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UNIVERSITY OF SOUTHAMPTON

FACULTY OF BUSINESS AND LAW

School of Arts, Law and Management

**Corporate Social Responsibility of Multinational Companies in
Pakistan**

By

Mohammad Sohail Yunis

Thesis for the degree of Doctor of Philosophy

July 2012

UNIVERSITY OF SOUTHAMPTON

ABSTRACT

FACULTY OF BUSINESS AND LAW
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Corporate Social Responsibility of Multinational Companies in Pakistan

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Despite the growing interest of scholars, research on Corporate Social Responsibility (CSR) and the role of the subsidiaries of foreign multinational companies (MNCs) in the context of developing countries is scant. This research identifies the relevant concerns and knowledge gap in the literature, particularly, the lack of understanding of the behaviour of the subsidiaries of MNCs' in the context of developing countries. To address this knowledge gap this research examines the CSR of the subsidiaries of foreign MNCs in the context of a developing country (i.e. Pakistan).

This research is embedded in an interpretive paradigm in which reality is subjective and social actors construct the social world. In addition, a framework is proposed that recognises the complexity of the social context within which MNCs operate, and the study presents a synthesis of interrelated theories and concepts to examine the CSR of MNCs in the context of Pakistan. Using the interpretive qualitative case study approach, empirical data were collected from different stakeholders of subsidiaries of foreign MNCs operating in Pakistan through semi-structured interviews and supplemented by annual CSR reports of MNCs.

The findings highlight the usefulness of the framework and reveal that most of the MNCs operating in Pakistan are involved in philanthropic activities. These philanthropic CSR activities are the result of stakeholder legitimacy and urgency attributes. In addition, the weak legal institutional environment, the limited role of NGOs and the relatively strong social and cultural (particularly religious) institutional environment result in narrow CSR perceptions leading to mainly charity-based philanthropic activities. The findings of this research also suggest that MNCs integrate a global CSR orientation with local CSR expectations. There is however, only limited diffusion of a contemporary global CSR agenda due to the lack of systematic stakeholder engagement, lack of awareness about contemporary CSR issues, a lack of government power to implement laws, and a lack of interest of the parent companies and non-governmental organisations (NGOs).

This research fills the gaps in literature through the proposed framework of the study and empirical evidence collected from a developing country context. In addition, this research suggests future research options and offers suggestions for managers of MNCs, representatives of NGOs and regulatory authorities.

DEDICATION

This thesis is dedicated to:

God

Who provided me capacity, capability and strength to complete this thesis.

My Mother

To whom I owe my life and love. I cannot forget her unconditional love and prayers ever

My Father

Who inspired, encouraged and supported me at every step of my life.

&

To my brothers, sister and all friends

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DECLARATION OF AUTHORSHIP

I, Mohammad Sohail Yunis declare that the thesis entitled '*Corporate Social Responsibility of Multinational Companies in Pakistan*' and the work presented in the thesis are both my own, and have been generated by me as the result of my own original research. I confirm that:

- this work was done wholly or mainly while in candidature for a research degree at this University;
 - where any part of this thesis has previously been submitted for a degree or any other qualification at this University or any other institution, this has been clearly stated;
 - where I have consulted the published work of others, this is always clearly attributed;
 - where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work;
 - I have acknowledged all main sources of help;
 - where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself;
 - parts of this work have been published as
-
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Signed: Mohammad Sohail Yunis
July 2012

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'Those who danced were thought to be quite insane by those who could not hear the music'. (Angela Monet)

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1 INTRODUCTION: AN OVERVIEW OF THE THESIS

'All of us- the private sector, civil society, labour unions, NGOs, universities, foundations, and individuals- must come together in an alliance for progress. Together, we can and must move from value to values, from shareholders to stakeholders, and from balance sheets to balanced development. Together, we can and must face the dangers ahead and bring solutions within reach'. (Kofi Annan)

1.1 Introduction

This chapter presents an overview of this thesis. The main aim is to introduce the scope and purpose of the research, and to set the scene for subsequent chapters. The first section presents an introduction to the chapter. Section 1.2 provides a brief background to the study, drawing on personal motivation, academic need, and shedding light on implicit issues in this deeply contested field of corporate social responsibility. Section 1.3 presents the geographical and organisational context of this study. Section 1.4 introduces the research aim and research questions with theoretical framing. Section 1.5 provides a brief outline of the methodology. Section 1.6 presents the structure of the thesis, followed by the conclusion of the chapter (Section 1.7).

1.2 Setting the Scene: Background to the Study

Over the last few decades there has been a growing global interest in the role of business in society. This relationship that business has with society can be summed up within a broad construct termed 'corporate social responsibility' (CSR)¹ (Blowfield and Frynas, 2005 p.500). Academia, media, community and business practitioners in Western developed countries are engaged in an extensive debate about the construct of CSR. This debate about CSR has established (at least theoretically) a consensus that business should be more responsible and proactive in addressing social issues that emerge in society.

¹ This chapter does not intend to offer the reader definition(s) of CSR at this stage. Ongoing detailed definitional debates in the CSR discourse are presented in chapter two, sections 2.1.

Despite the prominence of the CSR agenda in the developed world, there is little research on CSR and its practices in a non-western context (Jamali and Sidani, 2011, Muthuri and Gilbert, 2011). There are some exceptions in developing countries (such as Lebanon, Brazil and India)², where CSR literature has been expanded. However, the empirical studies on the role of business and society in most of the developing countries are limited or, at best, underdeveloped (Jamali, 2010, Muller, 2006). To address this knowledge gap, this work is concerned with a critical examination of the relationship between business and society in a developing-country context. This is conducted through a particular focus on the CSR of subsidiaries of foreign multinational companies (MNCs) operating in Pakistan. The selection of this topic for this doctoral research was not an idea conceived overnight. In fact, over the years some events that I observed as a business student had ignited a curiosity to understand this phenomenon in detail.

In 2000, I was required to do an internship as part of my MBA degree in subsidiary of a foreign MNC operating in Pakistan. On the first day, all internees attended a welcome meeting with the company's country marketing manager. He boasted about the company's endeavours in community development, education, health etc. This meeting bewildered me and I asked myself: 'Is this a 'good company' due to their community work? Or should I look at it as a 'bad company' because they manufacture cigarettes, which are a controversial product and considered a serious health hazard to smokers? In addition, after 9/11, when the North Atlantic Treaty Organisation (NATO) and the United States (US) forces attacked Iraq and Afghanistan, there was an enormous propaganda and consumer boycott against the western-based MNCs in Pakistan. However, on 8th October 2005 an earthquake hit the northern area of Pakistan and thousands were killed, injured and displaced. I had an opportunity to

² More details in chapter 2 section 2.5.1.

visit affected areas. I observed the active participation of the business community, particularly large foreign MNCs that had been subject to boycotts only a few years earlier. These positive contributions of businesses (including foreign MNCs) were acknowledged and appreciated by local communities and in both electronic and print media. In 2007, when I was reflecting on my prospective research topic, I heard a news bulletin on one of the local television channels about how a boiler had exploded in a factory and four labourers were killed. The accident happened due to the poor health and safety standards of the factory. The company tried to bribe the family of those affected so that they would not go to court or to the media. The above observations and events clearly represent competing interest of local stakeholders towards foreign MNCs operating in Pakistan. Indeed, these competing expectations of stakeholders make subsidiaries of foreign MNCs business complex in the host country³ context. In addition, it was observed that different MNCs at different times have also been involved in both socially acceptable and unacceptable ways. Therefore, as a business student, above events instigated my personal and scholarly interest in CSR.

Later, when I consulted the literature, it was clearly evident that the notion of CSR is now a 'global concept' and an important feature of international business (Carroll, 2004). Particularly, MNCs have expanded their operations globally due to reduced entry barriers into new markets, rich natural resources, availability of cheap labour in other regions, fast and cheaper transportation and technological advances in communication (Broadhurst, 2000). Indeed, MNCs are considered as key agents in promoting the CSR agenda but this process of globalisation has also raised concerns about the operations of MNCs. The expansion of international business has also been marked by a noticeable decline in the social and economic

³ Often MNCs belongs to western developed countries (also known as "home country" of MNCs) and their subsidiaries have operations across the countries ("host country" of MNCs)

circumstances of the communities affected and by a worsening global environment (Aguilera-Caracuel et al., 2012, Witherell, 2002).

In developed countries MNCs are commonly (arguably) known for their best CSR practices. In the context of the developed world, the notion of CSR is based on the viewpoint that businesses are an important part of society and have the potential to make a positive contribution to societal goals and expectations. Often positive contributions of business in the developed world are a result of an effective regulatory system, pressure from non-governmental organisations (NGOs) and activist groups and of a vigilant media (Twose and Rao, 2003).

In developing countries, the CSR activities of MNCs are predominately philanthropic in nature (Jamali, 2010, Muthuri and Gilbert, 2011). However, with their enormous resources, MNCs are often expected to assume greater responsibility for helping to address social and economic issues. An active and effective involvement of businesses is very important to alleviate poverty and achieve sustainable development in the context of developing countries. MNCs, through CSR, have the potential to contribute to sustainable development in developing countries and can help to solve complex social challenges. It is now a popular argument that MNCs need to reinvest their earnings in the development of deprived segments of society in developing countries. These contributions from MNCs can lead to better medical facilities, improved education, and sustainable entrepreneurial and environmental programmes, which will add to societal uplift (see, for example Ite, 2005, Jamali and Sidani, 2011).

In the face of such positive overview of CSR advancement, criticism and scepticism nonetheless remain relevant. Drafting a CSR agenda in developing countries is a challenging task in itself. Social inequalities, political instability, extreme poverty, devastating health epidemics and omnipresent corruption are just a few examples of the problems that

construct the reality of the developing world⁴. In addition, when MNCs function in developing countries they are accused of illegal practices, using child labour, corruption, discriminatory behaviour, encroachments on human rights and posing environmental and social threats to society (Lindgreen et al., 2009). Due to these constraints, the CSR agenda becomes more challenging and is often perceived as difficult to implement in developing countries. MNCs have also started responding to these complexities in developing countries. Recently, they have increasingly been trying to enhance their visibility by becoming active and effective local players in their host developing countries. MNCs had also recognised the need to gain the acceptance of the communities and support of the governments in the developing countries. Moreover, the need to gain public recognition is compelling MNCs to accept a broader set of social responsibilities towards society at large (Scherer et al., 2006).

As a consequence of the issues outlined above, it can be argued that the expanded operations of MNCs and their social, economic and environmental impact (in both developed and developing countries) expose them to increasing public scrutiny. Despite the fact that national borders have faded away due to globalisation, and that MNCs operate in both the developed and developing worlds, there is a significant difference between developed and developing world institutional environments. Even within the developing world, country-specific environments continue to have their own cultural norms and standards for responsible/irresponsible business action. Pakistan offers a typical context of a developing country. Examination of CSR becomes very relevant in Pakistan due to the unique social, economic and political context. Lack of infrastructure, energy crises, poor availability of drinking water, a low literacy rate, terrorism, corruption and a fragile economic situation are some of the common problems in Pakistan⁵.

⁴ See chapter 2 (section 2. 5) for further discussion on institutional context and realities of developing countries

⁵ Details on these issues are discussed in section 1.4

Under these conditions the welfare role of government naturally shrinks and society expects other institutions to solve these problems. Businesses (including of foreign MNCs subsidiaries MNCs) are among the institutions in Pakistan that society expects to address social issues. Keeping this in mind, the role of MNCs becomes very interesting in the context of Pakistan. MNCs have a number of opportunities to work with society, solve the social and economic issues of the locals, and present a responsible role of business. In addition, MNCs are also subject to much closer scrutiny and criticism than ever before in Pakistan. The newly emerged local private electronic media, consumer rights groups and advocacy groups are creating a heightened sense of public awareness concerning business activities. On the other hand, an environment of weak legal institutions, institutional corruption and stakeholders unaware of their rights still allows companies to become involved in irresponsible business practices in Pakistan. A palpable sense of hostility towards corporate negligence also dominates the public sentiment in Pakistan. In addition, the tasks of MNCs become more complex because they face the unenviable task of simultaneously responding to the expectations of diverse stakeholders in their home environments and in the host country (i.e. Pakistan). Notably, CSR is a relatively new field for both academics and practitioners and unfortunately, CSR literature is limited in Pakistan. Additionally, it can be seen in Chapter Two that the existing limited literature in Pakistan has a focus only on selected industries (such as Textiles) and on limited issues (such as child labour). Hence, in Pakistan, the CSR of MNCs requires attention from researchers in order to investigate this phenomenon in depth. It would be interesting to know how MNCs and their stakeholders perceive the concept of CSR, what the institutional drivers of CSR are in Pakistan, how MNCs balance the international and local demands of their diverse stakeholders, and what the influence is of the international business orientation on the kind of CSR activities carried out in Pakistan.

1.3 Setting the Context

As was argued in the background to this study, the context of a country substantially influences the CSR activities of MNCs. Institutional characteristics of a developing country in particular are very different to those of the western developed world. Even within the group of developing countries, a particular country can have unique characteristics and institutional conditions that can consequently influence CSR practice. Therefore, first this section portrays a socio-political context of CSR in Pakistan. Later, this section sheds light on the characteristics of the organisation context under study (i.e. MNCs).

1.3.1 Country Context

The geographical context of this research is Pakistan. The emergence of Pakistan as an independent state was based on an ideological foundation. Muslims in United British India had reservations that the Hindu majority would dominate and as a result Muslims would lose their own identity after the end of the British rule. For centuries, Hindus and Muslims lived together but had visible differences. The main concern of the Muslims was the rigid Hindu caste system. In the Hindu-dominated society, the social status of human beings was based on an accident of birth and this is totally different for Muslims. Hindus and Muslims differed in fundamental religious beliefs, one being polytheistic and the other monotheistic. Even the heroes of one community were the foes of the other. These fundamental differences persuaded the Muslims of the Indian subcontinent to setup a separate independent state where they could lead a life according to their own ideology. On 14th August 1947 United British India divided into two independent countries, the Islamic Republic of Pakistan and the Republic of India (Burki, 1999).

a) Population

Pakistan is the sixth most populous country in the world, with a population of 175.3 million (NIPS, 2010). The population growth rate of

Pakistan was 3.66% in 1961-1998 and in 2010 it was 2.05%. With a 2.05% population growth rate, it is expected that by 2050 Pakistan may become the fourth largest nation on earth. Due to the current population growth rate and the low rate of development, 62 million people are living below the poverty line. It is necessary to mention that unfortunately only 21.4% of the total population has access to clean drinking water (ECP, 2011)⁶. Investment in human capital formation is one of the indicators of welfare states. In Pakistan, public spending on education has always been very low as compared with other developing countries. Pakistan spends only 1.25% of its Gross Domestic Product (GDP) on education, while Bangladesh spends 2.4% on education. Similarly, the budget allocation for health is also meagre, i.e. below 1% of GDP. These figures show that neither health nor education has ever been the priority of the government of Pakistan. On the other hand, Pakistan has always allocated a very high percentage, i.e. 4.4% of GDP, to defence, which is also the highest in the region (ECP, 2011).

b) Economy

The GDP of Pakistan was worth 211.09 billion US dollars in 2010-11, with a 3.7% growth rate. From 2004 to 2007 the GDP growth rate was 5-8%. However, due to a number of factors including global economic crises, political instability (2008 elections and the killing of the former Prime Minister), the internal security situation (War on Terror), power shortage and natural disaster (floods and earthquakes), there was subsequently a slowdown in economic growth. Pakistan is an underdeveloped, agro-based economy. In 2009-10, the agriculture sector contributed 21.8% of GDP and provided employment for 45% of the labour force. The manufacturing sector contributed 18.5% of the country's GDP, and 13% of total employment (ECP, 2011). Pakistan has taken major steps in the past to encourage foreign investment,

⁶ Every year the Ministry of Finance, Government of Pakistan, presents a detailed Economic Survey of Pakistan. The economic survey can be accessed on the Ministry website http://www.finance.gov.pk/survey_0910.html)

particularly in the manufacturing sector, such as allowing 100% foreign equity and imposing only 5% customs duty on the importation of plant, machinery and other equipment. The government of Pakistan has given an initial Depreciation Allowance (IDA) equal to 50% to foreign investors. This can be considered a form of tax relief. In addition, the government has not imposed any restriction on royalties and technical fees for establishing a factory in Pakistan, (except for industries such as arms and ammunition, currency and radioactive substances). In 2005-2006 an increase of 238% in foreign direct investment (FDI) was observed, which was evidence of the liberal policies and investment-friendly environment of Pakistan. The World Bank Report 2006 also ranked Pakistan as 47th for ease of doing business, but due to the previously mentioned unstable political situation and security issues in Pakistan, this position could not be maintained for long. The flow of FDI into the country has dried up in the last five years due to the unstable conditions of peace and security. FDI was 3042.1 million US dollars during July-March 2008-09, but there was a marked decline of 8% in FDI in 2010, as compared to the previous few years (ECP, 2011).

C) Society and Culture

Pakistan is a land of diverse cultures. It has four provinces - Punjab, Sindh, Baluchistan and Khyber Pakhtoon Khwa (KPK).⁷ Each of these provinces has its own variations in culture, and a variety of languages. In addition, the overall culture of Pakistan is dominated by an Islamic Ideology, as more than 97% of the population are Muslims of the Sunni and Shia sects. People in Pakistan are greatly influenced by a folk system inspired by Sufism and Buddhism. Therefore, despite Islam being the majority religion, the nation is tolerant of different ethnic minorities/religions (Cohen, 2004). In traditional Pakistani culture, families adopt a traditional family system, while in large cities people are more inclined towards a liberal value system. The tribal areas (near

⁷ Previously known as the North West Frontier Province (N.W.F.P), after the 18th amendment to the constitution, the province name was change to Khyber Pakhtoon Khwa

the Afghan border) are still practicing conservative, old tribal rules and are proud of these (Qadeer, 2006).

d) Key CSR-related issues in Pakistan

Like other developing countries Pakistan faces social issues and institutional problems that are unique from the case in developed countries and need different foci of attention from CSR scholars and practitioners. Like other developing countries, extreme poverty, political instability, devastating health epidemics and omnipresent corruption are just a few examples of the constraints that construct the reality of the Pakistan. The following section briefly discusses these issues.

