strategic CSR. They also provide a unique opportunity to explore how MNCs balance the demands of doing good and doing well in their efforts to grow their business in an emerging market. While the focus of this article is on emerging markets, there is also an opportunity to advance knowledge and derive implications in relation to how MNCs manage the

business-society interface more broadly (Wright et al., 2005).

The Rise of Strategic CSR

Concerns about CSR have grown dramatically over the past two decades (Aguinis and Glavas, 2012; Kudlak and Low, 2015). Most academics and business scholars have witnessed how CSR has transformed from an irrelevant and marginalized idea to one of the most orthodox and widely recognized concepts and practices (Lee, 2008). This gradual rationalization of CSR has entailed a noticeable shift in terms of theoretical orientations in the academic field; that is, scholars are moving from explicitly normative and ethics-oriented studies to implicitly normative and strategic- and performance-oriented research (Aguinis and Glavas, 2012; Bondy et al., 2012; Matten and Moon, 2008). Particularly since the late 1990s and early 2000s, CSR has often been coupled with the strategy literature (Hart, 1995; Kanter, 1999; Porter and Kramer, 2002, 2006), with interesting emerging threads and insights.

Although the empirical links with financial and market implications are inconclusive (Margolis and Walsh, 2003; Orlitzky et al., 2003), there is significant rationalization of the account that CSR is beneficial to the bottom line, at least when using a long-term and value creation perspective (Eccles and Krzus, 2010; Husted et al., 2015). CSR is no longer conceived as purely a moral or "social" responsibility for the common good, but increasingly as a potential strategic resource to be leveraged to improve corporate financial performance, reputation, brand and customer relationships (Godfrey, 2005; Schuler and Cording, 2006). In general, the convergence between CSR and strategy occurs in both directions (Carroll and Shabana, 2010; Lee, 2008). On the one hand, the concept of CSR has expanded to entail both social and

economic interests at the macro-political as well as the organizational level; on the other hand, sources of strategic competitive advantage are broadened to include social aspects and social influence (Orlitzky et al., 2011; Porter and Kramer, 2011).

The increasing affinities and convergence between CSR and strategy have augmented and amplified the attractiveness of the CSR concept and accelerated the diffusion of CSR among corporate actors (Porter and Kramer, 2006, 2011). This strategic turn in the conception of CSR is likely to bring about a shift in corporate practices from passive compliance with societal expectations to more proactive engagement with social issues, particularly among global market-oriented MNCs who are under close monitoring and scrutiny in relation to various aspects of value creation (both monetary and social) (Husted and Allen, 2006, 2009). Below, we review some of the most relevant threads of literature on strategic CSR and attempt to synthesize an integrative framework that can be useful in informing future research and inquiries about MNC CSR orientations and strategies in emerging markets.

Relevant Theoretical Perspectives

Given the burgeoning literature on strategic CSR, several relevant theoretical perspectives are useful in providing an understanding of the strategic variant of CSR research. Conceptualising this research as "strategic" provides an opportunity to synthesize these rich, yet disparate and fragmented streams of literature, hence offering a more integrative identification of the overarching conceptual themes. The first and probably one of the earliest theoretical lenses (e.g., Rodriguez et al., 2006) is the natural resource-based view (NRBV) proposed by Hart (1995). It argues that corporations can obtain competitive advantage through integrating sustainability and

technological innovation into their strategy. Focusing on the increasing environmental challenges facing businesses, Hart (1995) identifies pollution prevention, product stewardship and sustainable development as three interconnected strategies to support a NRBV, and also identifies the key driving force, resources and sources of competitive advantage behind each strategy (see Table 1). While pollution prevention requires continuous improvement and product stewardship entails continuous stakeholder integration, according to Hart (1995), achieving sustainable development is the most demanding, entailing not only good stakeholder integration but also joint planning and strategizing to ensure competitive positioning as part of a shared vision that is well-tailored to the context. Hart (1995)'s NRBV model is focused mostly on the natural environment as a silent external stakeholder, but it is likely to be interesting to experiment with its application in broader CSR contexts and in relation to other stakeholders.

-----Insert Table 1 around here-----

The second fruitful framework is the strategic CSR framework proposed by Burke and Logsdon (1996), which sets out five strategic dimensions of CSR initiatives, and posits that the strategic management of these dimensions in pursuit of competitive advantage will positively impact firm financial performance. Specifically, this model defines strategic CSR as the firm's ability to: 1) have discretionary decision-making in the absence of externally imposed compliance requirements (voluntarism); 2) design CSR as a close fit to the firm's mission and objectives (centrality); 3) anticipate emerging economic, technological, social or political trends in the absence of crisis (proactivity); 4) gain recognizable credit by internal and/or external stakeholders (visibility); and 5) capture or internalize the benefits of CSR programmes rather than simply creating public goods shared by others in the industry, community or society at large

(specificity).

While the first three attributes focus on CSR planning and positioning, the last two attributes accord more attention to outcomes of CSR engagement. As long as CSR initiatives meet some or all of these features, they are more likely to create demonstrable economic benefits to the firm. The Burke and Logsdon (1996) framework provides a practical instrument for managers to design CSR strategies that pay off and thus has been adopted widely in research on the topic including for example Castka et al. (2004) and Husted and Allen (2007). However, available research utilizing this framework has not provided testable propositions for later model development, nor explicitly differentiated economic values from the social values produced by CSR investment.

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The third and perhaps one of the most influential theoretical lenses is provided by Porter and Kramer (2002, 2006, 2011) in a series of *Harvard Business Review* articles. The core of Porter and Kramer's argumentation is that CSR can be integral to a company's profitability and competitive positioning, if it leverages the unique resources and expertise of the company and matches those effectively with the competitive context. In this sense, they have suggested a context-focused strategic CSR approach requiring firms to use their unique attributes to address social needs in the corporate context, so as to achieve a convergence between social and economic goals, as shown in Figure 2. Porter and Kramer further differentiate strategic CSR from responsive CSR (Figure 3); while the latter comprises acting as a good corporate citizen, being attuned to evolving stakeholder concerns and mitigating the adverse effects of corporate activities, the former goes beyond best practices to carve out a distinctive competitive niche.

They argue that companies' social involvements should focus on transforming value chain activities to benefit society while reinforcing strategy and leveraging capabilities to improve salient areas of the competitive context. The Porter and Kramer model directs firms to be more selective of particular worthy groups in society and particular social issues for CSR engagement.

-----Insert Figure 2 around here-----

-----Insert Figure 3 around here-----

The fourth theoretical framework relevant to this study is stakeholder theory, which is grounded in the assumption that values and value creation are necessarily and explicitly a part of doing business (Freeman et al., 2004). One of the compelling arguments for why firms are motivated to invest in CSR programmes comes from the need to manage complex stakeholder relationships and enacting values in the process of doing business (Harvey and Schaefer, 2001; Post, 2003). Stakeholders refer to any group or individual who can affect or is affected by the achievement of the firm's objectives (Freeman, 1984). The stakeholder approach to CSR popularized by Freeman (1984) re-conceptualizes the nature of the firm to encourage consideration of new stakeholders beyond traditional shareholders and customers (Jamali, 2008), and turns attention to considerations beyond direct profit maximization. Instrumental stakeholder theory assumes that corporations are an instrument for wealth creation, with CSR conceived as a strategic tool in that respect (Garriga and Melé, 2004; Jones, 1995). However, given limited resources and bounded rationality, businesses tend to prioritize their stakeholders according to instrumental or/and normative considerations (Mitchell et al., 1997). Such balancing exercises usually draw on managerial discretion, legitimacy concerns, assessment of environmental specificities and power relations (Jamali, 2007; Yang and Rivers, 2009). The stakeholder

perspective of CSR is aligned with strategic CSR studies in that it brings in different firm-stakeholder configurations as sources of value creation or value detracting, and it also provides easier delineation of relevant stakeholder issues and associated impacts, which may serve as useful guidance for managers in their pursuit of CSR (Jamali, 2008; Turker, 2009).

Summary. It should be noted that the models and frameworks reviewed above are not mutually exclusive, but rather, complementary, and can be effectively reconciled and integrated. Here, we propose an integrated approach to analysing strategic CSR, as illustrated in Figure 4. The model is described as an integrative framework in the following ways. First, it integrates strategic content with strategy process research to examine what are the key elements to strategic CSR positioning and what leads to strategic CSR design. Strategy content research describes and explains the content of strategic decisions concerning the scope, goal and competitive advantage of CSR, such as the formation of strategic orientations (Pettigrew, 1992). It is more focused on the effective positioning of the firm vis-à-vis its environment, and also extends its attention to the influence of a firm's access to resources on its performance. In contrast, strategy process research deals with the question of how firms achieve and maintain such positions and translate capabilities and resources into positive performance (Chakravarthy and Doz, 1992; Covin et al., 2006). Second, it broadens the traditional focus of CSR-corporate financial performance (CFP) debate from financial results to value creation, which deals with the recombination of resources to create social and economic values (Husted et al., 2015). Extending the strategic content and process research to value creation, our model helps shift the conversation away from whether CSR is linked to CFP in a narrow sense to how firms develop social strategies for value creation

more broadly.

-----Insert Figure 4 around here-----

Accordingly, the model compiled in Figure 4 presents an integrative lens that can contribute to advancing our understanding of how strategic CSR is practiced and evaluated. This framework is likely to be mostly relevant to large firms and MNCs who command greater resources and strategic ability. On the left hand column of the model, it builds on Hart (1995) and Burke and Logsdon (1996) and makes a distinction between altruistic CSR orientation, strategic CSR orientation (Burke and Logsdon, 1996) and a sustainable development orientation (Hart, 1995). The core of the model (in the middle column) combines the strategic CSR characteristics defined by Burke and Logsdon (1996), including centrality, proactivity, voluntarism, specificity and visibility, with the requirements of stakeholder identification and prioritization as per stakeholder theory (Freeman, 1984). The right hand column of the model captures the notion of value creation, which entails creating firm-specific economic value creation and context-specific social value creation, as per Porter and Kramer (2006, 2011). Moderating these relationships are relevant contextual contingencies that are highlighted as important across the theories invoked (particularly stakeholder and social value creation theories), including firm size, resources and managerial discretion on the one hand, and contextual specificities, legitimacy considerations and power relations on the other hand.

We posit that many combinations of CSR orientations are plausible based on the specific constellation and mixing of the multiple and complex dimensions outlined in this model. For example, a firm combining an altruistic CSR orientation with good stakeholder management will generate social and economic value in a fundamentally different way than a firm combining a

strategic CSR orientation, leveraging a strategic CSR process (centrality, proactivity, specificity and visibility) with good stakeholder management. Contingencies pertaining to firm size, resources, managerial discretion and contextual variables are also important in moderating these relationships and the nature of social and economic value created. Guided by this framework, the empirical component of this study proceeds to investigate whether strategic CSR is practiced by a sample of MNCs operating in China, and specifically, how these firms make sense of intra-organizational, inter-organizational and broader institutional dynamics in their social decision-making when they are trying to meet the dual challenges of doing good and doing well.

Methodology

This study employed the interpretive qualitative approach, responding to the call for greater use of qualitative and interpretivist methodologies in CSR research in an insufficiently explored non-Western context (Eisenhardt and Graebner, 2007; Lockett et al., 2006). Case studies have the advantage of exploring complex and sometimes sensitive CSR issues in emerging markets (Zhao et al., 2014). The emerging market setting of this study represents an element of novelty, given the peculiar competitive, institutional and cultural characteristics of the context in question compared to those of Western markets (Chang and Park, 2012; Prahalad, 2009). Moreover, the focus on strategic CSR also necessitates a context-sensitive methodological approach (Yin, 2003).

The empirical study is an exploratory multiple case research method (Eisenhardt, 1989), involving in depth interviews with MNC managers and archival research of 11 MNCs with many years of operations and extensive CSR involvement in China. There have been a growing

number of studies on MNCs and CSR, but the majority of these studies have been conducted in the context of developed countries. Our study responds to calls for more research on this topic in the emerging and developing country context (e.g., Elg et al., 2014; Yang and Rivers, 2009). Adopting this multiple case study design is useful and necessary to develop both theoretical and empirical insights using new empirical data that can help advance our understanding of the peculiarities of the CSR orientations and strategies of MNCs in emerging markets.

Data Collection and Sample. To capture the experiences and interpretations of relevant actors, a semi-structured interview method was used. Semi-structured interviews have been described as particularly suitable for interviewing professionals who cannot be reached on many separate occasions, and as a midway between the extremes of formality and informality, standardization and non-standardization (Bernard, 2000). Between June 2012 and July 2014, a total of 16 interviews were conducted with key informants (including general managers, vice presidents, CSR managers) directly or indirectly involved in the CSR strategy-making and implementation process of 11 MNCs operating in China. Some of the companies were interviewed at multiple points in time and with different sources of informants. These companies were selected based on the following criteria: a) salience of their CSR involvement—all enjoy a reputation for active CSR involvement in China, either by nomination of CSR research organizations or through previous CSR prize awards; and b) representativeness in business—all the companies in our sample are leading Fortune 500 companies spanning different industries and with headquarters in the US or Europe. The case sample description is provided in Table 2.

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Before the interviews, we reviewed all relevant publically available documents (such as CSR reports and annual reports) and websites (such as CSR columns, mission statements, corporate news) related to the companies' CSR activities to obtain background information about how each company presented its CSR engagements (Ventresca and Mohr, 2002). These were used to prepare for interviews and to triangulate interview data later (Eisenhardt, 1989). We contacted each company first by phone or email, and then sent them a formal introductory letter highlighting the aims of this study together with the interview guide. Each of the interviews lasted between 60 and 90 minutes and was conducted in the English language. Interviewees were asked to discuss their companies' CSR approach in general, their key responsibilities towards different stakeholder groups, and their specific CSR implementation processes and value creation out of CSR investments. All the interviews were open-ended, in that an interview guide was prepared outlining the main issues to be covered and the interviewer was able to decide on the sequence and phrasing during the course of the interview. The interview guide drawing on the main theoretical streams reviewed above can be found in the Appendix.