Poverty: As in other developing countries, in Pakistan poverty is a serious and growing problem. In 2008, 17.2% of the total population was living below the poverty line (income below one dollar per day). From a historical perspective, in the 1970s and 1980s there was a decline in the poverty trend. However, in 1991 the level of poverty was 22% and this increased to 35% in 1999. Perhaps poor governance and corruption were the main reasons for this rapid increase in poverty (ECP, 2011).

According to a report from the Asian Development Bank (ADB, 2002), the 'poverty characteristics in Pakistan include high levels of income and asset poverty, economic and social vulnerability, gender disparity, and low levels of human capital development' (p. 9). The same report estimated 53% poverty in the rural Sindh province, compared with 24% and 29% in the provinces of KPK and Punjab respectively. The report (ADB, 2002) holds the government of Pakistan accountable for the increase in poverty because of a lack of uniform policies. The present government (Pakistan People's Party) has announced the Benazir Income Scheme and is distributing 2000/-RS per month (around 15 GBP) to poor families; this however is not enough to eradicate poverty, which needs effective planning from top to bottom of the Pakistan

social system, comprising elites, the middle class, the lower middle class and the poor (ECP, 2011).

Corruption: Corruption has drawn increasing criticism throughout the world, but Pakistan remains plagued by this social disease. The country stands at 145/149 on the Global Peace Index, while on the Corruption Perception Index 2009, published by Transparency International; Pakistan has a score of 2.4, which is the same as Bangladesh while India stands at 3.4. At present, the newly emerged private electronic media in Pakistan are unveiling corruption cases concerning organisations and awareness of this are growing. The media reports reveal elements of serious corruption in the private sector, judiciary and among politicians; hence major institutions have been eroded by corruption in Pakistan.

Unemployment: Pakistan, with an estimated 53.72 million labour force, is the 10th largest country in the world. However, with 5.5% unemployment, 2.93 million of the labour force is unemployed. In Pakistan, labour force participation is measured through the Crude Activity Rate (CAR) and the Refined Activity Rate (RAR) (ECP, 2011). CAR is defined as the rate of ‘... currently active population expressed as percentage of the total population in Pakistan’ and RAR is defined as the rate of ‘... currently active population expressed as a percentage of the population 10 years and above’ (ECP, 2011 p.13). In 2010, the CAR was 32.2% and in 2009-2010 the CAR was 32.98%, which is slightly higher than the previous year’s survey. It is notable that in Pakistan people are classified as engaging in economic activities irrespective of the fact that they are low-paid (underemployment). Thus, the unemployment rate in Pakistan does not reflect reality and remains a serious challenge (ECP, 2011).

Besides the above statistics, a vast number of children are employed despite the fact that the constitution of Pakistan (Articles 11, 35 and 37)

strictly prohibits child labour. In Pakistan children are forced to work because of poverty - the parents' income is not enough to support the family so children are forced to go to work at an age when they are supposed to be sent to school.

Environmental issues: Like other developing countries, Pakistan faces water and air pollution. The country is facing a problem from the masses and from industry, as they dispose of their waste in the rivers. Most industries are situated in urban areas and industrial waste not only pollutes rivers and lakes, but also contaminates drinking water. In addition, the disproportionate use of fertilisers and pesticides is also a cause of water pollution. The permissible amount of waste disposal is not complied with because the law and regulatory authorities do not keep a check on this. The emissions of fumes and smoke by heavy industry and transport are a major source of noise and air pollution (PEPA, 2005).

In recent decades, environmental issues have affected social and economic development in Pakistan. These issues are particularly accelerated by rapid urbanisation. As a result, all major cities in Pakistan are facing unplanned expansion resulting in pollution. In addition, environmental degradation is primarily associated with poverty. Combined with urbanisation and population increase, poverty imposes intense pressures on the environment (ECP, 2011).

Wars and insurgencies: Since the creation of the country, rather than a welfare state, Pakistan has emerged as a security state; in 60 years of history, Pakistan has fought four wars with India (in 1948, 1965, 1971 and 1998). So instead of socio-economic expenditure, the government spends huge amounts of its budget on defence.

In addition, after the 11th September 2001 attack on the US, Pakistan became a player on the world stage in the fight against terrorism.

Pakistan dropped its support for the Taliban regime in Afghanistan and became a front-line state in the fight against terrorism (BBC, 2011). Consequently, there are increased insurgencies and terrorist attacks in Pakistan. During the last three years, a total of 3,169 people have been killed and 6,540 injured in 2,488 terrorist attacks in Pakistan (Times of India, 2011). This has resulted in further social and economic problems. For instance, when the Pakistan Army started its operation in the Swat valley of the KPK province, the displacement of three million people impose a huge burden on the infrastructure of cities. In addition, terrorists targeted infrastructure and facilities such as schools, bridges and hospitals. Due to this security situation, the business environment was also affected. Local and foreign investors are reluctant to invest due to an uncertain and risky security situation. Between 2010-2011, local investors withdrew eight billion US dollars and foreign investors have withdrawn four billion US dollars from the economy (Ajj News, 2011). This existing insurgency and insecurity make the strategies and operations of MNCs (including CSR) more difficult and complex.

e) Key CSR-related Regulations

Rules and regulations play an important role in shaping the CSR practices of business⁸ in a country. Therefore it is important to understand existing CSR regulation in Pakistan. There are a number of measures taken by the regulatory agencies in Pakistan in relation to environment, labour rights, anti-corruption laws and promoting transparency in the business sector.

Article 11 of the 1973 Constitution of Pakistan prohibits all kinds of slavery, Article 25 provides equal work opportunities for all, Article 17 advocates freedom to employees of businesses to form unions and Article 37(e) requires just working conditions to be established irrespective of gender.

⁸ For a detail discussion on how regulatory institutions shape CSR see section 2.6.2

Organisations like the provincial Environmental Protection Agencies (EPAs) take action against pollution crimes, but political involvement does not allow free and fair tribunals. There are regulations which can put Pakistan on the track of development but, since the law enforcement and implementation agencies are not very powerful, these regulations are only in written form and their implementation is seen practically nowhere. Section 3, Subsection 4, of the Environmental Protection Act (EPA) 1997, urges two meetings of the Environmental Protection Council of Pakistan (EPCP) per year, but this has not occurred to date, with only one meeting held in the first decade following the Council's establishment, 1984-1993 (Naeem, 2007). However, recently the government has taken some steps to facilitate companies obtaining International Organization for Standardization (ISO) and Social Accountability (SA) certificates in order to encourage social responsibility towards the environment and people.

Similarly, in Pakistan the Security Exchange Commission Pakistan (SECP) deals with the regulation and supervision of the corporate sector. The SECP established the Code of Corporate Governance (CCG) in 2002 to promote good corporate governance practices (Waheed, 2005). Some of the codes encourage the corporate sector to participate in CSR activities, although they do not use the term 'CSR' explicitly. The SECP requires listed companies to circulate a Statement of Ethics and Business Practices, constituting a uniform code of conduct for businesses.

1.3.2 Organisational Context

The previous section provided a discussion on the contextual realities of the country under study. After understanding the characteristics of the country under study, this section focuses on the organisational context in which CSR would be examined in this thesis. In the

background of the study a brief discussion on the MNCs⁹, their importance, competing stakeholders' interests and complexities related to their operations has already been presented. Therefore, the organisations that are the focus of this research are subsidiaries of foreign multinational companies operating in Pakistan. In the literature there is no universal definition of an MNC. However, David E. Lilienthal, perhaps for the first time, in April 1960 used the term 'multinational' and defined MNCs as '...which have their home in one country, but which operate and live under laws and customs of other countries as well'. MNCs usually expand their operations and internationalised through 'acquisition, mergers, joint ventures...and franchise arrangements' (McDonnell et al., 2007 p.243). More recently, the Organisation for Economic Co-operation and Development (OECD, 2008 p.267) defined MNCs as follows:

'These [MNCs] usually comprise companies or other entities established in more than one country and so linked that they may co-ordinate their operations in various ways. While one or more of these entities may be able to exercise a significant influence over the activities of others, their degree of autonomy within the enterprise may vary widely from one multinational enterprise to another. Ownership may be private state or mixed.'

In the last few decades, companies have expanded their production base throughout the globe. Some principle drivers of this expansion include significant improvements in information technology, enhanced information management capacities and a new global governance system. Consequently, the number of MNCs grew rapidly. For instance, while there were only 7,000 MNCs in 1970, in 2009 there were an estimated 82,000 MNCs, with 810,000 subsidiaries, operating throughout the world (UNCTAD, 2009). However, the current global economic recession affected the expansion of MNCs worldwide (UNCTAD, 2009, UNCTAD, 2011). On the other hand, in developing countries, FDI has been rising since the mid-1980s, from an average of 20 billion US dollars annually to 300 billion US dollars by 2000. While

⁹ See chapter 2 section 2.4 for a more detailed discussion on MNCs in relation to CSR

the current economic crisis has changed the FDI landscape for developed countries, investments in developing economies have continued to increase (UNCTAD, 2009, UNCTAD, 2011). Cheap labour and low input costs have also encouraged MNCs to relocate parts of their production process to developing countries.

This thesis conceptualises MNCs in a broader way (McDonnell et al., 2007, Vernon and Wells, 1986, OECD, 2008), which suggests that every MNC has a parent company located in the home country, and must also have a subsidiary in a host country, and the parent company will control and manage the operations of a subsidiary in the host country.

1.4 Research Questions and Theoretical Framing

A deeper engagement with the literature highlighted the following issues¹⁰:

- CSR has become an increasingly important area of concern within all sectors of society.
- The concept of CSR is still confusing and needs a context-oriented understanding.
- Little is known about the subsidiaries of foreign MNCs in the host countries and this needs further in-depth investigation.
- The literature on the CSR of MNCs in the context of developing countries is limited.
- Stakeholder perspective on the role of the subsidiaries of foreign MNCs in the host countries is limited.

¹⁰Critical review and expanded discussion and more relevant literature gap on these issues in chapter 2

- Pakistan's unique local institutional conditions potentially provide an interesting platform for revealing the CSR of MNCs; however, the existing CSR literature in Pakistan is limited and often focuses on limited issues and sectors.
- MNCs operate in multiple and complex institutional contexts, and therefore multiple theoretical lenses are required in order to understand their behaviour.
- Stakeholder salience (power, legitimacy and urgency) is often considered as a managerial perspective and institutionalised views on stakeholder salience are ignored in CSR research.
- There is a relevance gap between researchers and practitioners, which has resulted in an increased call from many academics to focus on the 'real-life' CSR practice.

The above issues in the literature helped to develop the overall aim of this research, which is: *To understand the CSR of foreign MNCs in a developing country context (Pakistan).* To achieve this research aim the following relevant research questions (RQs) were developed in order to bring focus and richness to the exploration.

RQ-1: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) conceptualise the CSR of subsidiaries of foreign MNCs operating in Pakistan and why does this perception exist?

(CSR conceptualisation)

RQ-2: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the motivation for MNCs operating in Pakistan to be involved or otherwise in CSR activities and why does this perception exist?

(CSR institutional motivations and barriers)

RQ-3: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the strategic orientation of foreign subsidiaries of MNCs operating in Pakistan and why does this perception exist?

(CSR strategic orientation)

It is important to mention here that these three research questions will be explored and examined from the perspective of different stakeholders, including CSR managers and employees of MNCs, and representatives of regulatory authorities and of NGOs in Pakistan. Additionally, it is believed that two factors are crucial to answering the above research questions effectively.

- At the level of theory, it is required to develop a theoretical framework that connects the most solid and relevant literature.
- At the level of practice, it is essential for the researchers to disseminate the stories from respondents, which provide clear empirical evidence on research questions.

Therefore, in order to understand the above research questions theoretically and to effectively explain them empirically, this thesis used theoretical framework (detailed in chapter 2) from institutional and stakeholder theory. Both institutional and stakeholder theory are vast fields of enquiry in their own right so it is appropriate to examine the specific theoretical frames used here to provide analytical lenses and boundaries for this study. As we shall see in the course of this thesis, this research argues that CSR is related to the local regulatory, normative and cognitive context within which a business operates. Therefore, this thesis draws upon the work of Campbell (2006, 2007), Kostova and Roth (2002), Muthuri and Gilbert (2011) and Tan and Wang (2011) in order to emphasise the importance of the local institutional context. Another reason for locating this thesis with reference to institutional theory is that the CSR of MNCs becomes complex because they operate in differing contexts. Literature on institutional duality helps to examine the multiplicity of contexts of MNCs. In this regard, this thesis also capitalised on the work of Jamali and Neville (2011), Kostova et al., (2008) and Matten and Moon (2008) concerning the contention of institutional duality.

Similarly, together with institutional theory this thesis uses the work of Mitchell et al. (1997) on stakeholders' salience (power, legitimacy and urgency attributes) as a framework for explaining the research questions and empirical findings. Generally, the study of stakeholder salience theory has been largely adopted at micro level and often assesses managerial perspective at firm level. Therefore, the influence of institutional contexts appears to be under-represented. This thesis argues that stakeholder salience practices are also influenced by the institutional contexts in which they are embedded and enacted. Drawing upon the previously mentioned importance of the context and institutional theory, this research argues that the nature of corporation and stakeholder relationships depends on the institutions within which these operate. For instance, in developed countries the regulatory environment is well established and if any MNC violates rules and regulations, regulatory institutions effectively exercise their 'power' against such irresponsible behaviour. On the other hand, in developing countries, regulatory institutions are often relatively weak, rules and regulations are not well developed and sometimes the resources to implement CSR regulations are lacking. Therefore, regulatory institutions do not have enough 'power' to direct the responsible (or irresponsible) behaviour of MNCs. Rather, sometimes large MNCs are so strong and powerful that they can directly or indirectly influence government policies in their favour and can also easily escape any punishment for their irresponsible activities.

In addressing the research questions set out above, this thesis therefore has adopted an approach which it is hoped will make a useful contribution to theory by using multiple theoretical lenses and enhancing our knowledge of CSR among MNCs operating in a developing country (Pakistan).

To conduct and present this research, this thesis intends to carry out the following steps.

- Conduct and present a systematic review of the literature.
- Develop and present a theoretical framework that can help to answer and explain the research questions.
- Adopt and present a clear and appropriate methodological approach.
- Examine the empirical data regarding the research questions and present the implications of the study.

1.5 Outline of the Methodology

To answer the three research questions previously set, it is assumed that businesses are artifacts created by human activities. Therefore, organisational actions and activities can be interpreted on the basis of actions and activities performed by people (management and employees) on the organisation's behalf. In other words, this research is underpinned by an interpretive paradigm with a subjective view of reality (Chell, 2000). The interpretive paradigm is consistent with a theoretical framework based on institutional and stakeholder theory, where stable patterns of social action are labeled as 'institutions' and are constructed from repeated patterns of stable social meaning created by the interactions of relevant actors or 'stakeholders' (Burrell and Morgan, 1979). This research argues that identification of the existing social patterns and their implications can enhance our understanding of CSR as a distinct area of research, and of the institutions upon which our social world is structured.

Consistent with Andrade (2009), an interpretive qualitative research is suggested for this thesis. Further justification for adopting an interpretive qualitative case study is presented on the basis of the following rationales:

- No control over behaviour events of respondents.
- This research focuses on a contemporary issue in a real-life context.
- A theoretical framework guides and structures the research, data collection and analysis.
- Multiple perspectives and data sources were employed in this research.
- Units of analysis and units of observation were defined.

Consistent with an interpretive qualitative research approach, data were collected through semi-structured interviews with CSR managers of MNCs, MNC employees, and representatives of regulatory authorities and NGOs. Data collection was extended with the help of secondary documentary evidence (annual CSR reports of MNCs). For analysis purposes Miles and Huberman's (1994) guidelines for data reduction, data display and verification were capitalised in this research.

1.6 An Overview of the Structure of the Thesis

This thesis is structured into six chapters. The first chapter *Introduction: An Overview of the Thesis* briefly presents the main idea of this research, the research aim and the questions and the flow of the thesis. The second chapter presents a *Review of the Literature* and the theoretical framework. Within this chapter '*Construct of CSR– Emergence and Definitions*' presents the literature on the emergence of CSR, and CSR definitions. This chapter also undertakes a discussion on '*CSR and MNCs*', focusing on the contested nature of MNCs in the host countries and their strategic orientation. Further this

chapter reviews literature on ‘*CSR in Developing Countries*’ considering their unique institutional environment with special reference to Pakistan. The review chapter also presents ‘*Underpinning Theories, Research Questions and Theoretical Framework*’ in the light of the existing literature and proposes a framework for this study. Chapter three, Methodology and Methods includes the philosophical stance, research strategies, data collection methods and details of the analysis techniques. Chapter four presents the Empirical Evidence on the research questions. Chapter five contains a detailed discussion on empirical evidence in the light of underpinning theories and contemporary relevant literature. The last chapter, Conclusion of the Thesis highlights the contribution, implications, options for future research and methodological limitations of this study.

1.7 Chapter Conclusion

This chapter has laid the foundations of this thesis. This chapter set the background to this study and presented the personal and academic motivation for the study, as well as a rhetorical rehearsal of some of the questions implicit in the deeply contested field of CSR. The research questions were explicated, and the contextualisation of the thesis was stated, together with an outline of the methodology and provision of an overview of the thesis structure. The more detailed work on the literature review and setting the theoretical context for the thesis is addressed in chapter two. Therefore, the next chapter presents a critical evaluation of CSR, of CSR in relation to MNCs, and of CSR in developing countries. It also reviews stakeholder and institutional theory in relation to associated academic discourse and wider societal debate.

2 LITERATURE REVIEW

2.1 Introduction

This chapter presents a detailed, systematic and critical review of the literature related to the concepts, theoretical framework and research questions of this study. Due to the multidisciplinary nature of the topic, key insights have been taken from the literature referring to CSR, business and management, business ethics and international business. The main objective in this chapter is to provide an updated account of existing debate on CSR of MNCs in developing countries (with special reference to Pakistan) and to identify theoretical and empirical gaps in the literature. This helps to derive research questions and develop a theoretical framework of the study and consequently address the research gaps.

To get access to the relevant literature, online databases such as JStor, Wiley, InterScience, Elsevier and Google Scholar (search engine) were used. Searches for the relevant literature from online databases and search engines were undertaken using key words like 'Corporate Social Responsibility', 'Corporate Social Responsibility and Multinational Companies', 'CSR and developing countries', 'CSR in Pakistan', 'Stakeholder theory', 'Stakeholder theory and CSR', 'Stakeholder Salience', 'Stakeholder attributes', 'Institutional theory', 'Institutional conditions and CSR', and 'Institutional and stakeholder theory', among others. Research articles were included from a number of respectable academic journals including the *Journal of Business Ethics*, *The Academy of Management Review*, *Business and Society Review* and *Business Ethics: A European Review*, among others.

In order to keep the literature review focused and systematic, the critique of the literature offered in this chapter is influenced by research questions and theoretical framework. This thesis does not claim that every article, section and sub-section reviewed for this chapter has an

equal level of relevance to the research questions and theoretical framework; however, the majority of the literature reviewed has direct relevance to the research questions and framework of this study. For instance, section 2.2 provides a detailed review of the emergence of the CSR phenomenon from a historical perspective and identifies the key themes and contributions of different scholars over the years. Section 2.3 critically discusses the guiding definition for this research. The subsequent section (2.4) concentrates on the literature about CSR and the main organisational context of the thesis (i.e. MNCs). This section particularly highlights complexities related to CSR strategies of MNCs in the host countries' context. CSR strategies of MNCs become more complex when the host country is a developing country, because the institutional environment of the host developing countries is generally very different from the parent country environment. Therefore, section 2.5 focuses on the CSR literature related to developing countries, and Pakistan in particular. This section helps to understand the unique institutional context of developing countries and presents a picture of existing literature with specific reference to Pakistan (research context). Section 2.6 critically reviews the underpinning theories (stakeholder and institutional theory) of this research. Literature on stakeholders focuses on Mitchell et al.'s (1997) contributions of stakeholder attributes of power, legitimacy and urgency. A critique on their work (mainly managerial focus on stakeholder salience) directs the review to the present literature on institutional theory in relation to MNCs. Section 2.7 summarises the key concerns and gaps identified from the literature in a synthesised form. On the basis of the research gap and literature review, section 2.8 presents an integrated theoretical lens of stakeholder salience grounded in institutional logic and its relevance to the research questions. Section 2.9 briefly summarises this chapter.

2.2 Evolution of the CSR Concept

'...there is more to this debate around social responsibility than meets the eye.' (Jones, Parker and ten Bos, 2005)

The main aim of this section is to introduce the concept of CSR by focusing on the developmental history of CSR. In addition, this section helps to build a foundation (especially with references to RQ1) by reviewing CSR development over the time period, from different scholars' viewpoints and alternative theoretical perspectives.

The notion of CSR appears to be a relatively new concept, but the idea and practices that represent CSR can be traced back to Ancient Mesopotamia, Greek and Roman times¹¹. The developmental history of business obligation can also be linked with a religious perspective. Almost all religions¹² provide some basic principles and guidelines of business morality. For instance, the surfacing of charity and doing good work according to Christian principles was obvious during the industrial revolution in the light of a number of social problems that manifested due to the factory system in the west (late eighteenth and nineteenth centuries). Poverty and unemployment were the key social problems faced by society at that time and these social problems evoked debates on the appropriateness of business actions. Therefore, to address these problems, at the time of the industrial revolution in

¹¹ For instance, King Hammurabi of Ancient Mesopotamia developed a code of conduct for workers (including builders, innkeepers and farmers). At that time workers were put to death if their negligence caused harm to others, or major inconvenience to local communities. In other words, King Hammurabi forced workers to act socially responsible because those codes were their license to operate in the community (Asongu, 2007). In Ancient Greece, it was expected for the better off to help and contribute to the social wellbeing of less fortunate (Eberstadt, 1973). Similarly, Ancient Roman senators were not happy and complained regarding 'failure of businesses to contribute sufficient taxes to fund their military' (Asongu 2007, p.8-9). This suggests that senators at Ancient Roman expected from businessman to contribute to the military and that was the criterion of a good corporate citizen.

¹² For instance, ancient Hinduism text 'Vedic and Sutra' and Buddhism text 'Jatakas' address ethical dimensions of charging excessive interest. Similarly, two major religions in the world (i.e. Christianity and Islam) emphasise the importance of the charity and good work for society. For instance, in Islam, corporations are considered as groups of individuals responsible and answerable to God and their (organisational) resources should be used for social good (Dusuki, 2008). Similarly, the idea of CSR can be found in Christianity. The Bible explicitly condemns 'charging of interest', and emphasises the 'sharing of wealth'.

Western Europe the concept of corporate philanthropy emerged (see, for example, Asongu, 2007, Grint, 1998, MacLagan, 1998)

At the start of the twentieth century, large business organisations and business leaders started adhering to some conceptions of CSR. For example, the writings of Andrew Carnegie, the founder of US Steel, proposed that two principles (charity and stewardship principle) were necessary for capitalism to work¹³. He suggested that a business can use resources for any legitimate purpose; however, that business should expand society's wealth by reinvestment (Freeman and Liedtka, 1991). In 1917, the Ford Motor Company legal case in Michigan (US) courtroom can be considered an interesting example of the role of the business in society. Henry Ford defended his decision of profit reinvestment into plant expansion and reducing price. He argued that expansion would provide more employment to community and business could also earn money by serving society. His idea was rejected not only by companies' shareholders, but also by the Supreme Court of Michigan state (Windsor, 2001).

The concept of modern CSR terminology started to put down roots during the 1930s and 1950s. In the 1930s, Berle and Dodd¹⁴ presented one of the earliest academic attempts to understand the role of business in society. The crux of Berle's argument was that business managers are only responsible to shareholders. On the other hand, Dodd argued that business managers have a broader responsibility towards society (Cochran, 2007). In addition to the academic contribution of Berle and Dodd, the Great Depression of the 1930s also introduced business regulations 'exemplified by Roosevelt's New Deal in the US and the nationalizations and regulations of the post war

¹³ Principle of charity required rich people to help less fortunate members of society directly or indirectly. Second, the stewardship notion suggests that wealthy individuals and corporations are stewards or caretakers of society's resources.

¹⁴These two Columbian professors, Adolf A. Berle and Harvard professor E. Merrick Dodd presented an interesting series of articles featured in '*the Harvard Law Review*' on the managerial role.

Labour government in the United Kingdom (UK)' (Jenkins, 2005 p.526). Therefore, during the 1930s, most of the businessmen started establishing pension and unemployment funds, defined working hours and provided charity to communities. Later in 1953, a shareholder of Standard Oil raised objections against the company to the New Jersey Supreme Court for donating money to Princeton University. The lawsuit against Standard Oil was ruled in favour of the company. This court decision encouraged other companies in the US to get involved in corporate philanthropy (Heslin and Ochoa, 2008). Here, it is important to recall the previously mentioned Ford case in 1917 when the court ruled in favour of shareholders. These two examples clearly show that over this 35-year period (1917-1953), focus on the role of business in society started changing and the legal environment in the US was becoming favourable for the concept of CSR. This change was obvious in the literature as well.

Bowen formally introduced the term 'corporate social responsibility' in academic literature in 1953. He emphasised that business actions should be in line with social values. Bowen's work mainly focuses on managers' personal values and norms. He argues that managers are expected to perform business activities 'according to sanctioned rules of conduct' and emphasised that it is important that managers should follow those principle of morality, which are not covered by law (Bowen, 1953 p.13). Bowen, for the first time, introduced a broad perspective of social obligations that suggested business managers have an obligation to serve society with appropriate actions and policies. After publication of Bowen's work in 1953, CSR scholars in the subsequent years started focusing on the meaning of CSR (see, for example table 2.1 for definitions). Particularly, over the next two decades or so, the CSR concept progressed by means of an argument between those who supported broad social obligation and those who focused on a narrow profit maximisation.

Table 2-1 Key CSR definitions

Author(s)	Definitions	Focus
Bowen (1953)	'[CSR] refers to the obligations of business to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society' (p.6).	Broad societal perspective
Drucker (1954)	It (business) has to consider whether the action is likely to promote the public good, to advance the basic beliefs of our society, to contribute to its stability, strength, and harmony' (p. 388)	Broad societal perspective
Davis (1960)	'Businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest ...social responsibilities of businessmen need to be commensurate with their social power' (pp. 70-71).	Broad societal perspective
Frederick (1960)	Social responsibility in the final analysis implies a public posture towards society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms' (p.60).	Broad societal perspective
Friedman (1962)	'Few trends would so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as they possibly can' (p.133).	Narrow economic responsibility
Friedman (1970)	Main responsibility of a firm is 'to use its [firm] resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud' (p.125).	Narrow economic responsibility
Johnson (1971)	'A socially responsible firm is one whose managerial staff balances a multiplicity of interests. Instead of striving only for larger profit for its stockholders, a responsible enterprise also takes into account employees, suppliers, dealers, local communities, and the nations' (p. 50).	Stakeholder Perspective
Davis (1973)	'The firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm...[to] accomplish social benefits along with the traditional economic gains which the firm seeks' (p. 312).	Broad societal perspective
Sethi (1975)	'Implies bringing corporate behaviour up to a level where it is congruent with the prevailing social norms, values, and expectations of performance' (p.62).	Broad societal perspective
Carroll (1979)	'Encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time' (p. 500)	Corporate Social Performance
Jones (1980)	'The notion that corporations have an obligation to constituent groups in society other than stockholders and beyond that prescribed by law and union contract' (p. 59-60).	Stakeholder Perspective
Mosley et al.	'Corporate social responsibility refers to	Broad societal

(1997)	managements' obligation to set policies, make decisions and follow courses of action beyond the requirements of the law that are desirable in terms of the values and objectives of society' (p.141)	perspective
MacLagan (1998)	'May be viewed as a process in which managers take responsibility for identifying and accommodating the interests of those affected by the organization's actions' (p. 147).	Stakeholder Perspective
Bloom and Gundlach (2001)	'CSR is the obligation of the firm to its stakeholders – people and groups – who can affect or who are affected by corporate policies and practices. These obligations go beyond legal requirements and the company's duties to its shareholders. The fulfilment of these obligations is intended to minimize any harm and maximize the long run beneficial impact of the firm on society' (p.141).	Stakeholder Perspective
Whetten et al. (2002)	'Societal expectations of corporate behaviour; a behaviour that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business' (p. 374).	Stakeholder Perspective
Kotler and Lee (2008)	'Non-compulsory business practices and involvement of corporate resources to improve society welfare' (p.53).	Broad societal perspective
Muthuri and Gilbert (2011)	'The duty of the companies to the development of its stakeholders, and to the avoidance and correction of any negative consequences caused by business activities' (p.467).	Stakeholder Perspective

Source: Compiled by author

From the above table, it is clear that there was not much debate on the construct of CSR until¹⁵ 1960 after Bowen's publication. In 1960s, most of the CSR literature focused on defining the role of business in society or exploring the actual meaning of business responsibility and its importance in society. During this period there was a substantial formalisation of the CSR construct. For instance, scholars posited that managerial decisions and actions should be beyond economic interests and legal requirements and business should assume broad social

¹⁵ Only two notable contributions came from Peter Drucker and Theodore Levitt in 1950s. Peter Drucker in his book '*the Practice of Management*' (1954) introduced the concept of public responsibility as one of business objectives. In line with Bowen's view, Drucker (1954) emphasised on the broader social obligations of business managers. However, contrary to Bowen's argument Levitt (1958) informed business world about hazard of social responsibility. In the article entitled '*Is business bluffing ethical?*' Levitt feared that if businesses give attention to social welfare they could be distracted from vital economic goals. He argued that general welfare and social concern is responsibility of government and business should only focus on material welfare.

responsibilities and use its resources for social welfare (see, for example, Davis, 1960, Frederick, 1960, McGuire, 1963). Later, in 1967, Walton introduced the notion of 'voluntarism'. He suggested that organisational stakeholders have different expectations and organisation can meet these expectations through voluntary actions. In other words, business organisations cannot gain measurable economic return without including voluntary acts of social responsibility (Walton, 1967).

The contribution of the above scholars (Davis 1960, Frederick 1960, McGuire 1963, Walton 1967) in the 1960s upheld Bowen's idea that socially responsible actions of organisation can produce economic benefits. However, the debate on CSR became interesting when Friedman (1962) opposed Bowen's CSR perspective. He contended that the prevailing idea of CSR was 'fundamentally subversive', and reinforced Levitt's (1958) argument that business responsibility is to maximise profit (Friedman, 1962). He emphasised that CSR is not compatible with the capitalist economic system because CSR rejects the basic principle of profit.

In addition to academic contributions, social movements in 1960s' US were an important factor that changed public expectations. Civil rights, women's rights, consumer rights and environmental movements were instrumental in this. Consequently, pressure groups and civil activists started relating these social moments with business responsibility and eventually business had to address these concerns (Cochran, 2007). This era was a time of changing social expectations and consciousness, where societal concerns about racial discrimination, poverty, urbanisation, and pollution put pressures on businesses to review their social responsibility (Murphy, 1978). In a nutshell, it can be concluded that the CSR agenda predominately expanded by external factors in the 1950s and 1960s. In other words, academic interest in understanding the role of business in society and increased social

awareness driven by social movements expanded the CSR agenda. However, there was no substantial evidence that the CSR agenda expanded from within the business organisations during the 1950s and 1960s.

At the start of the 1970s scholars continued to debate the meaning of CSR. For instance, at the start of the decade, Friedman revisited his previous argument (presented in 1962) and integrated ethics with profitability (Friedman, 1970). He argued that social actions are only acceptable if they are compatible with business self-interest (profitability). Similarly, Wallich and McGowan (1970) also integrated social and economic interests of corporations and argued that most of the shareholders had investments in multiple companies to reduce financial risk. Therefore, shareholders were more interested in social optimisation of all companies rather than profit maximisation of a single company. Later in 1973, Davis expanded Wallich and McGowan's (1970) perspective and also incorporated the concept of external social institutions. He argued that business decisions and actions should not only bring economic gain for the firm, but also consider the interests of the external social system (Davis, 1973). In other words, Davis assumed that if the social system in which business operates is not favourable, business would lose its structural support and customer base. Therefore, it is important for a business to support the social system within which they operate. It is clear from the above discussion that in the early 1970s, a new rationale (i.e. self-interest model) drew the attention of scholars.

After the mid-1970s¹⁶, scholars and business leaders changed focus from '*what is responsibility*' to '*how business is responding to social expectations*'. Thus, emphasis was shifted from what are

¹⁶One of the prominent contributions of the 1970s, Carroll's work is discussed in detail in section 2.4.

'responsibilities' to 'actions' of the firms (see, for example, Sethi 1975, 1979 and Frederick, 1978). In 1978, Frederick presented a formal distinction between corporate social responsibility (CSR1) and corporate social responsiveness (CSR2). From his viewpoint, in CSR1 companies 'assume' a responsible posture and in CSR2 companies emphasise the 'literal or actual' responsible activities (Frederick, 1978). In other words, social responsiveness was perceived as a concept, which clearly emphasised CSR activities rather than defining what CSR is. It is important to note that scholars (see, for example, Frederick, 1986 and Sethi, 1975, 1979) argued that CSR1 is reactive in nature and often a result of social pressure. On the other hand, CSR2 is more anticipatory and proactive in nature. In CSR2 corporate culture is dominant and gives preference to social issues over economic issues (Frederick, 1978). Later, the concept of responsiveness received so much importance that even some scholars wanted to replace CSR with responsiveness (see, for example, Wartick and Cochran, 1985). In the late 1970s, an emphasis on the concept of social performance was emerged. Focus on the social performance was a scholarly attempt to reconcile the importance of CSR1 and CSR2 (Carroll and Shabana, 2010).

With academic work on CSR, in the 1970s, non-profit organisations (NGOs) also started taking a serious interest in CSR. For instance, a landmark development in CSR was in 1971, when The Committee of Economic Development (CED) in the US issued a report. The report insisted that business leaders were to help society and think about their responsibility beyond providing employment and payment of tax. The report outlined a three-tiered CSR model for business leaders. The first guideline suggested that business organisations are responsible for creating profit and growth. The second guideline proposed that, with economic interest, business should also be sensitive to social expectations. The last guideline suggested to businesses that their actions should improve overall social environment. Moreover, in the

1970s, due to the unfavourable economic situation in developed countries, large corporations from the west started investing in the developing countries of Latin America, Africa and South Asia. Cheap labour and raw materials were the main reasons to establish business in develop countries. Foreign investment in the developing countries increased efforts to regulate the activities of foreign investors from developed countries. As a result, in 1972, The International Chamber of Commerce launched Guidelines for International Investment. A large number of MNCs adopted these guidelines (Jenkins, 2005).

Compares to the 1960s and 1970s, relatively fewer new CSR definitions emerged in the 1980s. Most CSR work was based on empirical studies, extension of previous frameworks and emergence of some alternative¹⁷ themes of CSR. At this point this thesis does not intend to document details of empirical work conducted during this time period, as it would not be of any help to understanding the evolution of the CSR concept. However, in 1981, Tuzzolino and Armandi developed a model to examine CSR based on Carroll's (1979) definition of CSR and Maslow's (1954) hierarchy of needs model. Their model did not redefine the concept of CSR; rather, it suggested that like any individual, business organisations have needs. Similarly, Wartick and Cochran (1985) revisited Carroll's (1979) construct of CSP, and proposed three changes to the model. They suggested that Carroll's three dimensions of *responsibility*, *responsiveness* and *social dimensions* should be replaced with *principles*, *process* and *social issue management*. In addition other CSR variants such as corporate public policy and stakeholder theory also emerged in the 1980s. For instance, in the early 1980s, Preston and Post (1981) introduced the term 'public liability', to bring the CSR concept under the corporate

¹⁷Another significant contribution in the 1980s is Freeman's landmark book '*Strategic Management: A Stakeholder Approach*' (Freeman, 1984). A detailed discussion on his work is contained in section 2.6.1.

governance concept. Instead of social responsibility they focused on the term 'public responsibility'. They argued that businesses are not responsible for addressing and resolving social problems; rather they are answerable for the consequences of their actions.

During the last decade of the twentieth century, CSR literature continued to integrate themes developed in the 1970s and 1980s (such as corporate social performance and stakeholder theory business). This thesis does not intend to provide details of work carried out on these themes in the 1990s; however, it is important to highlight a few key academic contributions. For instance, Wood (1991) revisited the concept of CSP proposed by Carroll in 1979 and Wartick and Cochran in 1995 and suggested a three-level CSP model. In the first place Wood borrowed Carroll's principles of responsibilities (economic, legal, ethic and philanthropic) and argued that these principles exist at institutional, organisational and individual levels. Secondly, she replaced Carroll's responsiveness strategies (reactive, defensive, accommodative and proactive) with environmental assessment, stakeholder and issue management. Lastly, she borrowed Carroll's social issues and Wartick and Cochran's policies, and reorganised this category under the concept of outcomes of corporate behaviour. Later, different scholars believed that Wood's model was better constructed than previous work (Agle and Kelley, 2001, Jamali and Mirshak, 2007, Wood and Jones, 1995).