Data Coding and Analysis. Three researchers transcribed and double-checked all the interviews, using constant comparative methods to analyze the data (Huberman and Miles, 1998). The analysis focused on detecting commonalities or patterns of agreement in the statements. The first round of coding involved open coding; that is, categorizing the data into thematically relevant categories (Strauss and Corbin, 1998). Each interview was coded based on the themes identified within Figure 4. All the themes and related explanations and examples were recorded in an Excel spreadsheet. The second round of coding involved further abstraction and dimensionalization;

that is, grouping themes by similarity of ideas and allowing movement from concrete to more general and theoretically valid themes with reference to the theoretical frameworks that were reviewed in the previous section (Silverman, 2006). The second-round coding resulted in fewer higher-order categories and relevant sub-categories (Strauss and Corbin, 1998). These categories were further checked against the existing literature to ensure that the themes were mutually exclusive and also collectively inclusive of all the data. These content analyses allowed the detection of a general convergence of findings around some themes, as well as noted divergences. The following section is therefore not intended to provide an exhaustive overview of each company's CSR profile, but rather to summarize the case evidence in relation to the basic dimensions presented in Figure 4. Lastly, we triangulated the interview data and key findings with archival information to ensure data validity and reliability (Eisenhardt, 1989).

Results. Following the strategic content research, and referring to Figure 4, we first attempted to gauge the CSR orientation of MNCs in our sample (i.e., altruistic, strategic or sustainable development). Once this was determined, the specific configurations of CSR process and stakeholder management that supported the company's CSR orientation were delineated. The next step involved assessing the outcomes of these CSR orientations and strategies. This approach allows a mapping of the dimensions of CSR conception and implementation, and also permits a systematic assessment of whether and how MNCs that enjoy a reputation as being active in CSR in China are enacting strategic CSR in practice.

Strategic CSR Orientation. Table 3 summarizes the CSR orientations held by the sample

companies. All of the companies in the sample identified with a strategic view of CSR, with a general consensus that CSR should go beyond charity or donation, and be aligned with business competency, operations and development. Based on the detailed interviews, we have further identified two related themes under strategic CSR orientation, with one centered on firm value creation in a narrow sense, and the other focusing on firm value creation in a broader sense.

The most significant theme emerging consistently across these companies (viz. MNCs 1, 2, 3, 4, 7, 9, 11) was a strategic CSR orientation guided by business considerations, with firm value creation as a primary target goal. According to the CSR manager from MNC 4, "The most important thing is to secure adequate returns out of CSR activities. I mean, not just returns in terms of revenue or cash, but business returns in a much broader view." In general, these companies believe in the compatibility of CSR with basic business objectives. As the manager from MNC 3 recognizes, "If you don't give back, your business is not going to be sustainable at all. So it is eventually mutually beneficial. It is not like charity or sacrifice. It is actually a precondition for your survival." The manager from MNC 11 struck a similar note, "CSR is more related to how the company operates. It covers more than the charity and philanthropy components." The sustainability leader of MNC 9 further illustrated this close connection between CSR and business performance: "Most of the time, we do not call it social responsibility; it is about our business being fully integrated into the community; because there is a need, there is also a requirement."

On a related note, some of the companies in the sample (viz. MNCs 1, 5, 6, 7, 9, 10) also expressed an instrumental stakeholder perspective towards CSR, viewing themselves as embedded in a network of stakeholder relationships and hence acknowledging the importance of

managing these relationships for corporate strategy implementation. As the area general manager of MNC 5 put it, "CSR simply means being responsible for the environment, our owners, shareholders, and our employees. Actually it means thinking of the interest of and working for the benefit of those people (stakeholders) because it also benefits the business."

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Philanthropic CSR Orientation. While most of the MNCs adopted the strategic orientation, some (viz. MNCs 2, 3, 4, 6, 7, 8) also adhered to a traditional philanthropic or altruistic view of CSR, with context-focused social value creation as the end goal. The primary theme under a philanthropic or altruistic CSR orientation was giving back to the community and society in the host market. Four companies (viz. MNCs 2, 3, 4, 6) believed that giving back to society/community was a natural course of action for MNCs operating in China. As elaborated by the manager from MNC 3, "For social responsibility, it is like this: you operate here, you actually take a lot of resources from society. It is naturally expected that you give back as a return."

Meanwhile, three companies stood out (viz. MNCs 2, 3, 7), articulating a clear social value creation perspective and viewing CSR as an end instead of a means. The chief representative from MNC 7 illustrated this by stating, "It (CSR) should neither be a public relations (PR) exercise nor a toy for the CEO to look good...The easiest part is always just to spend money on the shares and on projects that fall more in the category of marketing." Instead, he clarified, "It is not because we want to look nice—it actually enhances the social fabric, strengthens the local economy, and brings about a better environment for our company."

Sustainable Development Orientation. The third dimension identified by the MNCs is orientation towards sustainable development. Four MNCs (viz. MNCs 2, 3, 9, 11) expressed a preference for using the term "sustainability" to capture what they do in the domain of CSR. As the CSR manager from MNC 2 explained, "From our point of view, CSR equals three Ps—prosperity, people and planet—which involve economic, social and environmental aspects. It is very similar to the triple bottom line advocated by other global companies." The experience of MNC 9 is that, "CSR within our company refers to a broader conception, that is, sustainability." To achieve the sustainability goals, MNC 9 set up "2015 Sustainability Goals", which cover seven core areas, including energy, climate change, community engagement, sustainable business, product safety leadership, protection of human health and environment and embracing world challenges.

Strategic CSR Positioning and Planning. Although the spectrum of CSR involvement across this sample of MNCs was highly diversified, ranging from donation to education, employee care programmes, capacity building and business/non-profit collaboration, we only included the social programmes that were mostly emphasized by the companies during the interviews and highlighted in their CSR reports or websites. Table 4, derived from interviews and triangulated through content analyses of company websites as well as CSR reports, shows that the CSR initiatives of MNC subsidiaries in China converged on common themes, such as education, employee volunteering, environmentalism and capacity building. Although these themes mostly fell into ethical and voluntary CSR domains, we observed systematic attempts (7 MNCs out of 11) at linking CSR to company core competencies and/or strategic goals in seven MNCs; that is,

practicing strategic CSR according to Burke and Lodgson's (1996) framework. In our sample, pure altruistic CSR was practiced by only four MNCs.

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The majority of CSR programmes qualified as strategic initiatives for meeting one or several of the criteria of centrality (close linkage to corporate mission, objectives and core competency), proactivity (anticipating needs and trends) and voluntarism (discretionary decision-making). Taking MNC 1 for example, as one of the world's largest retailers, the company chose food safety and health as its main CSR theme because, "70% of the products we sell now are food or food-related products" and also "government has put it (food safety) as a top priority" (PR Manager, MNC 1). Thus, the company linked its CSR activities to this theme, by establishing a food safety lab, inviting customer and community representatives to food processing workshops, initiating CSR programmes with food suppliers and delivering food safety lectures to the public and to suppliers.

MNC 7 was another example of a company practicing strategic CSR, for which the "1+3" program was the core of the company's CSR strategy. "1+3" referred to engaging one supplier, one customer and one service provider in the safety and environmental upgrading of company processes. The chief representative of MNC 7 explained how the company initiated the program, "In China we noticed many of our partners such as suppliers and buyers are small and medium enterprises (SMEs) who have no clue on how to do things differently and sustainably. We send our guys to their factories and production sites to help them establish cleaner, more sustainable and more productive methods of manufacturing." By focusing on social and environmental needs that affect its competitive context and utilizing its unique strengths in safety management, as

elaborated by Porter and Kramer (2006), MNC 7 was thus able to promote the convergence between social and economic goals, “The side benefit (for us) is that manufacturing becomes cheaper, cleaner, and more sustainable.”

For those MNCs focusing on altruistic CSR, their CSR programmes included sponsoring schools for disadvantaged groups, donations to Project Hope (one of China’s largest educational programmes initiated by the *China Youth Development Foundation*) and engaging employees in community volunteering, among others. The common principles underlying the choice of these programmes included, “We focus more on children because children are the future” (Manager, MNC 11), and “Community (recipients) could be everybody who really needs help. For example, we worked with migrant workers because they are really disadvantaged” (General Manager, MNC 6). Although these companies’ CSR programmes were generally integrated under coherent themes for each company, they were remotely linked to mainstream business goals or strategies.

CSR decision-making in these MNCs lies mostly at the subsidiary level, reflecting relatively high voluntarism and autonomy. Many MNCs described the mechanism as “bottom-up” decision-making process. As the manager of MNC 1 described, “I am the country leader of corporate responsibility, and we have 200 corporate grassroots associates across the country who may initiate their local CSR or community programmes, each month or even every week. They come up with local CSR events and themes, and then they come to consult with me whether it is OK. These programmes usually bear local flavours and features, but in any of the city areas, they must fit into our overall CSR themes.” A typical explanation came from MNC 3, which attributed relatively high voluntarism and autonomy to the subsidiary’s high dependence on the local market, “Most of the CSR programmes and budgets, they all come from here. We can make

final decisions. We are a member firm structure, and we are all on equal footing in every member firm" (Communication Director, MNC 3).

Stakeholder Management. The companies interviewed also emphasized the use of stakeholder management in managing their CSR programmes. In terms of how MNCs deal with specific stakeholder groups, our findings reveal some similarities and divergences compared to the existing studies. In terms of stakeholder identification and prioritization, most of these MNCs accorded primary importance to shareholders, employees, community and government, followed by suppliers, customers and the environment (see Table 5).

-----Insert Table 5 around here-----

Internally, the great majority of MNCs (viz. 10 out of 11 MNCs) emphasized ensuring financial returns while keeping information disclosure and transparency as their primary shareholder responsibility essential to sustainable business growth. This balanced growth perspective was expressed by the manager from MNC 2, "We are focusing on healthy growth with profit. By 'healthy' we mean earning profit in a more responsible way." For employees, while nine MNCs considered providing competitive wages and welfare as their main responsibility, they also articulated the importance of training and career development opportunities as well as engaging employees in CSR programmes. The experience of MNC 3 was that, "Whenever we have a CSR initiative, one criterion we use to evaluate (it) is how much we can involve our employees in doing that. Giving money is always the easiest part. What matters is how to use and build that platform, to involve our employees and make it part of our employee communication." The manager of MNC 3 further described engaging employees in

CSR programmes as "part of the attraction (of CSR activities) beyond numbers" and "what really adds value for the business".

Externally, many of the MNCs opted for cross-sector partnerships—corporate/non-profit, public-private or inter-firm partnership—in managing their relationships with community, government and suppliers. In terms of community stakeholder engagement, a notable trend among these MNCs was that instead of donations in cash or in kind, the majority of them preferred more integrative collaboration with non-traditional stakeholders, such as non-profit organizations (NPOs). Although government-organized non-governmental organizations (GONGOs), such as the China Youth Development Fund and the Red Cross Society of China were still the main partners for MNCs in China, grassroots non-profits with professional expertise were attracting more attention from MNCs. The manager from MNC 9 explained, "Some companies may want to work with the GONGO, which is government-affiliated, because they want the brand name... But for our company, it is about integrity, it is about how we see this partner, what they have done in the past, whether we could really trust them based on what they do. For the NPO partner, the essential criteria are based on their capacity and mutual trust." Except for the capacity and integrity criteria, some MNCs particularly mentioned the fit of values as the basis for collaboration, "You had cooperation before, your organisational leaders paid great attention to the collaboration and assigned the right people to manage the project...Also, the values system of two organisations, whether you really have the same mission, values, and strategy to implement the project."

Moreover, many of the companies acknowledged the importance of building an ecosystem conducive to social innovation in China's civil society development, and hence listing

NPO training and capacity building as their community investment priority. As expressed by the manager from MNC 2, "We focus on the platform, that is, the ecosystem. For example, we do not approach NGOs one by one, but we work with foundations and organise the NGO leadership workshop as our community responsibility."

Interestingly, almost half of the companies also recognized capacity building and education as their key responsibilities towards the Chinese government. Public-private partnership was the priority choice reported by seven companies to engage with government on CSR themes and projects. Some examples of public-private partnerships included involving government in CSR program design and implementation, leading government in industry standard-setting related to product quality, health and environmental issues, and even influencing the government's CSR agenda. The manager from MNC 9 explained, "We do not want to just take advantage of cooperation or collaboration with government. Actually, in many cases we are helping the government to improve their capacity. For example, we work with the Ministry of Environmental Protection, the National Development and Reform Commission, and also the State Administration of Work Safety. We are an expert on safety, so we help them a lot, deliver training for them, and bring our best practices to them."

When fulfilling their responsibility towards the government as a stakeholder, five companies articulated the importance of aligning with government initiatives and concerns for the success of their CSR programmes. The manager from MNC 2 emphasized the importance of a "sense of belongingness" for MNCs in the host market of China, "We are not only a foreign company in China, but we also want to participate in China's direction. That is one message we want to deliver (through CSR)." He further emphasized deciphering political signals to guide

corporate social decision-making, "Because in China, if you get the government's 12th five-year plan, you will find the third sector development as a very important but also tough area for the Chinese government as well. We wanted to actually engage in the social innovation part."

Building win-win partnerships with suppliers through education and learning was the most essential supplier responsibility for seven MNCs (viz. MNCs 2, 3, 5, 6, 7, 8, 9). Specifically, these MNCs treated spending time and money on supplier education, capacity building and knowledge sharing as a key supplier responsibility. As explained by the manager from MNC 3, "One key responsibility for a large company like ours is how you help your suppliers grow. So the crux is whether you can develop a long-term relationship with your supplier, and treat them more like a partner rather than a supplier. You can't just grow yourself, but you need to grow together with those who work with you. That can really help you add value to the industry value chain and eventually benefit everybody."