CSR has become almost a universally known concept and encouraged by all constituents of society including governments, NGOs, media, businesses and communities in recent times. International organisations (such as the United Nations and the World Bank) not only supported but also assertively established guidelines to promote the CSR agenda. In addition, technological advancement and globalisation enhanced pressure on businesses to foster CSR during the mid-90s, a decade when business interest in CSR was very

obvious. Almost 90% of Fortune 500 companies explicitly mentioned CSR in their annual reports (Lee, 2008). In the twenty first century, the focus of CSR shifted due to the operations of MNC¹⁸ in the global market (Windsor, 2001). Therefore, scholars (for example, see Baumann, 2007, Carroll, 2004, Frederick, 2013) believe that large MNCs must take responsibility to improve social environment conditions worldwide. Along with the development of MNCs, literature in the twenty first century started moving from a US-dominated discourse to a more global one. Particularly, recently scholars have started understanding and relating CSR in the context of developing countries.

For reader convenience the next page summarises the historical evolution of CSR concept in tabular form.

¹⁸ See a detailed discussion on CSR and MNCs in section 2.3 of this thesis.

Table 2-2 Summary of historical evolution of CSR concept

Time Period		Academic focus /examples	Non-academic focus /examples
CSR-related ideas and concepts before formal definition(s)	Ancient roots	N/A	Personal initiative of kings and senators in Ancient Mesopotamia, Greek and Roman times
	Religious roots	N/A	All major religions provide some basic moral principles and guidelines
	Industrial revolution-1950	Adam Smith's idea of capitalism with exchange of goods and services with mutual trust. Emergence of corporate philanthropy and stewardship concept at the start of the 20 th century. Start of academic debate on the role of business after 1930s recessions.	Industrial revolution in the west and acts of personal and corporate philanthropy of businessman No legal support to corporate philanthropy at the start of the 20 th century (lawsuit against Ford). Great recession in 1930s and legal reforms in the UK and the US. Emerging interest of large corporate executives in the role of business and society.
Emergences of formal definition(s)	1950s	Bowen (1953) introduced the term CSR and Peter Drucker (1954) focused on broader managerial responsibilities towards society. Levitt's (1958) argument against CSR.	Favourable legal support to corporate philanthropy in the US
	1960s	Extensive debate on focusing on what CSR really means.	Social movement in the US Inflation and unemployment in the west MNCs started investment in developing countries Emerging interest of NGOs to promote CSR
	1970s	Focus shifted to business actions and emergence of alternative concepts of corporate social responsiveness and corporate social performance.	
	1980s	Introduction of alternative themes such as stakeholder management and public policy. Interest in empirical research.	
	1990s	Further development in CSP and stakeholder management theories.	Advancement in technology and globalisation Support and promotion from international bodies (UN and World Bank) Governance issues in large organisations (Enron).
	2000s	More academic interest in empirical research Emerging interest in relating CSR to a non-western context.	

A critical analysis of the developmental history of CSR suggests an extensive debate on CSR definitions from different perspectives. Literature suggests that CSR scholars have presented at least four broad perspectives (narrow economic, broad social, corporate social performance and stakeholder perspective). This thesis does not claim that these four perspectives cover all views on CSR; rather they are four major umbrella views on CSR. This thesis argues that the CSR concept is still looking for an agreed definition (Junge, 2011, Kannekanti and Muddu, 2009, McWilliams and Siegel, 2000). There are as many definitions of CSR as there are articles about the topic (Van Marrewijk, 2003). In addition, new thinking and innovation in this field has introduced more experimental terms, concepts and ideas related to CSR. Some of these include (but are not discussed in the developmental history of CSR in this section) Corporate Citizenship (CC), Corporate Philanthropy (CP), and Business Ethics (BE). It is also noteworthy that these terms are sometimes used interchangeably with CSR while at other times they are considered separate concepts. To date, such discourse is considered extremely misleading, as some companies use the terminology 'corporate governance', some use 'corporate responsibility', while others prefer 'corporate citizenship' or 'the ethical corporation'. Due to these flaws some companies adopt CSR as novel corporate strategic initiatives, and others as pure corporate philanthropy, while the concept is utterly rejected by others (Hopkins, 2004 p.1). In this thesis, it is not intended to discuss each of these concepts in detail. However, it is valuable to briefly consider theoretical commonalities or differences of these terms in relation to CSR to further understand CSR-related ambiguities.

First, the notion of Corporate Citizenship (CC) is a large field in itself and is mainly concerned with governance issues of corporations (see, for example, Tricker, 1994). The concept of CC is not often investigated directly and it has been confused with CSR until recent times. The conceptual grounds of CC can be found in the literature on

CSR (i.e. Carroll, 1979), CSP (i.e. Wartick and Cochran, 1985, Wood, 1991), and stakeholder management (i.e. Clarkson, 1995, Donaldson and Preston, 1995). These scholars delineated the relationship of business with society from regulatory and legal perspectives. For example Carroll (1979, 1991, 2004) made very explicit reference to the legal responsibility of a business in his CSR definitions. In addition to the previous argument, the CC field focuses on social and environmental audit as initiated by the Global Reporting Initiative (GRI). The focus of CC on social and environmental aspects can be related to the concept of CSR. For example, some CSR scholars argue that environmental issues come under the field of CSR (Brooks, 2005, Carlilse and Faulkener, 2004). However, it is interesting to note that, in the past, perhaps researchers could not differentiate between CC and CSR. For instance, in 1998 Carroll equated CC with CSR in nearly the same manner in which he had originally defined CSR. More recently, a different view suggests that business practitioners more often use CC as compared to researchers in academia (see, for example Matten and Crane, 2005, Windsor, 2006). From this perspective of CC suggests that practitioners of MNCs often use the term 'citizenship' to build 'political influence' and 'corporate reputation'. He further argued that citizenship is a more balanced term because it is a way of escaping 'ethical' and 'economics' view of CSR (Windsor, 2006 p.95).

Some management researchers like Porter and Kramer (2002) equated the term 'Corporate Philanthropy' (CP) with CSR, while for others CP is an element of the 'larger domain of CSR' (Wang et al., 2008 p.143). Scholars (Such as L'Etang, 1994) suggest that CP reflects a generous action of an organisation and recipients cannot claim these activities. Hemingway and MacLagan (2004) described CP as purely voluntary and based on the discretionary decision of management for charitable causes. As the term 'philanthropy' clearly suggests, it is more focused on the voluntary and charitable contributions of business towards society. Therefore, we can fit the CP

concept within the discretionary category of Carroll's (1979) CSR model.

The term 'Business Ethics' (BE) often appears in literature on CSR. Zenisek (1979, p.362) defined BE as a '... system of standards of conduct and moral judgment'. Sometimes researchers (for example Broadhurst, 2000) consider CSR as part of BE while at other times CSR is understood as an application of ethical norms. Yet another perspective in this regard emerged; that CSR is the extent of fitness between 'societal expectations' and the ethics of business (Zenisek, 1979, p.362).

The review presented above pointed out there is no agreed definition of CSR, although it is not possible to agree on one definition as the standard definition of CSR, nor can we specify any of the stated terms as the synonym of CSR, or equivalent to CSR in theory. Therefore, definitional ambiguities and differences can make CSR measurement and examination problematic. In addition, CSR can have different meanings for different people at different places and at different times (Campbell, 2007). Consequently, CSR may have different orientations, scope of applicability and relevance in different contexts. The disagreement in literature over what exactly CSR means still leaves room for further exploration of the concept. This current study acknowledges the importance of existing disagreement and ambiguities related with CSR and emphasises this point in a later section. However, at the same time, this thesis also argues at this point that it is important to explore the common language for CSR that can help to facilitate a dialogue between business and society (Hopkins, 2004). Therefore, section 2.3 below, this thesis provides a detail and critical discussion on the guiding definition for this research.

2.3 CSR Conceptualisation: Carroll's Perspective

How should the phenomenon of CSR be defined? As argued in the previous section, there is not a simple, straightforward, and incontestable answer to this question. Over the past 60 years (if not longer) scholars of CSR have been constantly reorienting their focus on CSR concepts. Although no single defining construct is universally accepted, nevertheless, Carroll's CSR perspective is one of the most prominent attempts to reduce (if not completely eliminate) the definitional ambiguities related with the notion of CSR. Carroll (1979) defined CSR as a 'social responsibility of a business encompasses the economic, legal, ethical and discretionary expectations that society has of organisations at a given point in time' (p.500). This definition proposes that businesses have four different level/components of social responsibility: economic, legal, ethical and discretionary responsibilities, and suggests that these four components are actually overall expected behaviour of business towards society (see figure 2.1).



Figure 2-1 Carroll CSR conception (1979, p.499)

The first component of this model, a firm's economic responsibilities, refers to the traditional function of producing 'goods and services that society desires and to sell them at a profit' (Carroll, 1979 p.500). In other words, at this level it is proposed that firms are responsible to

produce goods and services in a profitable way, create employment, offer fair pay/salaries to employees, promote technology, explore new resources and provide high return on investment to shareholders. From this level of responsibility, business is an economic unit in the society and all other subsequent responsibilities of business are predicted on this fundamental assumption (Carroll, 1979, Moir, 2001, Jamali and Mirshak, 2007).

The second component, legal responsibilities, reflects that firms are bound to obey the law in the pursuit of economic imperatives. The state or governing authorities define these responsibilities and companies are required to operate and achieve economic goals within the confines of the law. These laws provide very explicit guidelines and distinction between permissible and impermissible behaviour. Therefore, these laws and regulations can help to direct firms to adopt certain tolerable behaviour (in other words, socially responsible organisational practices). In addition, compliance with laws and regulations might help firms to establish better relationships with stakeholders (Carroll, 1979). However, sometimes firms view laws and regulations negatively, and believe they are a hindrance in achieving economic goals. In addition, it is also believed that laws might not be equally applied to all firms, and they are reactive in nature and hence leave little opportunity for business organisations to be proactive (Solomon, 1996).

The third component, ethical responsibilities, requires businesses to abide by moral expectations and appropriate behaviour defined by society within they are operating. These moral expectations are embedded in social beliefs, religious convictions, moral values and norms derived from society. This responsibility is not often codified by the laws, but rather suggests what is morally right and fair (Solomon, 1996). Ethical responsibilities generally include practices like respecting local communities and avoiding social and environmental harm. However, a blurry definition of ethics is one drawback of this

responsibility and as a result it is difficult for businesses to deal with it (Carroll, 1979).

In the fourth and final component, discretionary responsibilities, firms have discretionary and voluntary choices to perform actions for the common good (Carroll, 1979). The conception of discretionary responsibility is embedded in the principle that business organisations and society are intertwined with each other in an organic way (Frederick, 1994). Discretionary responsibilities entail activities like charity, work on literacy, and day care facilities for employees, among others (Carroll, 1979). Due to the broad scope of discretionary judgement and activities, this responsibility is most controversial and could also conflict with economic and profit-making goals of the business (Jamali and Mirshak, 2007). In his own words, Carroll admitted that these four levels of responsibilities reflect 'relative magnitude', and emphasised '...what might be termed their fundamental role in the evolution of importance'. However, it is important to note that these levels are not additive, cumulative or mutually exclusive (Carroll, 1979 pp.499-500).

In 1991, Carroll revisited his CSR model and re-presented it as a pyramid. A new rationale was added in the model and inter-dependence of the four components was suggested. Carroll drew an explicit distinction between narrow classical and broad contemporary responsibility in this new revisited CSR pyramid. In this pyramid, economic and legal responsibilities are 'mandatory' in nature and show a narrow classical view of responsibilities, whereas, ethical responsibility is 'expected' and philanthropy is 'desired', and embedded in a broad social contract between business and society (Carroll and Shabana, 2010, Windsor, 2001). In this graphical presentation, this pyramid implied a hierarchy of social responsibility moving from narrow economic and legal responsibilities through to broader socially-oriented ones of ethical and philanthropic responsibilities (see figure 2.2 below).

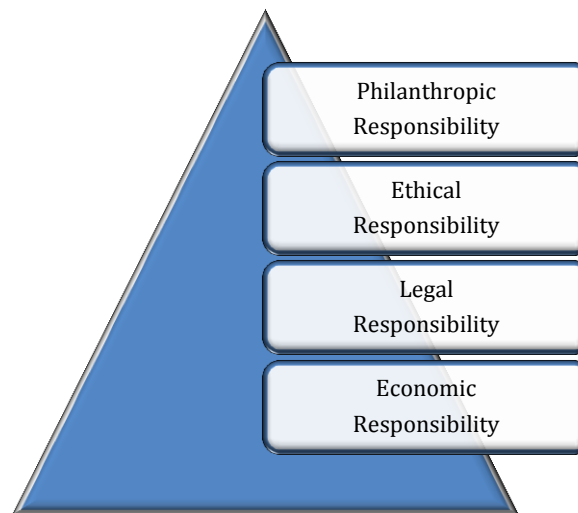


Figure 2-2 A pyramid of corporate social responsibility (Carroll 1991 p.42)

Economic responsibility is positioned at the bottom of the pyramid and forms the basic foundation of the model. A company without profitable operations cannot survive in the long term. Therefore, it is vital for the companies to place the economic aspect as primary and utilise these aspects as the foundation for social responsibility (Carroll, 1979). The second component of the pyramid is *legal responsibility*. Companies have to achieve economic responsibility with legal responsibility and these can be referred to as the core components of business responsibility. These two core components of Carroll's conception reinforce Friedman's (1962, 1970) idea that a firm should be profitable within the rules of the game. *Ethical responsibilities* come as the third component and *philanthropic responsibilities* at the top of pyramid. Moreover Carroll admitted that, while all four components/level of this model are not completely mutually exclusive, nevertheless, this model helps business managers to better understand their obligations towards society.

More recently, Carroll (2004) related his previous work to the case of MNCs. He realised that the growing number of MNCs around the world

raised questions in order to understand complex global business ethics. He noted that, 'regardless of what is happening in individual countries, whether at home or abroad, the primary venue for ethical debates in the future will more and more be the world stage' (p.114). In addition, in the case of MNCs' social responsibility, expected business practices vary from country to country and this can create dilemmas for business managers (Carroll, 2004, Donaldson and Dunfee, 1999). As a result, Carroll (2004) attempted to incorporate the notion of 'global business ethics' in his 1991 pyramid (see figure 2.3 below).



Figure 2-3 CSR Pyramid for MNCs Carroll (2004 P.116)

Like previous work, Carroll (2004) placed economic responsibilities as the foundation of his pyramid. To incorporate the global economic rationale, he argued that without any dispute companies operating in different countries operate for profit. However, the expected rate of return might vary from country to country. Hence, the base of this reinvented framework is the same 'economic responsibility', but it is important to note that regional expectations may vary. In the legal component of the pyramid, he argues that legal systems and expectations differ from country to country. Therefore, it is more important for MNCs to understand these and act responsibly (Carroll,

2004). At the third level of the pyramid, ethics implies that the MNCs have to care about the expectations of the global community norms, standards and beliefs to protect their reputation. Carroll (2004) urged that it is vital for MNCs to identify and reconcile home and host country ethics in order to satisfy both. At the top of the pyramid, philanthropic responsibilities illustrate the expectation of global society that business will participate in social activities that are not mandatory by law or expected as ethics. To justify and defend this model, Carroll (2004 p.118) emphasised that 'The Global Pyramid of CSR provides a conceptual framework for thinking through the multitude of expectations that may fall on the MNC or global manager'. Therefore, 'It is intended to illustrate the total social responsibility of global businesses' (p.118).

There is no doubt that within CSR literature, Archie Carroll's work is considered very influential (see, for example, Jamili and Mirshak 2007, Lantos, 2002, Windsor, 2006). However, it is important to draw attention to the complexities related with Carroll's work and to scrutinise his construct in order to ensure its maximum utility in this thesis. One of the criticisms levelled at Carroll's construct is that it lacks the moral, philosophical component of social responsibility. For example, Windsor (2001) argued that Carroll's work emphasised economic and legal responsibility and CSR cannot be achieved in the absence of economic responsibility. Similarly, Kang and Wood (1995) argued that Carroll's work is based on a weak assumption that the moral component of responsibility (ethical and philanthropic) occurs after meeting economic goals. In other words, if a business fails to achieve its economic goals, it may use this failure to justify compromising on ethical business practices. Therefore, emphasis on economic responsibility as a foundation of the pyramid can implicitly limit moral responsibility.

In addition to the previous limitation, one of the problems with Carroll's CSR conception is an inherent tension in these four components; hence they can be overlapping and interrelated in their interpretation and application. For example, the discretionary responsibility could be negatively correlated with economic responsibility, and vice versa¹⁹. Even if it is assumed that there is no explicit existing tension in these four components, it can be argued that - directly or indirectly - firms believe in economic rationality and all other components are just a matter of semantics and ways to attain economic goals.

It is also possible to misinterpret the CSR construct in the pyramid framework; for instance, one may interpret the top category of the pyramid (philanthropy) as being most important or highly valued (see Schwartz and Carroll, 2003). Another important criticism of Carroll's model is that although the natural environment and its protection has obvious financial and ethical consequences for an organisation, this important component is not explicitly mentioned in Carroll's work (Johnston and Beatson, 2005). Similarly, in modern business organisations, managers very often use the concepts of *sustainability* and *triple bottom line*. Carroll's CSR models do not explicitly refer to these contemporary concepts and therefore, perhaps have limited instrumental value (Visser, 2006)

It is also important to note that Carroll's CSR pyramid can help to understand how managers see their social responsibilities; however, this model does not explicitly take into account the institutional complexity of managerial roles in society. In other words, the model suggests that managers respond to social responsibility in a closed system (Wood, 1991). Even if it is assumed that Carroll's construct considers the institutional context, critics of Carroll's work argue that the US-based CSR conception might not work effectively in the context of developing countries (Blowfield, 2005, Ite, 2005, Kolk, 2005,

¹⁹For empirical evidence on this argument see Clarkson (1988) and Aupperle (1985)

Ramasamy and Yeung, 2009, Visser, 2006, Yakovleva and Vazquez-Brust, 2011). This argument raises substantial doubt that the four components of Carroll's responsibility can appropriately explain CSR in other contexts (particularly in the context of developing countries). This limitation of Carroll's work is most relevant to this thesis. Consequently, to understand the CSR construct in the context of developing countries, Visser (2006) proposed Carroll's CSR model in a different order starting with economic responsibilities at the bottom and followed by philanthropic, ethical and legal responsibilities. Both Carroll and Visser agree on the prime importance of economic responsibilities; however, empirical evidence from the developing countries shows conflicting evidence. For instance, some studies suggest that MNCs often relate the conceptualisation of CSR to philanthropic terms (Jamali and Mirshak, 2007, Amaeshi et al., 2006). Others suggest that economic responsibility is more important in the context of developing countries (Muthuri and Gilbert, 2011, Asyraf Wajdi et al., 2008, Yakovleva and Vazquez-Brust, 2011). Hence, different institutional context give a different focus to Carroll's four domains. It is important to mention here that none of above criticisms and arguments is intended to decry Carroll's very important contribution. It is only to draw attention to the potential complexities involved while using this model effectively in this research.

For this research, it was decided to use Carroll's model because of its enduring application in CSR research. Carroll's CSR pyramid is one of the most influential conceptions in the field and helps to map different types of business responsibilities. This model has frequently appeared in major management and CSR journals (such as *Business and Society Review* and *The Academy of Management Journal*). Carroll's work contributed significant advancement in CSR research and scholars have been using it for over 30 years; his model is comprehensive and integrative with the strength of longevity and progeny (Schwartz and Carroll, 2003). Over the years, different

scholars have used Carroll's conception both theoretically and empirically (Aupperle et al., 1985, Angelidis and Ibrahim, 2004, Jamali and Mirshak, 2007, Sheth and Babiak, 2010, Visser, 2006, Yakovleva and Vazquez-Brust, 2011).

Another reason for selecting this definition is because it is easy to understand and explicitly separates out economic, legal, ethical and philanthropic domains of responsibility. In addition, the model can help in a sharper and clear examination of different business activities on the basis of these four CSR domains and also certainly establishes a comprehensive umbrella concept (as claimed by Carroll, 1979, 1991, 2004) and supported by prominent scholars (such as Aupperle et al., 1985, Jamali, and Mirshak 2007, Wood 1991) that helps to understand the role of business in society. One of the most important and relevant reasons to include Carroll's model in this research is because it has the potential to assimilate different competing themes. For example, Carroll himself integrated stakeholder theory (2004) and corporate citizenship concept (2004) in this model. In addition, scholars like Visser (2006) and Jamali and Mirshak (2007) modified and made an attempt to use this model in this context of developing countries. This suggests a theoretical and conceptual flexibility in this model. This research capitalises the potential benefits of this model and integrate competing themes and theories including institutional and stakeholder theory (details in section 2.8, theoretical framework). In addition as mentioned in the first chapter, this thesis focuses on MNCs; Carroll' (2004) CSR model also focuses on MNCs and has the potential to explain the complexities²⁰ of the international environment.

²⁰ Section 2.9 (theoretical framework) further explains how through Carroll (2004) CSR of MNCs can be explained in the complex institutional environment.

2.4 CSR and MNCs

'For as long as multinational communities have existed, their weak point has always been the relations between different nations'.(Slobodan Milosevic)

This section presents the literature about CSR and the main organisational context of the thesis (i.e. MNCs). This section particularly highlights complexities related to CSR strategies of MNCs in the host countries context.

As stated in chapter one, MNCs are different from other businesses because they operate across national borders. There is a general consensus in the literature that, due to liberalisation, privatisation and globalisation, MNCs have extended their operations and today reach every corner of the world. This globalisation has provided novel opportunities to business to access natural resources and cheap labour, gain exposure to foreign culture and work under the laws of foreign governments. Therefore, MNCs face complex challenges due to their operations in different countries and are very different from local businesses.

This increased growth and expansion of MNCs has received attention from business and management scholars (see, for example, Garvey and Newell, 2005, Matten and Crane, 2005, Scherer and Palazzo, 2008, Winstanley et al., 2002). A review of the literature suggests that one of the key reasons that MNCs attracted the attention of business and management scholars is their visibility and prominence. Due to the size of MNCs their positive and negative actions related to social and environmental issues are very visible to stakeholders. For instance, child labour is generally an acceptable phenomenon in local small and medium enterprises in the developing countries. On the other hand, involvement of MNCs in child labour issue in the developing countries is often highlighted by the media and NGOs in developed countries (see, for example, Winstanley et al., 2002). This

visibility intensifies pressure on MNCs and imposes huge expectations of responsible practices across the spectrum of their operations (Eweje, 2006). Therefore, MNCs are expected to provide solutions to global problems and contribute to international development (Matten and Crane, 2005, Scherer and Palazzo, 2008).

Another important reason underlying the focus on MNC research is their influence and power. MNCs' power is not just based on the massive amount of economic resources they control, but also in their ability to shift resources across the world. Due to their power, MNCs get latitude to choose the location and legal systems they want to operate in (Scherer et al., 2006) and as a result, MNCs not only manipulate the global economy, but also influence the social and political events of the host country (Donaldson and Preston, 1995). The debate on the MNCs becomes more relevant to CSR, particularly when different actors in society attempted to regulate the corporate power of MNCs, and MNCs struggled to 're-establish their legitimacy' (Jenkins, 2005 p.526).

One of the key reasons that make the study of MNCs interesting is their operation in different political and legal jurisdictions, diverse environments and cultures. MNCs' operations in different countries create complex expectations of various stakeholders (Devinney, 2009, Rodriguez et al., 2006). Research has demonstrated that different cultures emphasise different aspects of CSR; therefore, different cultures are likely to have varying expectations of the same corporation (Arthaud-Day, 2005). These varying expectations and interpretations of expected behaviour in the international context are reflected in the literature. For instance, in the countries of the developed world CSR practices are generally expected in the legal framework, industrial regulations and companies' codes. In addition, these CSR practices are expected to address issues like diversity and equality, clean energy, recycling and promoting art and sports. In developing

countries, CSR of MNCs is often expected in philanthropic contributions and generation of employment, and to develop education and health infrastructure (Matten and Moon, 2005). One more reason (also very relevant to the previously mentioned reason) that makes the examination of MNCs very interesting is foreign MNCs' conflict with local communities in the context of developing countries. For instance, when a well-known American retail MNC started building a retail store in small Mexican city, the local community (including activist and small business owners) resisted the constructions (McKinley, 2004).

A closer look into the existing literature suggests that some of the popular debates on CSR and MNC literature often revolve around the self-regulation of MNCs through codes of conduct, the role of MNCs in poverty alleviation, and CSR and financial performance (see table 2.3).²¹ However, this chapter only focuses on the literature related to CSR strategies of MNCs in the host countries context. Before going into an in-depth discussion on CSR strategies, an insight on the positive and negative strategies employed by MNCs and the consequences that engendered awareness of CSR is considered informative at this stage. Literature on the advantages and disadvantages of MNC operations suggested mixed views of critics. Some scholars claim that CSR commitment has been increased substantially due to the growth of MNCs globally.

²¹ It is not intended to give a detailed discussion on this part of literature. The purpose of this table is to only present a general picture of MNC-related CSR literature. More relevant literature to research questions is discussed in detail in subsequent pages.

Table 2-3 Summary of CSR and MNC-related literature

Author (s)	Focus	Description
Aaronson and Reeves (2002), Bondy et al., (2004), Meyer (2004), O'Callaghan (2007), Van Tulder and Kolk, (2001).	MNCs' self-regulation through codes of conduct	Recently, MNCs have come under immense pressure to improve their performance on social, political and environmental issues. As a result MNCs initiated targeted philanthropy, developmental programmes for community, social and environmental reporting and adopted ethical codes of conduct. One of the ways to understand MNCs commitment to CSR is adaptation of codes of conduct. These codes are expected to match profitability with ethical behaviour and failure to meet these codes may affect a firm's reputation. It has been suggested that these CSR codes internally guide employee's behaviour according to the image of the firm. On the other hand, for others these codes help MNCs to achieve legitimacy externally. Some limited evidence suggests that the country of origin/nationalities of MNCs also affects the character of CSR codes of conduct Furthermore, these voluntary codes phenomena and systems are new to the literature and have not been comprehensively evaluated.
Hilliman and Keim (2001), Jenkins (2005), Prahalad and Hammond (2002),	CSR and the prospective role of MNCs in poverty alleviation	Research on CSR and the prospective role of MNCs in poverty alleviation suggest that It is increasingly expected that the corporations use their resources to alleviate a variety of social and economic problems especially when they are operating in poor and developing countries. Literature regarding MNC's CSR activities contributing to poverty reduction provides conflicting evidence. For instance, despite the enthusiasm of many activities and development agencies, CSR practices of MNCs are less likely to reduce poverty in developing countries. CSR is not integrated with core business strategies. In addition to that, MNCs operate in urban areas and 'poor' are not considered as 'stakeholders'. However, the charitable nature of social projects of MNCs can contribute to poverty reduction, but the impact of these charitable activities is negligible. Other reflections on this perspective indicate that certain strategies can stimulate economic activity and serve the poor in developing countries.
Hart (1995), Margolies and Walish (2003), Orlitzky et al., (2003), McWilliams and Siegel (2000),	CSR and financial performance	A large part of the literature focuses on CSR as a success factor in the corporate pursuit of profit. MNCs are also concerned with the relationship between financial performance and CSR. However, there is conflicting evidence regarding the relationship between MNCs social performance and financial performance. Literature suggests positive, negative and no relation with CSR and MNCs financial performance. For those who believe in positive relation between CSR and financial performance of the firm they claim that environmental social responsibility might create sustainable competitive advantage to the firm.

Proponents of this view claim that MNCs transfer best CSR practices around the world by improved living standards, transfer of technology, employment creations, transparency and social justice (Bansal and Roth, 2000). Supporters of this view claim that MNCs have accepted broader social obligations from stakeholders and crafted CSR strategies to address their impact on society (Detomasi, 2007). Recently, many MNCs have intruded into conventional spheres of political responsibilities of state institutions (Matten and Crane, 2005). For instance, MNCs are now engaged in activities like education, public health (Margolis and Walsh, 2003) and human rights (Matten and Crane, 2005). Similarly, it has been noted that MNCs improved standards with respect to salaries, working conditions and hours, issues of child labour and labour rights in less developed countries (Caves, 1996). On the other hand, some scholars are skeptical and emphasise the negative spillover effects of MNCs (Donaldson, 2001, Jones et al., 2005). Opponents are concerned about MNCs' involvement in activities like damaging the natural environment, poor working conditions, tax evasion, bribery and corruption in the host foreign countries (Chapple and Moon, 2007, Strike et al., 2006). Hence, these above arguments suggest that understanding of CSR involvement of MNCs has become polarised.

MNCs are very visible and powerful, and at the same time are positioned to address unique and complex expectations of various stakeholders. Therefore, MNCs and their subsidiaries in the foreign host countries are required to reconcile their actions simultaneously with local and global expectations. MNCs become involved in and respond to these global and local expectations with different CSR strategies. These strategies of MNCs are guiding principles for carrying out CSR practices in their subsidiaries. Although literature on the CSR of MNCs is growing, research is still limited and relatively little is known

about CSR strategies of MNCs (Bondy et al., 2012, Chapple and Moon, 2007, Meyer, 2004). However, there are both theoretical and empirical exceptions in the literature that need attention. For instance, a notable contribution that enhances our understanding of CSR strategies from international business literature came from Bartlett and Ghoshal (1999). They suggested that structure and management of international business can be divided into four patterns (multinational firms, global firms, international firms and transnational). Different CSR scholars also used Bartlett and Ghoshal (1999) typologies (i.e. multinational, global, international and transnational) as a foundation to understanding the CSR strategies of MNCs. For the first type of international business, Bartlett and Ghoshal (1999) suggested that MNCs are sensitive to local environments. They are very responsive to local knowledge of countries and adopt their strategies accordingly. Similarly, Solomon (1996) argued that different countries and societies have different values and cultures so MNCs must understand the local norms and their CSR strategies need to be sensitive and flexible. Donaldson and Dunfee (1999) also supported this argument, and confirmed that the host country morality is a guideline for MNCs to develop their CSR strategies. Second, types of international business (i.e. global companies) develop and centralise all strategies at headquarters and provide standardised products regardless of location (Bartlett and Ghoshal, 1999). In integrating the CSR perspective for global firms, different scholars (such as Arthaud-Day, 2005, Donaldson and Dunfee, 1999, Solomon, 1996) advocated that basic principles or building blocks of ethics are the same in most cultures and that a common moral foundation can be used to identify expected corporate behaviour. According to Bartlett and Ghoshal (1999) international firms also have strong headquarters, but they adopt parent company practices directly. Donaldson and Dunfee (1999) and Arthaud-Day (2005 p.10) argued there is a presumption in some firms that they

'know better' and export their domestic CSR practices and philosophies to host countries. Lastly, Bartlett and Ghoshal's (1999) concept of transnational implies that a firm's strategies must be both centralised and localised whenever possible and necessary. Global and local are not 'mutually exclusive' (Arthaud-Day, 2005 p.10); so MNCs should balance between universal moral limits and local moral limits (Donaldson and Dunfee, 1999).

Another prominent contribution came from Arthaud-Day (2005). He proposed a three dimensional conceptual matrix to evaluate the social behaviour of the firm. The first dimension, the 'strategic' aspect, was borrowed directly from Bartlett and Ghoshal's (1999) typology of international business. The second dimension of the model incorporates three focal worldwide concerns (human rights, labour and environment) regarding MNC activities and these three concerns are taken from the United Nations (UN) Global Compact (2003). Lastly, the third dimension consists of Zenisek's (1979) model, which explains the ideological, societal and operational perspectives of CSR.

Detomasi (2007 p.322) suggested a mechanism for a governance system, the 'Global Public Policy Network (GPPN)', for MNCs operating across borders. This mechanism is built on individual strength and a weakness of MNCs. The GPPN also explains how domestic government; industry and NGOs create 'expected standards of behaviour' for MNCs. More precisely, these expected standards of behaviour include issues like working conditions, environmental standards and labour rights. Detomasi's (2007) GPPN model is divided into three parts or layers. The first part includes knowledge input from three actors i.e. MNCs, national government and civil society groups. The second level of the model involves the institutional aspect. At this level, GPPN provides an institutionalised forum for dialogue among

MNCs, government and civil society. The third and last level of the model provides the output that is generated during the second level. These outputs include standard setting, enforcement mechanism of policy for expected social behaviour. Detomasi (2007) claims one of the potential benefits of this GPPN is to provide a good understanding of coordination among industry, governments and NGOs and how MNCs are expected to fill social expectations. However, an implied problem with this framework is that different actors (MNCs, Government and NGOs) may resist formal involvement in GPPN. MNCs may prefer to respond individually to social expectations, governments may also believe that they have sovereign power and activists may be concerned about their 'independent' role (Detomasi, 2007 p.332).

Indeed, discussion on the above contributions focusing on the strategies of MNCs in the international business literature gives some directions to CSR scholars. However, there are several unresolved issues related to the implications of the CSR strategies of MNCs. Scholars like Jamali (2010), Husted and Allen, (2006) and Muller (2006) appropriately acknowledge this and argue that although local and global business strategies of MNCs have received significant attention in the international business literature; however, scholars of CSR have not given systematic attention to MNCs' strategies in relation to CSR. In particular, limited CSR literature indeed give conflicting views, both theoretically and empirically, of whether MNCs should focus on the centralised CSR strategies or whether they should involve local stakeholders (Muller, 2006). Therefore, the next subsection focuses on the increasing CSR expectations from host country stakeholders and the mixed track record of MNCs in terms of their strategic responses.

2.4.1 MNCs' CSR strategies: A global or local orientation

Examination of CSR practices in the host countries required an understanding of whether MNCs tend to adopt CSR strategies from their home²² or customise their strategies according to the local host country context. As discussed in the CSR history (section 2.3), often, CSR is considered a global phenomenon. The international CSR community consists of NGOs, academia, MNCs and international organisations (World Bank, the OECD, the UN) and these are instrumental in constructing a shared global CSR discourse. Therefore, global strategies of MNCs are often derived from the universal norms. These universal norms are rooted in religious philosophies and cultural beliefs. According to Donaldson and Dunfee these universal norms are 'fundamental to human existence' and 'we would expect them to be reflected in a convergence of religious, philosophical, and cultural beliefs' (Donaldson and Dunfee, 1994 p.265). MNCs' global CSR strategies based on universal norms transcend countries and include issues like environmental prudence, human rights, anti-corruption and transparency (see, for example, Husted and Allen, 2006, Adeyeye, 2011). Therefore, global CSR strategies are fundamentally transnational in nature and ignore the importance of the national institutional environment.

On the other hand, a local CSR orientation of MNCs is relatively decentralised and more sensitive to the local context. A local context or community is 'a self-defined, self-circumscribed group of people who interact in the context of shared tasks, values or goals and who are capable of establishing norms of ethical behaviour for themselves' (Donaldson and Dunfee, 1994 p.262). Scholars of business and management have started recognising that different countries and

²²From their parent firm (embedded in a 'global/universal' corporate CSR strategy)

societies have different values and cultures so MNCs must understand the local norms and their CSR strategies need to be sensitive and flexible (for example, see Jamali, 2010, Husted and Allen, 2006 and Solomen, 1996). Therefore, they suggest that MNCs should adopt a decentralised approach where the local subsidiaries of MNCs hold main control of strategy making and implementation. Local CSR strategies are relative in nature and focus on the specific needs and concerns of particular communities and are not part of a global CSR agenda; for instance HIV-AIDS in Africa (Husted and Allen, 2006). Donaldson and Dunfee (1999) also suggested that host country morality is a guideline for MNCs to develop their CSR strategies.

A brief reflection on the parallel theoretical perspective and literature may also be useful to understand localisation and global orientation of CSR strategies. Jamali (2010) summarises the key theoretical themes from different streams of literature useful to understand MNCs' strategies related to localisation and globalisation (see table 2.4).