Regarding the customer as a stakeholder responsibility, eight companies listed ensuring product quality and service excellence as the baseline of customer responsibility. These MNCs defined product quality and service excellence as providing sustainable products and technology, offering timely customer feedback and tracking, and ensuring a high customer satisfaction rates. A typical quote came from the manager from MNC 8, a leading pharmaceutical company, "Our first responsibility should be taking responsibility for patients. We deal with high quality products. We have set the world pharmaceutical standard, against which others in China benchmark." Equally important was engaging customers in CSR programmes, as reported by eight companies, which constitutes part of a continuous customer education process. Practices to implement customer-oriented CSR included communication with customers about product and

service quality and CSR issues as essential to developing positive relationships with customers. These MNCs conducted regular customer training on CSR topics, including sustainability, safe driving and energy efficiency.

Outcomes of CSR Involvement

Firm-Specific Economic Value Creation. Although the great majority of MNCs exhibited an investment perspective towards CSR (as seen in Table 3), paradoxically, few of them acknowledged the bottom line implications of CSR, with diverging views about net benefits and costs of CSR. That CSR had any direct impact on the company's profitability was doubted by most MNCs. Reflecting upon expenditure on improving energy efficiency, the chief representative from MNC 7 characterized it as a risky investment, "The problem is to find the money and to actually persuade the business unit (to agree on the expenses). It costs money now for something we may get back as a return later. On top of this, you have to convince people that insulation is important...We educate everyone, they seem convinced, and then buy someone else's product. In China, it is a long, long way to go because energy prices are so low that there is no payback." Particularly, the tension between long term and short-term benefits was noted by three MNCs (viz. MNCs 5, 7, 9). The China sustainability leader from MNC 9 articulated, "The challenge is the current economic environment. For us we need to invest a lot in the short term, to maintain the safety standard, to maintain this or that. Despite the economic downturn, we still need to be the game changer, which is challenging."

Instead, many MNCs emphasized the indirect benefits of CSR in terms of improving stakeholder relationships, especially those with employees, customers and government, which

may translate into intangible economic benefits. Four MNCs (viz. MNCs 1, 2, 3, 7) admitted that the greatest benefit from CSR engagement was enhancing employee loyalty and commitment. The manager from MNC 3 described "huge benefits" on the internal side out of CSR investments, "All employees want to work for an ethical employer. They want to have confidence in the people they work for. By doing good things we show our employees our values, so they believe they are working for the greater good. This is very important for employee loyalty and for their commitment to the company."

Another business benefit emphasized by four MNCs (viz. MNCs 2, 3, 4, 9) was improving government relations. As the CSR manager from MNC 2 shared, "Doing CSR helps our positioning in China. As a multinational company, we want to be part of China's future development direction."

Moreover, four MNCs (viz. MNCs 1, 2, 3, 11) saw branding effects from CSR programmes. "People didn't know about your brand. If you do CSR, more and more customers will know about your products." The senior manager from MNC 1 described an interesting "piggyback" branding effect of doing CSR together with partners, "What is more, if you get involved with CSR together with bigger companies and well-known brands, you may leverage the reputation of the collaborating companies, and you can grow bigger."

Context-Specific Social Value Creation. Many MNCs emphasized environmental scanning, continuous monitoring, and a long-term perspective as success factors for ensuring tangible social value creation. The experience of MNC 3's key CSR project on nutrition programmes for school children has sought to create value for the central government while benefitting school

children by focusing on an important public policy priority in current China: "You align with government initiatives. What we (an individual business organisation) can give away is really small as compared to what is needed out there. But once this becomes a national policy, the central government budget can cover the nutrition program and there is potential to reach thousands or millions of kids. Our ultimate goal is to elevate (the CSR programme) to the national level and to potentially make it part of national policy."

Moreover, MNC 2 focused on building an ecosystem for NGOs and influencing China's civil society development as part of their value creation, while MNC 8 focused on consistently improving the quality of hospitals and doctors for the Chinese community. As MNC 1's manager emphasizes, "We do not approach it like this—donate the money, get the project done and never care about it anymore. We keep on tracking how it is going and we send associates back to the school to show that we have continuous and sustainable follow-up for these CSR programmes and that we actually care. We want to create value for multiple stakeholders, over the long term, including children and their communities" (Senior Manager, MNC 1).

Furthermore, holding a long-term perspective was perceived as essential to the proper evaluation of social outcomes. The manager from MNC 11 elaborated on their principle, "We do not usually support short term (CSR) projects, and also we do not support programmes with limited impacts, such as those focused specifically on disadvantaged groups. We focus on the longer term and greater impact because it can leverage more resources, not just for our company, but also resources from the government, community, our suppliers, customers and as many stakeholders as possible". This also is exactly the logic of MNC 3. When explaining the company's investment in a vocational school in Beijing, the manager expressed that, "One key

consideration for such involvements is that you have to keep doing it year by year. You have to make sure it is long term and can really create an impact. It is all about consistency and continuity."

Although many of the MNCs did show concern for the social value created by their CSR programmes, almost none devised specific tools to measure these impacts. When asked about the exact outputs, these MNCs only reported very vague feedback collection from their CSR programmes, describing them as "having immense impacts" (Senior Manager, MNC 1) or "involving a lot of people" (Chief Representative, MNC 7). As the manager from MNC 1 commented, "We only get very general figures after we finish the programme. For example, the joint program with the Women's Development Foundation—Mother's New Venture Revolving Fund, we only get figures like: the total income for these women before and after the initiation of this program, and how many people have benefitted from it. It is 3,000 or 5,000 people, so basically the impacts are immense."

While the community was listed as one of the main beneficiaries for CSR activities, it is interesting to note that most MNCs see great challenges for outcome measurement regarding community engagement. The community affairs manager of MNC 11 doubted the effectiveness of existing CSR measurement, "Actually I don't think there are any useful tools to measure community projects. We participate in training from marketing and consulting companies about the so-called measurement tools, but we don't believe these to be effective. All people in our industry need to work more on this."

Discussion

Taken together, our findings paint a snapshot of the CSR understanding, processes and outcomes of MNCs known for their active CSR engagement in China. Summarizing these case findings, there are a number of interesting theoretical and empirical issues that deserve further discussion. We synthesize our findings according to the theoretical framework in Figure 4, and critically discuss whether and how MNCs strategize CSR in the emerging market of China.

In terms of prevailing orientations of MNCs to CSR in emerging countries (Column 1, Figure 4), our findings suggest the prevalence of a well-rounded conception of CSR among the sampled MNCs and a consistent appreciation of the strategic implications of CSR (as shown in Table 3 above). Generally our findings confirm a preference for a strategic CSR orientation among these large conglomerate companies and their subsidiaries, coupled with more sensitized attention to economic value creation for the firm as a primary benefit or outcome of CSR engagement. However, there were also altruistic and sustainable development conceptions that were less frequently and predominantly expressed across the sample. Therefore, it can be inferred from the above that, while a mix of conceptions of CSR seem salient among MNC subsidiaries in China, there is an increasing appreciation of the strategic conception or orientation, particularly given the reconciliation and attention to both economic and social dimensions in the context of strategic CSR.