Table 2-4 Theoretical perspectives on MNCs strategies

Theoretical perspective	Key author(s)	Key contingencies
Political risk, bargaining, and transaction cost theories	Brewer (1992), Jain and Nigh (1989), Kim (1988), Vachani (1995)	Differences in governmental structures/procedures in different countries; differences in the issues facing subsidiaries in various countries, which may vary in degree or kind; differences with respect to resources that subsidiaries own and the strategic role they play within the MNC network, different degrees of coordination or differentiation in subsidiary political activities.
Resource dependence theory	Blumentritt and Nigh (2002) and Pfeffer and Salancik (1978)	High subsidiary economic integration, greater degree of inter-subsidary coordination of political activities, high attractiveness of the subsidiary's host country, greater degree of inter-subsidary coordination of political activities, high economic integration of the subsidiary's host country, greater degree of inter-subsidary coordination of political activities.
Structural theories of political	Bouquet and Birkinshaw (2008)	Local market strategic significance, the perception that the particular market in which a subsidiary operates is critical to the performance of its parent

behavior		MNCs, greater coordination and integration, subsidiary strength within an MNC network, the degree to which a subsidiary undertakes activities upon which other subsidiaries depend (e.g., subsidiary being designated as center of excellence), greater coordination and integration Geographic distance of geographic distance separating subsidiary from headquarters; longer geographic distance. Less attention/coordination subsidiary competence, the kind of activity that underpins subsidiary competence (e.g., marketing); downstream competence less attention/coordination.
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Sources: Jamali (2010 p.186)

As illustrated in table 2.4, literature on political risk and bargaining power presents MNCs' strategies that influence localisation orientations. Various contingencies - for example, different government procedures and policies - in different countries can have varying impacts on the localisation process. For instance, in liberal capitalist countries, MNCs can initiate an independent process of stakeholder engagement and start the localisation process. On the other hand, in socialist environments, the host country's strict regulations might force MNCs to adopt their localisation strategy. Similarly, MNCs own different volumes of resources in different countries. MNCs' size (in term of resources) also provides them leverage to go for global or local business strategies. Indeed, the bigger the size and resources of MNCs in the host country the bigger the advantage and leverage they have to adopt independent global or local business strategies.

Resource dependency can also help us to understand business strategies in the international environment. Resource dependency theory suggests that business managers develop strategies in response to their relative power as they compete for scarce resources. In other words, it can be assumed that businesses do not control all factors of production and they are dependent on external actors to get

resources. When a business operates across borders, however, this dependency becomes more complicated. For example, table 2.4 shows that contingencies like attraction in the host country economy, link of host country economy with global market and inter-dependency of affiliated subsidiaries may direct companies to adopt different business strategies in the different countries.

Structural theories help to explain important strategic factors that are relevant to local markets. The main focus is given to the competitive process; how scarce resources are distributed to subsidiaries across different countries. One of the important contingencies mentioned in table 2.4 shows the importance of distance of subsidiary from their home country (headquarters). For instance, a subsidiary a greater distance from home may run the risk of getting less attention and fewer resources than if it was closer to the home subsidiaries. In addition, more geographical distance between subsidiary and parent company can result in less coordination which ultimate suggests divergence of subsidiaries from parent company strategies. Although the above discussion based on Jamli's (2007) work provides a useful insight to factors affecting MNCs' strategic response from different theoretical perspectives, this table does not cover two very important theoretical perspectives of business and society literature. First, the institutional theory²³ perspective that is often related with examining MNCs strategies is not discussed. The main assumption of institutional theory is that MNCs adopt business practices in different countries due to regulatory, normative and cognitive forces. It is also notable that these institutional conditions differ from country to country, and result in different strategic orientation of MNCs depending on where they are operating (Kostova et al., 2008, Matten and Moon, 2008). The second

²³ See a detailed discussion on institutional theory in section 2.6.2.

omission, stakeholder theory²⁴ has also been used to explore practices of MNCs across the different countries. Stakeholder theory focuses on meeting expectations and interests of multiple stakeholders and highlights the potential confusion between home and host country stakeholder expectations (Barkemeyer, 2008, Clarkson, 1995). In addition, stakeholder theory can help to identify business response to stakeholder power, legitimacy and urgency in different contexts and countries.

Returning to a more focused discussion on the CSR strategies of MNCs in relation to localisation and globalisation, different scholars have suggested advantages and disadvantages of adopting a global or local CSR strategy. For instance, a global CSR strategy is considered proactive in nature and results in the efficient transmission of CSR practices (see, for example, Muller, 2006). Particularly, in the context of developing countries, the adoption of global CSR strategies by MNCs can help to raise CSR standards to a higher international level (Muller, 2006, Tsai and Child, 1997). For instance, Weyziq (2004) study provides empirical evidence in the context of a developing country (i.e. Mexico) and suggests that large MNCs tend to closely follow international trends related to issues of health, safety and environment, and these practices are up to the international expected level. However, local companies ignore these practices. Advocates of a global strategy also argue that universal CSR standards can help to secure wider global credibility and legitimacy (Carasco and Singh, 2003, Cragg, 2005, Doig and Wilson, 1998, Paine et al., 2005). On the other hand, some scholars (such as De George, 1993, Tan, 2009b, Tan and Wang, 2011) claim that the spread of good practices through western home country or global CSR standards can be an optimistic projection. It has been argued that MNCs often approach CSR

²⁴ See a detailed discussion on stakeholder theory in section 2.6.2.

differently in the home and host developing countries and global dimensions of CSR strategy may lack legitimacy and ownership in the local context (Tan, 2009b, Tan and Wang, 2011). Similarly, global standards can be inadequate and ineffective in the developing host countries. However, corporate partnerships with NGOs and civil society groups can make these global CSR standards more effective (Adeyeye, 2011). Jamali (2010) usefully summarised the advantages and disadvantages of global CSR strategies (see table 2.5).

Table 2-5 Advantages and disadvantages of global CSR strategy

Advantages	Disadvantages
<ul style="list-style-type: none"> • Upward harmonisation of CSR standards internationally • Globally integrated and standardised strategy • Policies, processes, and structures consistent across cultures 	<ul style="list-style-type: none"> • Insensitivity to local needs • Reduced ownership and legitimacy • Compliance-based strategies that are tailored to end of pipe controls • Approaches that live up to minimum host requirements

Sources: (Jamali, 2010 p.184)

A closer look into the limited available literature on the localisation of CSR strategy also gets both positive and negative attention from scholars. For instance, Muller (2006) claimed that MNCs' local strategies are associated with higher CSR performance. One of the main important arguments in the favour of the local CSR approach is that it helps MNCs to gain legitimacy in the local communities. If MNCs do not localise their CSR strategies it might not be possible for them to survive in the host country context. London and Hart (2004 p.353) emphasised this legitimacy issue and mentioned that 'firms without a capacity to appreciate and create social value or to become locally embedded in the social infrastructure that dominates low-income markets may struggle to overcome their liability of foreignness'. Generally, CSR scholars (such as Campbell, 2006, 2007, Jamali, 2010, Stajkovic and Luthans, 1997) emphasised the importance of adapting

practices related to CSR to the local level. Other scholars have also recognised that in developing countries where generally CSR standards are weak, MNCs might end up not meeting higher expected global CSR standards (Meyer, 2004, Muller, 2006). However, developing and particularly emerging countries (such as China) are setting their own agenda and MNCs face immense pressures to conform to local legal and cultural expectations which can be very different from those of the home countries (Tan and Wang, 2011). The following table (2.6) shows the advantages and disadvantages of localised CSR strategies.

Table 2-6 Advantages and disadvantages of local CSR strategies

Advantages	Disadvantages
<ul style="list-style-type: none"> • Nationally responsive and adapted to local context • Tailored to local cultural differences and preferences 	<ul style="list-style-type: none"> • Fragmented inconsistent and reactive strategies • Lack of clear responsibility and internal tensions • Approaches that live up to minimum global requirements • High coordination and control necessary

Sources: Jamali 2010 (p.184)

The above discussion on the CSR strategies of MNCs in relation to localisation and globalisation in the host countries suggests that it is possible for some companies to neglect the importance of hyper norms and accept realities of local culture as it is, and thus expose themselves to local issues like corruption. On the other hand, some companies make the opposite mistake and export home country norms and values to a host country (Donaldson and Dunfee, 1999). As a result, scholars of international business and management literature have been supporting the argument to strike a balance between local and strategic business strategies (Bartlett and Ghoshal, 1999, Bell and Bryman, 2003, Jamali and Neville, 2011). Proponents of this perspective argued that a balance between local and global strategies

can bring efficiency (due to global strategy) and legitimacy (by meeting local expectations) for MNCs (Begley and Boyd, 2003, Immelt et al., 2009). The balance between local and global CSR can be derived from Donaldson and Dunfee's (1994) work. They argued that in addition to universal hyper norms or global expectations MNCs should also consider local institutional conditions. Thus, supporters of the integrated strategic approach encourage a degree of pluralism and expect managers of MNCs to think simultaneously towards global and local issues (Begley and Boyd, 2003).

Thus, at this stage it is proposed that MNCs should combine elements of global and local expectations in their CSR strategy. As discussed previously, this might help to raise the existing level of CSR in the developing countries and also meeting local expectations can provide more acceptance and legitimacy in the local context.

2.5 CSR and Developing Countries

'A world with less poverty, hunger and disease, greater survival prospects for mothers and their infants, better educated children, equal opportunities for women, and a healthier environment'(UN, 2006 p. 3).

The above quote explicitly presents the UN vision of CSR for developing countries. However, most of these goals are still a dream in many developing countries (Visser, 2008). Before going into further detail on a discussion on the existing literature CSR and developing countries it would be appropriate to clarifying use of the terms 'developing countries'. In the context of this research, the term is used for countries with relatively low per capita income and are less industrialised. This classification is consistent with the World Bank, United Nations Developments Program and International Monetary Fund classification²⁵.

²⁵ This is consistent with the United Nations Developments Program's (2006)

Resuming the focus on CSR in developing countries, it is important to recall the proliferation of contemporary CSR activities in recent times which were almost entirely initiated from the developed world. In theory and in practice, most of the business activities that are labelled under 'CSR' concept have been the result of interest and concern of shareholders, campaign groups, media, academia and consumers based in the developed western world. These stakeholder groups in the west are initiators of shaping the CSR agenda and its practices. The numerous CSR activities that have been initiated recently in developed countries have not been given similar attention in the developing countries (Jamali, 2007). In addition, in developing countries, CSR orientation is different from the case in the developed world due to unique contextual realities of developing countries. Therefore, it is essential to understand contextual realities of developing countries, which are very different from the western world, in more detail. These contextual realities substantially affect business environment and result in different CSR orientation and practices.

In the developed countries, business operates in a stable and strong *regulatory framework*, which provides a solid and favourable ground for socially responsible practices. However, in many developing countries, the legal environment is weak which consequently creates an unfavourable environment for CSR practices. The rule of law in any given country can be defined as 'the extent to which people have confidence in and abide by rules' (Kaufmann et al., 2003 p.4). In the developing world, due to weak accountability systems and the

categorisation in its summary statistics on human development and is best represented by the World Bank's classification of lower- and middle-income countries. It should be noted, however, that the UNDP's classification of high, medium and low development countries produces a slightly different picture than the World Bank's list of which countries are developed and developing (Visser 2008 p. 474).

presence of corruption in every aspect of life, organisations and individuals do not have confidence in the state institutions and often do not want to abide by the rules and regulations. On the other hand, Government authorities in developing countries argue that lack of resources, political and social constraint result in weak law enforcement (Azmat and Samaratunge, 2007). The rule of law and a well-defined legal system are essential for smooth and stable business operations (Sbragia, 2000). In developing countries, generally, there are no well-established consumer protection rules and law enforcement infrastructure. For instance, in Bangladesh, there is no legal definition that explains the rights of the local consumer. In addition, in Sri Lanka consumers do not have confidence in government authorities and do not officially report any wrongdoing in business (see, for example, Azmat and Samaratunge, 2007). Similarly, ineffective and inefficient legislation in African countries allows large companies to abuse and damage the natural environment (Mbare, 2004).

Corruption is a particularly important factor in the context of developing countries. Although different developing countries have made a serious effort to deal with this social evil, corruption remains the most corrosive problem that threatens socially responsible practices (Samaratunge et al., 2008). Therefore, an unethical practice like corruption is not only part of a firm's characteristics but also a part of the overall institutional environment in which the firm operates (Chen et al., 2007 p. 231). In other words, business organisations need a corruption-free and clean environment to perform responsible business practices, which are generally (and unfortunately) absent in developing countries. A consultation with literature clearly suggests that in developing countries of both Asia and Africa, weak implementation of rules and regulations and the poor functioning of the judiciary together decrease fairness in the society. For instance, Khan (1998) showed important differences

between the CSR practices of Bangladesh, India and Pakistan. However, corruption was a common factor identified as a barrier to responsible business practices in all three countries. Most Asian developing countries have ineffective and inefficient political, administrative, legal system and close alliance of these institutions with business organisation creates a corruption-friendly environment that offers benefits and privileges to business organisations (Mbaku, 2007, Samaratunge et al., 2008). A similar situation exists in other developing countries: for instance, Fjeldstad et al. (2007) discovered that in the context of Tanzania firms are involved in corruption and they use bribes to interact with and get support from the local government officials. Thus, this pervasive corruption in the context of developing countries leads to a vicious circle of poor governance and ultimately results in irresponsible business practices.

Socio-economic conditions in developing countries are also very different from those of the developed world. Literature suggests that the level of social and economic development has a direct impact on companies' CSR practices in a specific country (see, for example, Gugler and Shi, 2009 and Welford, 2004). In other words, it can be argued that socio-economic conditions of any country are critical for good business practices. Generally, socio-economic conditions in developing countries are poor and hence shape individual and organisational perceptions and behaviour of social responsibility. One of common examples is when due to low purchasing power, customers become price conscious and often ignore companies' responsible or irresponsible behaviour. Similarly, companies in the developing countries operate in difficult and unstable economic conditions. Due to poor economic situations it becomes difficult for companies to survive and they focus on short-term rather than long-term profitability. These economic constraints limit their commitment to be a socially

responsible organisation, and they end up focusing on profitability objectives and compromise on social issues (Gugler and Shi, 2009).

Similar to economic conditions, *cultural conditions* in the developing world strongly influence CSR practices. A number of studies have supported the influence of culture on individuals' perceptions of business responsibility. For instance, Joyner et al. (2002) highlighted that culture, norms, values, ethics and CSR are all interrelated and should not be taken as mutually exclusive. There is considerable evidence that CSR practices of businesses in developing countries are embedded in culture such as religious beliefs (Waldman et al., 2006). CSR literature also supports the influence of culture on CSR practices. For example, Quazi and O'Brien's (2000) suggested that religious beliefs have a strong impact on business managers' and owners' attitudes towards social responsibility practices in the context of a developing country (i.e. Bangladesh). The study concluded that most of these owners and managers conceptualise CSR with philanthropy and charity in Bangladesh due to Islamic religious beliefs. This philanthropic focus of CSR due to culture and religion is not unique in other parts of the developing world. A study by Kivuitu et al. (2005) reported that CSR in Kenya and Zambia is often associated with philanthropy and in both countries companies are involved in charity focusing on education and health issues. In addition to above-mentioned studies, there are other various empirical evidences showing influence of religion and culture on the CSR in developing countries of Asia and Africa (for example, see Amaeshi et al., 2006, Chapple and Moon, 2007, Jamali 2007).

The significance of the *consumer's role and their awareness* of the role of business in society are crucial in socially acceptable practices. In the developed countries, customers and consumers are very aware and

businesses' irresponsible practices can affect corporate profit (Maloni and Brown, 2006). In the context of developing countries the situation is completely different as consumers' rights are typically not fully protected by law and businesses easily exploit this situation. There is evidence in developing countries where deception on the seller's part is not considered 'unethical'; rather 'it is considered 'a game' (Thorelli, 1983 p.147). In developing countries often 'the marketplace has been a seller's haven where consumers have little or no protection, education, or information about the market' (Darley and Johnson, 1993 p.37). In addition, in developing countries, due to low education levels, individuals are generally unaware of their fundamental rights and particularly their rights as consumers. For instance, Masaka's (2007) work in the context of a developing country (Zambia) revealed that business has little concern for consumers' rights. The study reported that business are involved in unethical practices of cheating, bribery and hoarding of basic commodities (necessity goods), and only focus on profit; therefore, local people have lost faith in business. Due to these types of business activities there are unfair price hikes, limited access to necessary information for consumers to make informed decisions, false and deceptive advertising, power abuse, and little after-sales service, among others (Azmat and Samaratunge, 2009).

It is clear from the above discussion that different stakeholders including civil society are actively involved in shaping the CSR agenda in the developed world. Civil society can influence government policies, create public awareness and expose corruption. Therefore, these activities of civil society and media are particularly relevant in the context of developing economies due to prevailing corruption, poor governance, and lack of accountability and transparency. Indeed, in many developing countries NGOs and civil society groups have started working on these issues; there is considerable scope for involving the

civil society and NGOs (Ite, 2004, Jamali, 2010). Ward et al. (2008) suggest that effective partnerships between civil society and businesses can increase the rights to public participation and consequently help to improve CSR practices in developing countries. Similarly, society and NGOs groups can create awareness of business responsibility, consumer rights and environmental issues in developing countries (Luetkenhorst, 2004). Although scholars realised the importance of these civil society groups, these groups are not yet mature enough in developing countries and not working at their full potential to promote CSR (Ararat and Gocenoglu, 2006). With local civil society groups, international donor agencies such as the World Bank and the Asian Development Bank become relevant in developing countries. These international donor organisations introduced various reforms to improve CSR in developing countries. However, CSR scholars are sceptical about whether the role of these organisations is effective. These organisations are criticised for not offering a clear path or assistance to devise relevant accountability procedures to foster socially responsible business practices. It is further claimed that their guidelines are generally superficial and little value is given unique to the context of developing countries (Azmat and Samaratunge, 2007).

Table 2.7 on the following pages summarises the key CSR literature in developing countries. It is clear from the table that existing CSR research on CSR is relatively limited in the context of developing countries. As is evident from the table, interest among scholars has increased considerably and contemporary CSR literature is growing in the different regions of developing countries including Africa (Ite, 2004), Latin America (Muller and Kolk, 2009, Young, 2004), and Asia (Belal and Owen, 2007, Jamali and Mirshak, 2007, Jamali and Sidani, 2008). The above table can help us to understand some important observations regarding CSR in developing economies. For instance,

most of the studies from the context of developing countries are based on content analysis, quantitative analysis and are descriptive in nature (for example, Batra 1996, Imam 2000, Sahay, 2004, Singh and Ahuja, 1983, Sobhani et al. 2009). Interestingly, these studies are more popular in the countries of South Asia (India and Bangladesh particularly) and measured the extent and volume of CSR disclosures through the annual reports. A criticism can be made that stand-alone CSR disclosure cannot be enough to understand CSR dynamics in the developing countries. In addition, with descriptive content-based studies, most of the existing CSR research in developing countries has focused on the managerial perspective of CSR.

Table 2-7 Summary of key CSR literature in the context of developing countries

Region	Country (ies)	Author(s)	Key findings
<i>African region</i>	Nigeria	Ite (2004)	A case study of the company Shell suggests that poor governance and underperformance of macroeconomic factors are the main obstacles to MNCs to achieving their social objectives (such as alleviate poverty in the region).
	Tanzania	Egels (2005)	A qualitative case study of MNCs suggests that MNCs must align local and international stakeholder expectations. Additionally, the study concludes that to avoid conflict and achieve legitimacy MNCs should identify a local actor to communicate with local communities (for instance a local NGO)
	Botswana and Malawi	Lindgreen et al., (2009)	This study examines CSR in the context of two African developing countries i.e. Botswana and Malawi. Results of the study suggest that companies in both Botswana and Malawi are significantly engaged in CSR practices. In addition, the study found that, by and large, both countries have similar types of CSR activities and 'there is no evidence of cultural, socioeconomic or stage of CSR maturity influences on the extent or types of CSR activities that have been adopted by Malawi and Botswana respondents organizations' (p.439)
	Kenya.	Muthuri and Gilbert (2011)	This empirical case study concludes that there are considerable differences between local firms and MNCs CSR focus and orientation. The study suggests that public relations, financial performance and institutional pressures from headquarter are key drivers of CSR practices in Kenya. They conclude that insufficient and ineffective government regulations are the main obstacles in the institutionalisation of CSR practices.
<i>Latin American</i>	Brazil	Young (2004)	The study findings suggest that business managers are aware of CSR importance in Brazil. Business leaders relate CSR to a broad concept (such as corporate citizenship and sustainable development). In addition, international NGOs and media have also giving attention to CSR issues. Nevertheless, CSR activities are philanthropic in nature due to social historical inequalities and not localised yet in the context of Brazil
		Duarte (2010)	This study explores the perceptions of CSR managers in relation to personal values in the context of Brazil. The findings of the research reveal that personal values are central to organisational culture. Particularly, personal values of corporate leaders are vital for CSR programmes in Brazil.
	Mexico	Husted and Allen (2006)	This empirical work in Mexico indicates that factors such as firms' resources and market dynamics are related with strategic social positioning. Additionally, CSR orientation is

			correlated with social planning of the firm. Firm strategic positioning is related with value creation; however planning is not correlated with value creation.
		Muller and Kolk (2009)	This study examined drivers of CSR in Mexico using survey data from local and foreign auto parts suppliers. The study suggests that ownership structure of foreign companies is not correlated with higher CSP. In addition, management commitment is a dominating driver and positively related with CSP in Mexico. They further claim that local companies exercise and maintain CSR activities up to the developed western countries level
		Meyskens and Paul (2010)	This study used websites to assess the CSR awareness of companies operating in Mexico. The study reveals that in Mexico government play limited role in CSR and social reporting, however, NGOs do influence CSR and corporate reporting. In addition, the study concludes that the concept of CSR is evolving in Mexico. Particularly, large companies have started focusing on the local social issues.
Middle East	Jordan	Abu Baker and Naser (1999)	This study explores the perceptions of stakeholders (including public accountants, academics, and government representatives). The study collected data from 206 all respondents collectively through questionnaire methods. The study found that main reason of limited CSR disclosure is because it is not mandatory requirement. The findings of survey reveal that accountant and managers believe that CSR is important for companies to be involved in CSR activities because of their visibility. On the other hand, academics and respondents from government authorities suggest that companies should be responsible to a wider society.
	Qatar	Naser, et al (2006)	This study presents the determinants of CSR from the Qatari through content analysis. On the basis of a disclosure index the study found that CSR disclosure is strongly associated with company size (market capitalisation) and business risk (leverage and corporate growth). The study also concludes that mean score of social disclosure is 33% out of 34 disclosure index.
	Lebanon	Jamili and Mirshak (2007)	The findings of this qualitative empirical case study in Lebanon indicate that CSR is largely conceived as philanthropic activity. The study suggests that both local and MNCs are aware of CSR issues, however none of the sample has clear CSR objectives and effective policies to achieve CSR related objectives.
Asia /Pacific	Fiji	Lodhia (2003)	This study explored the role of accountants in the development of environmental reporting and disclosure in Fiji. The findings of this research shows that in Fiji accountants are not motivated to engage with environmental disclosure and reporting. The study identified two reasons: a) lack of competence of accountant b) voluntary nature of environmental disclosures.
		Rosser and Edwin (2010)	This study presents present the political dimensions of CSR. The authors claim there is a continuous struggle between local communities and the elite class (that the elite class is

	Indonesia		often part of the government, corporate sectors and NGOs) of society to influence CSR policies in the country. However, the dominating elite class of society generally influences CSR policy in Indonesia
		Arli and Lasmono (2010)	This study presents a survey of consumers' perceptions of CSR in Indonesia and shows that consumers are generally unaware of CSR issues. However, consumers prefer to buy from firms with a responsible reputation where a product has the same value and price.
	Malaysia and Singapore	Andrew et al (1989)	This study was based on a sample of 119 companies operating in Malaysia and Singapore using annual reports. The study found that only 31 sample companies from both companies (i.e. 26 % of sample) have a focus on human resources-related disclosure. In addition, subsidiaries of foreign MNCs have higher level of social discourse in comparison to local firms. The study concludes that MNCs have higher social discourse due to their visibility (due to size) and host countries monitoring.
	Malaysia	Haniffa and Cook (2005)	This study used content analysis and measures the association between CSR and culture and CSR and corporate governance. The study attributed the variable culture with directors' and shareholders' ethnicity. The study found that there is a statistically significant association between social disclosure and 'boards dominated by Malay directors boards dominated by executive directors, chair with multiple directorships and foreign share ownership' (p.391).
	Thailand	Kraisornsuthasinee and Swierczek (2009)	This study presents the best practice of CSR. The study reveals that 42.8 percent of executives of large corporations were not aware of the conception of CSR. Not surprisingly, like other developing countries, CSR is a new concept in practice, not integrated in core business practices and only exercised by a few large organisations.
		Kuasirikun and Sherer (2004)	This study examined annual reports (year 1993) and 84 annual reports (year 1999) of Thai-listed companies to measure the social disclosure. Using content analysis the study also examined the quality of disclosures. The study concludes that 'various aspects of the Thai accounting disclosure that are analysed are disabling, and more generally that Thai accounting practices explored fall short of their potential to function as enabling communication' (p.629).
		Ratanajongkol et al. (2006)	In contrast to the above study, this paper notes an increase in levels of corporate social disclosure among Thai companies over a period of time. Disclosure regarding human resources is the major one among them for social reporting. In addition, the study indicates that the manufacturing sector discloses the highest level of social information. However, social disclosure and trends are different in different sectors.
		Belal (1997) and Belal (1999)	Belal's (1997) study examines extent of green reporting practices in 50 sample (data collected in 1994/95) companies in Bangladesh. The study found that only 6% of the sample companies disclose environment related issues. Later, Belal (1999) study

	Bangladesh		examined the annual reports of 30 companies to assess patterns of corporate social disclosure in Bangladesh. The empirical evidence suggests that 90 percent of the sampled companies disclose some kind of environmental information largely focusing on expenditure on energy usage. The research indicates that 77 percent of the companies report ethical information, however, the nature of ethical disclosures was not discussed in the study.
		Imam (2000)	This study presents a content analysis of annual to understand companies' the extent of CSR through social disclosures. The study found that companies' size (in term of sales) is not significantly associated with CSR. On the other hand, size in term of total assets has a positive impact on CSR discourse in annual reports. Profitability also has a mixed influence on CSR in India and is highly correlated to the nature of the industry.
		Sobhani et al. (2009)	This study examined corporate social disclosure practices in Bangladesh over the last 10 years. The findings reveals that stakeholders are becoming aware of CSR importance over time and the quantity of social reporting has increased substantially, however, the nature of disclosure is still poor.
		Duarte and Rahman (2010)	This study maintains growing awareness of CSR among managers. The study also presents a prominent pattern that CSR is primarily associated with social issues. However, environmental concerns are not generally acknowledged. This study concludes that corruption is a serious obstacle to promoting CSR in Bangladesh.
	India	Singh and Ahuja (1983)	This study presents a content analysis of annual reports to understand companies' extent of CSR through social disclosures. The study found that companies' size (in term of sales) is not significantly associated with CSR. On the other hand, size in terms of total assets has a positive impact on CSR discourse in annual reports. Profitability also has a mixed influence on CSR in India, and is highly correlated to the nature of the industry.
		Batra (1996)	This study is based on a longitudinal analysis of corporate social reporting in the Steel Authority of India Limited during 1984-85 to 1990-91. This case study found inconsistencies and lack of uniformity in presentation of social reporting. In addition, study suggests that due to lack of 'conventions, postulates and axioms to guide social accountants in drafting accounts' (P.43)
		Sahay (2004)	This study focuses on the environmental reporting of Indian companies. The study reveals that except for a few, most Indian companies are behind developed countries in environmental reporting. Results of the study show that companies do not provide relevant information to stakeholders. This study concludes that environmental reporting is unsystematic and inadequate in India because stakeholders put less pressure on companies to disclose environmental information.
		Gupta (2007)	This study suggests that the CSR concept is progressing in India however it has not

			'...realized its full potential'. This study suggests that CSR initiative is largely directed by 'self-assertion rather than accountability'. In addition, the study concludes that 'there is certainly no lack of CSR programmes and projects in India' however, companies still lack a clear mechanism of monitoring and evaluating the actual social outcome.
		Mishra and Suar (2010)	This study examined the influence of CSR on a firm's performance. The study suggests that stock listed firms in India show better social and financial performance compared to non-listed firms. In addition, managerial perception of CSR and firm size is positively related with financial performance. The study concludes that 'responsible business practices towards primary stakeholders can be profitable and beneficial to Indian firms' (p.571).
		Bihari and Pradhan (2011)	This study focused on CSR and banking sector performance. The study shows that over the year banks in India are involved in CSR activities. CSR activities have a positive impact on banks' performance especially on their goodwill and image. This study concludes that the corporate sector can enhance business value through CSR and this example can be replicated to other sectors in India.

Very few studies have captured the stakeholder perceptions of CSR. Stakeholders such as NGOs, pressure groups, media and civil society might not be very active and strong in developing countries, yet it is important to capture these stakeholders' views and bring a positive influence in both theory and practices in developing countries (Belal and Owen, 2007). With some exceptions (for example, Jamili and Mirshak 2007, Muthuri and Gilbert 2011), most of the CSR studies have little emphasis on the contextual and environment realities in the developing countries. In other words, it is yet to explore the relevance of western fashion CSR agenda in the context of developing countries. It is interesting to note that these above discussed existing studies in the context developing countries provide a little explanation regarding local institutional motivations for CSR.

Overall, available CSR research in developing countries provides conflicting evidence in the literature. For instance, in some studies it is argued that managerial personal values and commitment are important factors in initiating CSR practices (Duarte, 2010, Muller and Kolk, 2009) and local institutional environments do not have much impact on the CSR practices. For instance, in Malawi and Botswana, socio-economic, political and cultural institutions do not have an influence on the extent or types of CSR activities (Lindgreen et al., 2009 p.439). On the other hand, literature also suggests that developing countries' contextual realities are very relevant and so, to avoid conflict and achieve legitimacy, MNCs should identify a local actor to communicate with local communities (for instance, local NGOs) (Calvano, 2008). On the other hand, there is a general consensus on two aspects of CSR in the developing countries: a) CSR is not well developed and institutionalised and b) there are considerable differences between local firms and MNCs' CSR focus and orientation. It is clear from the literature that MNCs are ahead of local companies in the context of developing countries for their CSR initiatives. However, these CSR

initiatives are western based and sometimes not compatible with the local institutional environment of developing countries (see, for example, Jamili and Mirshak 2007, Muthuri and Gilbert 2011).

As discussed in chapter one Pakistan has all the characteristics of developing countries including poverty, low per capita income, economic instability and weak regulatory institutions. Contrary to other developing countries where interest in CSR research is growing, the concept of CSR is new and literature is limited in Pakistan (see table 2.8 for a summary of CSR-related research in Pakistan). In the 1990s, perhaps for the first time, the relevance of CSR was realised in Pakistan when the child labour issue in the football industry (Sialkot, Pakistan) hit the headlines of the international media (Winstanley et al., 2002). As a result of this, there emerged several international and national NGOs, particularly those working for CSR-related issues to increase awareness of it (Waheed, 2005).

The following table presents a summary of all CSR-related literature found in the context of Pakistan (academic and non-academic between 2000 and 2010). A care has been taken to include all (to the best of the researcher's knowledge) possible available literature in this table. A small number of academic studies in the context of Pakistan clearly show that unlike other developing countries (including neighbouring India and Bangladesh) where CSR research has increased considerably, CSR research has not received much attention from scholars in Pakistan. Existing available literature in Pakistan has been carried out through a case study approach focusing on specific sectors and issues (for instance, the textile and leather industry addressing child labour) in Pakistan. One of the reasons for the focus of the researchers on these sectors and issues is because these issues are related with export items (textile and football), and since the mid-1990s, the international community has raised concerns about them. In addition, it has been noted that MNCs are leaders

Table 2-8 CSR-related literature in Pakistan

Author	Publication type	Focus	Methods	Description
Ray (2000)	Academic research paper	Child labour	Hypothesis-based Quantitative	One of the first ever studies on CSR in Pakistan, is a comparative study focusing on child labour and its key determinants in Peru and Pakistan. This empirical study was conducted on the basis of two hypotheses relating to child labour with family income and adult labour as a substitute of child labour. This study indicates significant differences between the Pakistani and Peruvian contexts. The results indicate that there is a positive association between child labour and family income and negative association between child schooling and poverty in Pakistan. Both of these hypotheses were rejected in the context of Peru.
The Sustainable Development Policy Institute (SDPI, 2002)	White paper	CSR and natural disasters	Survey based quantitative	This report focused on the issue of CSR and natural disasters in Pakistan. This report reveals that the social response of business is reactive in the case of natural disasters and only those businesses which are directly involved in that disaster get involved through public-private partnerships to help the society. This study also suggests that businesses in Pakistan have not 'internalised' CSR concepts yet CSR practices are mostly enforced from 'external factors' (p.34). This report points out that MNCs in Pakistan are involved in short-term investments like landscaping, billboards and cultural events, which they consider for better image. This study also demonstrates a few best CSR practices of companies including Shell, Reebok, Saga sports (Nike), Liver Brother Pakistan (now known as Uniliver) and Engro Chemical Pakistan Limited (ECPL) in areas such as environment, education, child labour and health.
Lund-Thomsen (2004)	Academic research paper	Environment /community conflict	Case study	This study suggests that corporate social and environmental responsibility (CSER) problems are not merely failures on the part of companies' management, but should also be understood in the local context and seen from the perspective of how international political and economic forces interact. He argued that to understand environmental hazards to a local population the 'global value chain analysis' is a helpful tool. He attempts to link this conceptual framework to analyse the case in Kasoor (Pakistan) as 'company community conflict'. The study found that, although a few

				companies consider themselves committed to CSER in theory, they were actually not changing their polluting practices in the area. In addition, the study indicates that the international political and global economic situation is the main cause of pollution in developing countries like Pakistan. Cheap labour in this region (Kasoor, Pakistan) has attracted the pollution-intensive leather industry from the north and as a result the local community is suffering from environmental hazards. He concluded that there is a need for more in-depth research regarding the contextual understanding of CSER.
Hussain-Khaliq (2004)	Academic research paper	Child labour	Case study	This study presents a case study to understand how the International Labour Organisation (ILO) and Saga Sports have eliminated child labour in the football stitching industry in Pakistan. This study debates on the issues like the 'value of export led social consciousness', and the difference between 'child labour' and 'child work' (p.101). It has been indicated that with the joint efforts of the ILO and Saga Sports, the child labour problem has been brought to an end. Besides that, in the same industry other CSR issues like employees' rights and social investment have also been improved. However, it concludes that while Saga Sports might have abolished the problem of child labour the children working there might have moved to other industries because of the lack of consciousness in other local industries in Pakistan.
Securities and Exchange Commission of Pakistan (SECP) 2005	White paper	CSR in Pakistan	Mix	This white paper on 'Evaluation of the State of CSR in Pakistan and a Strategy for Implementation'. According to this report there is very low awareness of CSR in Pakistan, business organisations are in the preliminary policy development stage and are going through their first wave of CSR that is philanthropy and legal compliance. Companies' vision is predominantly situational, short term, not part of a continuous strategic process and not embedded as a corporate value, but it is perceived as a necessity. Moreover, this report indicates that MNCs and large local national companies with international affiliation adopt and implement CSR. It also found that a small number of companies take environmental protection measures including waste management, recycling and energy conservation. Usually companies do not focus on areas such as corruption control, subsidised food and transport facilities for the employees and discourage employee unions, and stakeholder

				engagement. Moreover, CSR reporting is considered to be a low priority issue. The report also suggests that CSR policy should evolve through business and institutions (stakeholders) engagement.
Pakistan Centre of Philanthropy (PCP, 2005,2006)	White paper	Philanthropy	Survey based quantitative	This is a survey-based research on the philanthropic activities of public listed companies in Pakistan. The study suggests that in Pakistan, corporate philanthropy is limited to donations only, which means its scope is not captured fully as represented by the broader CSR concept. This report reveals that 64% of all public limited companies are involved in some social development activities. It also indicates that companies contribute to society mostly due to humanitarian and faith-based reasons. In 2006, PCP conducted a sequel to the 2005 (PCP) survey report on corporate philanthropy in Pakistan. The 2006 report shows that there was a significant increase in philanthropic activities of public limited companies. It has also been argued that although corporate philanthropy is on the rise, it is still neither adequately organised, nor properly documented and mostly focused on health and education.
Khan (2006)	Academic research paper	Firm performance	Qualitative	This research focuses on the conflict between CSR and firms competitiveness in 18 Pakistani textile manufacturing factories exporting goods to the US. Her findings confirmed that no child labour issues from a CSR perspective were raised in the selected sample, which was once a big concern of the international community in the 1990s. This study also demonstrates considerable improvement in the safety and health conditions due to new compliance standards. The study also discovered that factory owners contend that the CSR is not properly working in the local context of Pakistan and imitates 'Western' CSR practices (Khan, 2006 p.7). Moreover, factory owners are concerned about the tedious CSR audits (sometimes up to 22). She concluded that CSR mandatory regulation is not on the horizon, but collaboration among public, private and non-profit organisations is in progress.
Ahmad (2006)	Academic research paper	CSR in Pakistan	Questionnaire-based interviews.	The study explored the key CSR issues, the importance of different stakeholders, and different types of CSR activities prevailing in Pakistan from a non-randomly selected sample of 16 companies. The study claims that most of the CSR activities focus only on employee benefits and short-term corporate philanthropy. Like

				SDPI. (2002), this study also indicates that business is involved in short-term initiatives particularly in making donations in the case of natural disasters. The study further claims that industry type, size of the company and financial performance has a moderating effect on corporate social obligations, however, financial performance has been explored as the first priority of most business managers. Furthermore, the study confirms with Khan (2006) that MNCs' practices are 'Western' oriented and are not tailored to the local values of Pakistan.
Naeem and Welford (2009)	Academic research paper	CSR in Pakistan	Qualitative	This study presents an interesting picture of the CSR situation in Pakistan. The study suggests that all companies (both local and MNCs) have failed to engage in many aspects of CSR. For instance, they claim that 'Indeed, a few [MNCs] seem to have policies covering gender issues, the formal representation of workers, revenue distribution to local communities, and eliminating child labour along supply chains'. In addition, 'these are very much part of the global sustainable development agenda but seem to be ignored by many of the MNCs represented in this survey' (p.121). The study concludes that in both local firms and MNCs, the CSR concept is not fully developed. Those companies involved in some CSR activities only respond to legal pressure. In addition, child labour and gender inequality issues still exist in both local and MNCs. More recently,

in initiating CSR practices in Pakistan (Ahmad, 2006, Khan, 2006 SECP, 2005). Perhaps, MNCs' international exposure and CSR as part of their parent companies' vision are key drivers of CSR activities. However, it has been also argued that MNCs from the west are practicing western-style CSR which is non-contextual in Pakistan (Ahmad, 2006, SECP, 2005). It is also clear from available CSR literature in the Pakistan context that, typically, companies consider CSR as a short-term charity-based or philanthropic activity (Ahmad, 2006, SDPI, 2002, SECP, 2005,). Furthermore, it evident that most of the companies consider CSR as situational and reactive (particularly if companies are part of any event or situation) rather than a part of a continuous strategic process and part of their long-term vision (Ahmad, 2006, SDPI, 2002, SECP 2005,).