This comes across clearly through our findings and is somewhat different than what is reported in previous literature (e.g., Fox, 2004; Palazzo and Scherer, 2008) in relation to the orientations of MNCs to CSR in emerging countries. For instance, a study of the philanthropy of large UK MNCs in the developing countries suggests a preoccupation with risk management and reputational gains (Brammer et al., 2008). Another study of MNC subsidiaries' CSR approaches

in Lebanon (Jamali, 2010) echoes limited appreciation of the embeddedness in local networks of stakeholders, with the legitimization activities still oriented toward primary home country stakeholders and detached from local needs and demands. This approach to CSR that is sensitized to aspects of both economic and social value creation among MNCs also contrasts sharply with the predominant philanthropic orientations reported in emerging countries, and particularly the approaches of local companies that are mostly rooted in altruistic conceptions (e.g., Jamali et al., 2009; Jamali and Sidani, 2012; Yin and Zhang, 2012). By focusing on strategic CSR variants, MNCs seem to be infusing CSR best practices in local markets, and modelling a different way to approach and enact CSR that may have long-term implications in terms of the evolution and metamorphosis of CSR in emerging markets.

In terms of a strategic CSR process (Column 2 in Figure 4), particularly strategic CSR positioning and planning as per Logsdon and Burke (1996), our findings reveal that MNCs deployed discretionary decision-making in the context of CSR and in tailoring to the realities of the Chinese context. There was a clear element of voluntarism; they also attempted to design CSR with a close fit to the firm's mission and objectives in some cases, thereby showcasing centrality. Most of the MNCs were proactive in terms of assessing economic, technological, social or political trends. They also proactively engaged government, customers, suppliers and NGOs into CSR program design, implementation and evaluation. Perhaps visibility and specificity were the least detected in our sample, in the sense that although MNCs emphasized instrumental benefits, they were not always successful in capturing or internalizing the benefits of CSR programmes rather than simply creating public goods shared by others in the industry, community or society at large (specificity).

Regarding the strategic CSR process as per stakeholder management (the lower part of Column 2 in Figure 4), the MNC subsidiaries in our sample seem well attuned to local needs and demands. Almost all of the MNCs interviewed highlighted how their CSR was inspired and guided by local institutional and market contingencies, as part of a process of adaptation to the needs and demands of local markets within a more sensitized context grounded CSR approach. This reflects the increasing appreciation among MNC subsidiaries of their embeddedness in the networks of local stakeholders, with an instrumental appreciation of their long-term relationship building and growth in the host emerging markets. Our findings confirm the proposition that when facing higher stakeholder demands and greater institutional differences in the emerging country, an MNC subsidiary is more likely to adapt its CSR practices to local realities to obtain legitimacy (Child and Tsai, 2005; Elg et al., 2014; Yang and Rivers, 2009).

Stakeholder identification and prioritization seem to be increasingly taking place in the host country, as revealed for example through the prioritization of the government and community stakeholders in the case of these MNCs operating in China. Although in the West the government is usually considered as a secondary stakeholder more or less independent of CSR development (Gond et al., 2011), in an emerging market such as China, it is considered as an important promoter and collaborator on CSR strategy design and implementation in the eyes of business organizations, MNCs included (Marquis and Qian, 2014; Zhao, 2012). Moreover, although the community is usually considered as a less important stakeholder for business-minded MNCs operating in emerging markets, it was frequently prioritized as a key stakeholder to engage, influence and collaborate with. This contrasts with previous research suggesting that MNCs are primarily guided by home country considerations and headquarter imperatives as they

design and enact their CSR strategies in emerging countries (e.g., Jamali, 2010; Newenham-Kahindi, 2011). This particular salience of local stakeholders and legitimacy concerns possibly relate to local market strategic significance, strength within the MNC network, and bottom-up competence and innovation. China has indeed become a strategically important hub for the majority of MNCs, and the sensitized attention to local stakeholder expectations and shared value creation detected in our findings hence come as no surprise.

Our findings moreover suggest that MNCs seem particularly keen on directing their strategies to address institutional voids in emerging countries through their partnerships with non-traditional stakeholders in the context of CSR (Brammer et al., 2012; Elg et al., 2014; Gond et al., 2011; Khanna and Palepu, 1997). Researchers have argued the importance for large companies and MNCs to minimize opportunistic behaviour and transaction costs in emerging markets by averting the abuse of existing institutional voids (Khanna, 2009). We argue that the existence of institutional voids does not translate into an institutional vacuum; instead, it is usually intertwined with rich institutional spheres that MNCs may exploit through the strategic use of CSR to address the uncertainties and ambiguities in the market, social and political environments, and converting potential competitive disadvantages into competitive advantages in emerging markets (Hahn and Gold, 2013; Karam and Jamali, 2013; London and Hart, 2004; Matten and Crane, 2005; Matten and Moon, 2008; Zhao et al., 2014).

In the context of CSR in China, where elements of responsible business are vaguely embedded in regulations and social norms (therefore constituting a significant institutional void for CSR development and diffusion) and lingering suspicions about the motives and impact of corporations acting in domains traditionally served by government and civil society

organizations (e.g., Yin and Zhang, 2012), MNCs find it crucial to maintain conversations with government officials and immerse themselves in the local context and adhere to the government's guidelines by playing the role of an insider, knowledge sharer, expertise provider and institutional entrepreneur. As illustrated by the case example 2, MNC2, facing the shortage of IT infrastructure and human capital in China, realized the importance of pushing the Chinese government to address the issue. Its adopted CSR strategy pertaining to investing in education and research initiatives to develop supporting infrastructure and industry capacity is thus rooted in the belief that an improved ecosystem will benefit the company's operations in the long term. Similarly, MNC8 put great emphasis on health education and research since its entry into the Chinese pharmaceutical market, positing infrastructure building as one of its key strategies. While it is clear that the host country governments have the primary responsibility in building capacity and addressing voids in order to improve regulatory and market environments, our findings suggest that the MNCs are often finding it necessary to take the initiative for institutional change in the context of CSR.

Our findings provide support to preliminary studies from other emerging markets, such as India and Russia (Elg et al., 2014; Zhao, 2012) that developing a network of relationships with non-business and non-traditional actors and having stakeholder support from socio-political constituencies and relationships can enable an MNC to innovate by developing a new value proposition for their customers, suppliers, and other stakeholders (Dahan et al., 2010; Jamali et al., 2015). For example, MNC7 is able to reinvent its supply chain and therefore reduce costs and risks through engaging three partners—one client, one supplier and one logistics provider—in co-creating sustainable value. Therefore, the strategic CSR orientation detected in our findings,

and the heightened alignment with the needs of local stakeholders, are dictated by contextual market realities, rather than by a pure interest in CSR and social value creation. In other words, we find that MNCs are using CSR as a vehicle or tool to promote market penetration, alleviate uncertainty, and reduce the costs of their market engagement in developing economies.

In terms of value creation (Column 3 in Figure 4) or outcomes of CSR activity in the emerging world, our findings suggest that the majority of the MNCs focused on firm-specific economic or instrumental outcomes; e.g., building reputation, garnering legitimacy or improving government relations. However, economic value creation was not conceived as mutually exclusive with social value creation (as also demonstrated above). In fact, as per Porter and Kramer (2006, 2011), the majority of MNCs in the sample identified benefits that fall in both categories, as in motivating and empowering employees, enhancing government relations, and nurturing an ecosystem of learning and education, all of which were perceived to benefit the business and the society over the long term. While some MNCs often struggled to identify areas of intersection and experienced difficulties in incorporating visibility and specificity principles into their CSR strategy design and implementation, many seem to have succeeded in moving beyond a zero sum game mentality to an appreciation of mutually reinforcing outcomes and value creation that entails both economic and social benefits. While the economic benefits were not monetary in the pure sense, they were admittedly perceived as proxies for economic value creation for the firm over the long term. This is consistent with the corporate shared value model suggested by Porter and Kramer (2011), although suggesting the increased recognition of the possibility of reconciling economic value creation and context specific social value creation for MNCs, particularly in the guise of a strategic CSR orientation with a longer time frame or

perspective.

This hybrid approach to value creation is also possible in view of the context-focused stakeholder management process identified above. When MNCs have developed a contextualized stakeholder identification process, they are more likely to combine firm-specific economic value creation with context-specific social value creation. This finding contrasts with prior studies such as Dowell, Hart and Yeung (2000) and Christmann (2004), which suggest that industry and customer pressure, leads to international homogenization or standardization of social and environmental policies and practices and thus creating a firm-specific global CSR or environmental strategy.

In terms of contextual contingencies identified at the bottom of our model, our findings suggest that a number of firm and contextual specificities such as size, resources, managerial discretion, legitimacy, and power dependency may influence the orientation, process and value creation of CSR. The prioritization of stakeholders for these MNCs is moderated by a combination of instrumental concerns and institutional legitimacy signals. When stakeholders present economic and relational motives for the MNCs, they are likely to receive due attention from MNCs. For example, given the power of the Chinese government and guided by a strategic conception of CSR, our case companies almost unanimously recognized the government as a key stakeholder and sought to nurture business-political ties to overcome the liability of foreignness (Bhanji and Oxley, 2013; Zaheer, 1995). However, the host government was not perceived as the only source of external legitimacy. The majority of the MNCs in question equally realized that when discretionary corporate community initiatives are aligned with the needs of relevant and salient stakeholders, MNCs stand to benefit through the facilitation of their work, through

increased legitimation, through new ideas for innovation, all of which serve the needs of the business in the context of a broader and inclusive social value creation proposition.

In terms of theoretical implications, our paper makes clear that the CSR literature has advanced in a significant way over the past decade, with various competing streams to account for firm CSR orientations. However, the need for further consolidation is flagrantly apparent. The various streams on offer seem to provide partial and incomplete explanations to different facets of CSR engagement along different parts of the CSR lifecycle. Our model provides an important first step at integration and consolidation of variant streams that fall under the overall umbrella of strategic CSR. In light of the findings presented above, our model provides an important contribution to the literature, particularly the international CSR and strategic CSR literature and can be useful for future research on CSR in emerging countries. This is all the more important given the grounding of the model in the strategic CSR literature, and the increased sensitization to strategic CSR among large firms operating in emerging markets. Our model also fleshes out the dynamics of the strategic CSR process in relation to strategic CSR planning and stakeholder management. Our model is further sensitized to variant dimensions of value creation through CSR activity in emerging countries, including pure economic value creation, or social value creation or a hybrid approach combining the two. Our model finally directs attention to important contextual contingencies when analysing the conceptions and approaches of MNCs to CSR in emerging markets.

In terms of practical implications, our findings suggest that CSR practitioners in emerging countries should ground themselves in an understanding of the local market and local realities and try to gain an understanding of the priorities of local stakeholders, including

national CSR policy priorities set out by the government and community issues and interests proposed by local NGOs. Multinational companies would be wise to develop an appreciation of the institutional context in which CSR is initiated, and the ways in which institutional environments will influence the CSR orientation, positioning, and planning process. Our findings make clear that MNCs increasingly recognize the need to adopt a contextualized value creation approach that recognizes the reciprocal connections between business operations and social issues, and that what is required to succeed in today's environment is an engaged form of CSR grounded in the realities of the local context. An engaged form of CSR suggests that CSR needs to be carefully crafted and synchronized to the particular issues environment, such as the institutional void challenge and the global-local legitimacy gap, since there may be opportunities to use multiple influence strategies within a particular issues environment and to develop more informed and realistic approaches to the challenges to maintain the balance of shareholder and stakeholder value creation across geographic contexts.

This exploratory study needs to acknowledge a number of limitations. It assumes that MNCs active in CSR are largely more strategic and proactive in their CSR approaches. While this characterization does reflect the general patterns we obtained in the study, there is certainly the possibility that the sample selection was not fully representative of the entire MNC landscape in China. Moreover, this study did not accord full attention to contingent organizational factors that may impact strategic CSR orientations and processes, such as leadership dynamics, and organizational structure. It is therefore important to include a more systematic assessment of the internal and external environment relevant to MNCs' CSR involvement in future studies through more in-depth single case studies and/or large-sample empirical studies. In sum, the case findings

based on the integrative framework presented in this study will need to be replicated and validated in other country contexts, particularly other developing and emerging country contexts. We believe the generalization of the framework and empirical validation of these exploratory findings will provide important insights into the CSR and strategy studies of MNCs across borders.

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Table 1 Conceptual Framework of an NRBV

Strategic capability	Environmental force	driving	Key Resource	Competitive advantage
Pollution prevention	Minimizes emissions, effluents and waste		Continuous improvement	Lower costs
Product stewardship	Minimizes life-cycle cost of products		Stakeholder integration	Pre-empt competitors
Sustainable development	Minimize environmental burden of firm growth and development		Shared vision	Future positions

(Source: Adapted from Hart, 1995)

Table 2 Case Sample

Company code	Business details	Position of manager interviewed	Years of operation in China	Number of employees
MNC1	An American multinational retail corporation that runs chains of large discount department stores and warehouse stores	Senior PR Manager	Since 1996	Over 100,000
MNC2	An American multinational corporation that offers data storage, information security, virtualization and cloud computing products and services that enable businesses to store, manage, protect and analyze massive volumes of data	CSR Manager, Dept. of Corporate Citizenship & Government Affairs	Since 1996	Not available
MNC3	The worlds' second-largest professional services network by revenue, providing audit, tax, consulting, enterprise risk and financial advisory services	Director, Brand & Communication	Since 1917	Over 13,500
MNC4	A Fortune 500 corporation that designs, manufactures, distributes and services engines and related technologies, including fuel systems, controls, air handling, filtration, emission control and electrical power generation systems	CSR Manager	Since 1979	Over 8,000
MNC5	An upscale mid-priced brand of hotels, as well as one of the world's largest hotel chains	Area General Manager (Beijing)	Since 1984	1,051
MNC6	A chain of full service, upscale hotels catering to business travellers and to the meetings and conventions market	General Manager	Since 1984	1,051
MNC7	The largest chemical company in the world, headquartered in Germany	Chief Representative	Since 1982	Over 6,000
MNC8	A pharmaceutical company headquartered in Belgium with the aim of conducting pharmacological research	Deputy General Manager	Since 1985	Over 3,000
MNC9	The second-largest chemical manufacturer in the world by revenue, manufacturing plastics, chemicals and agricultural products, with a presence in approximately 160 countries	Greater China Public Affairs Manager; Sustainability Leader of Greater China; Sustainability Leader of Asia Pacific Region	Since 1979	Over 3,500
MNC10	The biggest German car manufacturer and the second biggest car manufacturer in the world	Executive VP, Finance; Executive VP, Corporate Affairs & JV Relations	Since 1984	Over 20,000
MNC11	An American multinational beverage corporation and manufacturer, retailer and marketer of non-alcoholic beverage concentrates and syrups	Community Affairs Manager of Greater China	Since 1979	Over 48,000

Table 3 Strategic CSR Orientation

Cases	MNC1	MNC2	MNC3	MNC4	MNC5	MNC6	MNC7	MNC8	MNC9	MNC10	MNC11
Theme 1: Strategic/Instrumental Orientation	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CSR as precondition for survival	✓	✓	✓	✓			✓		✓		✓
CSR as managing stakeholder relationships	✓				✓	✓	✓		✓	✓	
CSR as part of business operation	✓			✓				✓	✓		✓
CSR as linked to branding					✓	✓					
Theme 2: Philanthropic/Altruistic Orientation		✓	✓	✓		✓	✓	✓			
Give back to society/community		✓	✓	✓		✓					
CSR as an end not a means		✓	✓				✓				
Ethical business conduct/culture		✓				✓		✓			
Theme 3: Sustainable Development Orientation		✓	✓						✓		✓
Sustainability as integral to CSR		✓	✓						✓		✓

Table 4 Major CSR Themes and Activities

Company	CSR themes vis-à-vis different stakeholders	Examples
MNC1	—Food safety and health —Capability building	—Nutrition and Health project, food safety lab, engage customer and community representatives in food processing workshops, offer food safety lectures —Supplier education on CSR, engage suppliers in joint CSR programmes
MNC2	—Donation —IT education —Reserve cultural and non-material heritage —Green supply chain	—Donation to Digital Beijing office to support information infrastructure —Academy Alliance to provide teacher training and curriculum updates on IT technology —Information heritage program: Support digital reservation of cultural heritage —Monitor environmental impacts along the supply chain
MNC3	—Education —Poverty alleviation	—Sponsor vocational schools and engage employees in school volunteering —Work with China Development Foundation to run nutrition programmes for rural boarding schools
MNC4	—Education —Environmentalism	—Establish educational foundations, sponsor library projects, build ecological schools, encourage employee volunteering in vocational schools —Green workplace, green community programmes, environmental education
MNC5	—Environmentalism	—Green Engagement Plan: engage customers into CSR programmes; set up Green Champion in each department to review environmental progress; link environmental performance with employee and group KPIs; hold monthly green meetings
MNC6	—Care for disadvantaged groups (children and seniors) —Employee care, training and development	—Build and support schools for children of migrant workers; create CSR awareness in children; encourages employees to serve senior people who are living alone —Employee online learning system, employee welfare collective fund
MNC7	—Sustainable supply chain	—"1+3" program: initiating CSR teams with one large company leading three SMEs (usually a customer, a supplier and a service provider/logistic partner) to help establish more responsible and sustainable production along the supply chain
MNC8	—Health education	—Mental health education (educate doctors, nurses, patients and their families, and the public); Support for China Marrow Development Programme; Project Hope
MNC9	—Capacity building —Education	—Help local governments and suppliers grow —Contribution to Project Hope, Science Museum, schools for children of migrant workers
MNC10	—Safe driving —Environmentalism	—Provide road safety education to customers and the public, offer free DVD samples on safe driving to customers —Green factory, monitor emissions, lead research on "Automotives and Society", organizing sustainable development forums
MNC11	—Rural education	—Donation to Project Hope, sponsor building schools and encourage employee volunteering

Table 5 MNCs' Definition of Primary Stakeholder Responsibilities

Stakeholder	Key responsibilities	No. of firms (% total)
Shareholders	Financial returns	10 (91)
	Information disclosure and transparency	7 (64)
	Sustainable growth	4 (36)
	Legal compliance	2 (18)
Employees	Competitive wages and welfare	9 (82)
	Employee engagement in CSR programmes	9 (82)
	Training and career development	8 (73)
Government	Public-private partnership/collaboration	7 (64)
	Government capacity building	5 (45)
	Alignment with government initiatives and concerns	5 (45)
	Legal compliance	4 (36)
	Tax payment	2 (18)
Community	Investment in community education	10 (91)
	Cross-sector collaboration	7 (64)
	Community engagement and dialogue	5 (45)
Customers	Product quality and service excellence	8 (73)
	Customer engagement in CSR programmes and CSR education	8 (73)
	Meeting customer expectations	2 (18)
Suppliers	Win-win partnerships	7 (64)
	Inclusion of social and environmental criteria in supplier selection	6 (55)
Environment	Green workplace/factory	9 (82)
	Environmental policies and management	5 (45)
	Environmental education	4 (36)

Figure 1 Strategic CSR Model

(Source: Adapted from Burke and Lodgson, 1996)

Figure 2 A Convergence Between Social and Business Interests

(Source: Porter and Kramer, 2002)

Figure 3 A Strategic Approach to Corporate Investments in Society

(Source: Porter and Kramer, 2006)

Figure 4 An Integrative Model for Analysing Strategic CSR

Appendix: Semi-structured Interview Outline

1. What is your company's understanding of the concept of CSR? How do you define it? What are the basic elements your company believe important to CSR?
2. What are the main stakeholders for your company? How does your company rank the importance of different stakeholders? What are the main responsibilities towards them for your company? What have you done to engage these stakeholders?
3. Can you give some examples of the major CSR programmes in your company? How did your company determine the issue to focus on? Why did your company select these programmes? If any, whom do you collaborate with on these programmes? Why do you collaborate and how do you collaborate with them?
4. How are CSR activities organized and managed within the company? Who makes the decision on CSR issues? How do you make the budget for CSR investments? How do you balance the requirements from global headquarters and local needs?
5. What are the impacts of the CSR investments for your company? Have you measured the business and social benefits of your CSR programmes? If yes, have you evaluated these by quantitative or qualitative methods?
6. During the processes of CSR planning and implementation, have you come across any obstacles, internally and externally?