It can be concluded from the synthesis of the above literature (from both the developing countries and Pakistan) that during the last decade or so the importance of CSR in the context of developing countries has increased considerably. Nevertheless, CSR is still mostly disorganised, underdeveloped, and based on *ad hoc* policies and philanthropic CSR activities in developing countries. Therefore, it is critical to focus on CSR in the developing countries because there are still different unexplored and unresolved CSR issues in the context of developing countries. Even today, different stakeholder groups are sceptical of the activities of the large businesses in developing countries. For instance, MNCs in Nigeria shift the cost of environmental regulation to the government because the Nigerian government cannot independently extract oil due to lack of technology. Hence, unethical business passes on the environmental cost to the public (Idemudia, 2011). In addition, elimination of child labour in Bangladesh and Indonesia was a result of international pressure with good intentions. However, this act pushed more families into poverty (Utting, 2005). It has also been noticed that in developing countries the majority of large companies do not even have a formal CSR programme (Prieto Carron et al., 2006). Literature

(such as Belal, 2001, Jamali and Mirshak, 2007) suggests that the lack of awareness and advocacy, weak regulatory institutions and macro-economic issues are obstacles to effective CSR initiatives in developing countries.

On the other hand, scholars have also recognised the significance of CSR in the developing countries' context (Arthaud-Day, 2005, Blowfield and Frynas, 2005, Broadhurst, 2000, Quazi and O'Brien, 2000). For instance, Blowfield and Frynas (2005 p.499) asserted that 'government, civil society and business all to some extent see CSR as a bridge connecting the arenas of business and development, and increasingly discuss CSR programmes in terms of their contribution to development'. In addition, Blowfield (2005 p.519) claimed that 'CSR has made progress in helping companies rethink their responsibilities and self-interest in the developing country context'. Similarly, Ite (2004, pp.1-2) argued that MNCs can have a positive impact on developing countries through '[CSR] initiatives focusing on sustainable development and cooperation with civil society'. As mentioned previously, literature recognises the importance of context-specific relevance of CSR, particularly in developing countries; however, 'CSR literature failed to adequately reflect this diversity' of contextual realities of developing countries (Idemudia, 2011 p.1). In fact traditionally, CSR research largely focuses on developed countries and there is limited research in the context of developing countries (Dobers and Halme, 2009, Fox, 2004, Fox et al., 2002, Gugler and Shi, 2009, Idemudia, 2011, Jamali, 2008, Jamali and Mirshak, 2007, Muthuri and Gilbert, 2011, Prieto Carron et al., 2006). Understanding of CSR in the context of developing countries becomes more relevant in the case of MNCs and their subsidiaries. It can be seen from the review that research on CSR of MNCs in developing countries is limited. In addition, existing research on CSR in relation to MNCs suggests the diversity between developed and developing societies has increased, and different societies have different capacities to protect their interests. This

diversity has created complex and sometimes competing social expectations for MNCs (Arthaud-Day, 2005). For instance, existing research on CSR in relation to MNCs suggests that CSR strategies of MNCs are often considered an alien phenomenon in developing countries. In other words, it is assumed that CSR is a western concept that is imposed in host developing countries by MNCs. In addition, specific institutional conditions and realities pose complex expectations of MNCs, which creates a paradox for both academics and practitioners. For instance, in the case that MNCs wish to develop and implement best CSR practices in developing countries, generally local communities in developing countries expect MNCs to get involved in charitable work, address issues like health and education on an *ad hoc* basis and be willing to compromise on the broader CSR agenda. Hence, there is a need for a new understanding of the social responsibility of MNCs in the context of developing countries from a stakeholder perspective. A closer review of existing literature presented above clearly suggests that like other developing countries, in the case of Pakistan the CSR phenomenon is still underdeveloped and not properly investigated. Waheed (2005 p.24) presented the state of CSR in Pakistan and asserts that 'in a situation where there is a lack of both theoretical and practical CSR knowledge and experience, this attitude (towards CSR importance) invariably goes unchallenged'. Therefore, understanding CSR in a developing country like Pakistan needs a careful selection of the theoretical lens. The next section presents a review of relevant theories and construction of a theoretical framework that would appropriate to examine CSR of MNCs operating in Pakistan.

2.6 Literature on the Underpinning Theories of this Research

2.6.1 Stakeholder theory

This sub-section briefly discusses the history of stakeholder theory in relation to business and organisational studies. The discussion highlights the key underpinning philosophies of stakeholder perspective

and institutional theory related to the CSR movement. It also draws attention to the significance of examining stakeholder theory (particularly the stakeholders' attributes) within an institutional configuration or institutional context. In essence, the main objective of this section is to set the stage to understand the CSR of MNCs (organisational context) through stakeholder attributes within Pakistan (institutional context).

As previously reflected in section 2.2, stakeholder theory has introduced one of the major paradigm shifts in the CSR literature during the last century. The term 'stakeholder' first appeared in 1963 when an internal memorandum at Stanford Research Institute (SRI) was presented and defined stakeholders as 'those groups without whose support the organization would cease to exist' (Freeman, 1984 p.31). This definition referred to the stakeholder; however, it only focuses on the shareholders of the firms. It took around another 20 years from the 1960s to get a broader view of the term stakeholder and crystallise the theory. In 1984, Freeman published his landmark work, *Strategic Management: A Stakeholder Approach*. This work set the agenda for what we now call modern stakeholder theory, which became one of the most popular and contested topics in business and management literature. Freeman (1984 p.47) defined stakeholder as 'any group or individual who can affect or is affected by the achievement of the firm's objectives'. Unlike the SRI definition, Freeman presented a broader view and assessed the role of actors in the business environment; he suggested that different internal and external actors impact upon business besides shareholders. Freeman's (1984) definition of stakeholder is broader and more balanced than the earlier SRI definition. Particularly, 'the symmetrical phrase "can affect or is affected by" opens up the idea that outside individuals or groups may consider themselves to be stakeholders of an organisation' (Friedman and Miles, 2006 p.6).

Since Freeman (1984) introduced the term 'stakeholder', it has gained enormous popularity in the business and management literature. At the same time it is still a contested topic and not clearly understood (Friedman and Miles, 2006). Particularly, this term was used in multiple applications and became a 'fashionable construct'. However, many scholars have defined stakeholders by the nature of the 'stakes' they hold towards organisations. The following list of definitions highlights different scholars' views on stakeholders.

Table 2-9 Definitions of Stakeholder Concept

Author(s)	Definitions
Stanford memo, 1963 cited in Freeman and Reed, 1983; and Freeman, 1984)	'Those groups without whose support the organization would cease to exist'
Freeman and Reed (1983 p. 91)	'Wide: can affect the achievement of an organization's objectives or who is affected by the achievement of an organization's objectives' 'Narrow: "on which the organization is dependent for its continued survival'
Freeman (1984, p.46)	'Can affect or is affected by the achievement of an organization's objectives'
Freeman and Gilbert (1987, p. 397)	'Can affect or is affected by a business'
Cornell and Shapiro, (1987, p 5)	'Claimants" who have "contracts'
Evan and Freeman, (1988, pp. 75 – 76)	'Have a stake in or claim on the firm'
Evan and Freeman, (1988, p.79)	'Benefit from or are harmed by, and whose rights are violated or respected by corporate actions'
Bowie (1988, p.112)	'Without whose support the organization would cease to exist'
Alkhafaji (1989, p. 36)	'Groups to whom the corporation is responsible'
Carroll (1989, p.57)	'Asserts to have one or more of these kinds of stakes ranging from an interest to a right (legal or moral) to ownership or legal title to the company's assets or property'
Thompson et al., (1991)	In 'relationship with an organization'
Savage et al., (1991, p. 61)	'Have an interest in the actions of an organization and ... the ability to influence it'
Hill and Jones(1992, p. 133)	'Constituents who have a legitimate claim on the firm... established through the existence of an exchange relationship" who supply "the firm with critical resources (contributions) and in exchange each expects its interests to be satisfied (by inducements)'
Brenner (1993, p. 205)	'Having some legitimate, non-trivial relationship with an organization [such as] exchange transactions, action

	impacts, and moral responsibilities'
Wicks et al., (1994, p. 483)	'Interact with and give meaning and definition to the corporation'
Langtry (1994, p. 433)	'The firm is significantly responsible for their well-being, or They hold a moral or legal claim on the firm'
Starik (1994,p.90)	'Can and are making their actual stakes known" - "are or might be influenced by, or are or potentially are influencers of, some organizations'
Clarkson (1994, p. 5)	'Bear some form of risk as a result of having invested some Form of capital, human or financial, something of value, in a Firm" or "are placed at risk as a result of a firm's activities'
Clarkson, (1995 p.106)	'Have, or claim, ownership, rights, or interests in a corporation and its activities'
Nasi(1995, p.19)	'Interact with the firm and thus make its operation possible'
Brenner (1995,p.76)	'Are or which could impact or be impacted by the firm/organization'
Donaldson and Preston (1995, p. 68)	'All persons or groups with legitimate interests participating in an enterprise do so to obtain benefits, and there is no prima facie priority of one set of interests and benefits over another'
Post et al, (2002, p.2)	'Individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and who are, therefore, its potential beneficiaries and/or risk bearers'
Branco and Rodrigues (2007 p. 7)	'Stakeholder theory is based on the notion that beyond shareholders there are several agents with an interest in the actions and decisions of companies'

Adapted from Mitchell et al. (1997, p. 858)

The above table shows that different management scholars in the literature conceptualised the term 'stakeholder' from narrow to broad perspectives. The narrow stakeholder perspective focuses on those stakeholders whose stakes or interests are directly vested in an organisation. These stakeholders might include shareholders, employees, government and local communities. Generally, these stakeholders have clear and explicit stakes or interests in the organisation. On the other hand, the broad stakeholder view focuses beyond explicit interest and also on those who can affect or can be affected indirectly. In addition, based on Freeman's idea of multiple stakeholders, different scholars also extended the stakeholder definition. For instance, Donaldson and Preston (1995 p.68) focused on the principle of morality and legitimacy and mentioned that 'all

persons or groups with legitimate interests participating in an enterprise do so to obtain benefits, and there is no prima facie priority of one set of interests and benefits over another'. Similarly, According to Post et al. (2002 p.6) stakeholders of a company are the 'Individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and who are, therefore, its potential beneficiaries and/or risk bearers'. In this definition they referred to those stakeholders who provide resources to organisations to produce goods and services. Therefore, these stakeholders have some value at risk and also have power to affect organisations.

Freeman (1984) and his supporters of stakeholder theory do not deny the economic interest of shareholders, but rather than focus on the interests of multiple stakeholders this theory helps to improve the value of modern organisations (Hillman and Keim, 2001). Recently, in the book *Stakeholder Theory: The State of the Art*, Freeman et al. (2010 p.11) emphasised that

We believe that in order to maximise profits, companies need great products and services that customers want, solid relationships with suppliers that keep operations on the cutting edge, inspired employees who stand for the company mission and push the company to become better, and supportive communities that allow businesses to flourish.

The concepts of CSR and stakeholder theory are closely linked with each other. Since its introduction, stakeholder theory has been embedded in organisational life and, therefore considered an important and useful framework in the CSR literature (Gibson, 2000, Hillenbrand et al., 2012, Key, 1999, Parmar et al., 2010). A stakeholder-oriented CSR approach suggests that a key responsibility of organisational managers is to manage the needs, expectations and demands of various stakeholder groups. Different groups of stakeholders may hold multiple, conflicting, economic and non-economic expectations from the organisation (Neville et al., 2011). This approach emphasises that multiple and conflicting expectations of stakeholders can be managed

by a systematic engagement and dialogue (Lindgreen and Swaen, 2010). A proactive management and a systematic engagement of stakeholders contribute to a better economic outcome (Clarkson, 1988). Alternatively, if corporations do not understand stakeholder expectations and act irresponsibly, they can face a risk to their reputation (Haigh and Griffiths, 2009) and financial penalties (Frooman, 1997). Hence, the stakeholder concept is 'a necessary process in the operationalization of CSR' (Matten et al., 2003 p.111).

The influence of the stakeholder concept in CSR literature can be explained from three perspectives. First, the *normative* perspective of the stakeholder theory is based on a broad moral philosophy and suggests that all stakeholders should be treated equally. Second, the *instrumental* stakeholder theory has a narrow focus and emphasises the economic performance of the firm. Third, the *descriptive* stakeholder theory relates to CSR by focusing on how managers can meet the interests and expectations of multiple stakeholders (Donaldson and Preston, 1995, Neville et al., 2011).

Recently, a growing number of scholars have started using stakeholder theory to understand CSR and business ethics (Driscoll and Starik, 2004, Branco and Rodrigues, 2007, Haigh and Griffiths, 2009, Jamali, 2008, Kakabadse et al., 2005, O'Riordan and Fairbrass, 2008, Neville et al., 2011, Pelozo and Papania, 2008, Lindgreen and Swaen, 2010). Mainstream CSR literature often includes the concept of stakeholder dialogue, stakeholder partnership and stakeholder management (Yang and Rivers, 2009). In addition, stakeholder theory is gaining popularity from a methodological perspective. This theory can be considered '... as a tangible way to organize, assess and research issues' in the field of business and society (Key, 1999 p.323). Similarly, Jamali (2008) concluded that stakeholder theory seems appropriate to collect and analyse empirical data to analyse CSR.

Following clarification of the meanings of the term stakeholder, type of stakeholder and importance of stakeholder theory in the discourse on CSR, a detailed review follows of organisational stakeholder relationships with reference to Mitchell et al.'s (1997) contribution. The discussion in the next sub-section is very relevant to this thesis and critique it sets the platform for the theoretical framework of this study.

a) Organisational stakeholder relationship: Mitchell et al.'s (1997) perspective

It is not possible for a business organisation to satisfy the interests of all stakeholders. Different stakeholders can present different and conflicting expectations to the organisation. Therefore, it is central for an organisation to identify important stakeholders and trade-off between stakeholder interests and expectations (Garriga and Mele 2004). Stakeholder identification is considered as a starting point for the conceptualisation of stakeholder theory (Kaler, 2003). Mitchell et al. (1997 p.854) contributed an in-depth version of the stakeholder relationship model based on (1) the stakeholder's power to influence the firm, (2) the legitimacy of the stakeholder's relationship with the firm, and (3) the urgency of the stakeholder's claim on the firm.

The concept of *power* has a vital role to play in understanding organisational decision-making (Driscoll and Starik, 2004). In the social sciences power is defined as '... the capacity of individual actors to exert their will' (Finkelstein, 1992 p.506). From Mitchell et al.'s (1997 p.865) viewpoint, power is likely to manifest from three contextual dimensions: normative power, coercive power, and utilitarian power. Normative power is a result of laws and regulations and the organisation has no control over it. Coercive power issues from physical means (such as violence or restraint). Utilitarian power refers to dependence on resources because sometimes organisations behave against their own will in order to gain resources. Similarly, according to Hardy (1996 p.7) power can be drawn from three

dimensions: resources, processes and meaning. He suggests that owners of resources are more likely to influence others into behaving according to their will. For instance, 'information, expertise, political access, credibility, stature and prestige, access to higher echelon members, the control of money, rewards and sanctions'. The second dimension of power stems from the decision-making process. People who have domination over decision-making processes are able to coerce others by exercising 'procedures and political routines'. The third dimension relates to the power to avoid 'conflict from emerging in the first place' (Hardy, 1996 p.8).

Legitimacy is the second attribute in Mitchell et al. (1997) stakeholder salience model. Mitchell et al. (1997) and Suchman (1995) both recognised legitimacy as a social system. In a broader sense, legitimacy can be defined as 'a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Suchman, 1995 p.574). The stakeholders with legitimacy attributes can influence organisations on the basis of legal or moral grounds. Mitchell et al. (1997) argued that many scholars implicitly assume that legitimate stakeholders are often powerful; however, legitimacy need not be linked to power.

Urgency is the third attribute in the stakeholder salience model. Mitchell et al. (1997 p.867) defined urgency as, 'the degree to which stakeholder claims call for immediate attention'. Their urgency concept is divided into 'criticality' and 'time sensitivity'. Criticality signifies the importance of the claim or relationship to the stakeholder, whereas time sensitivity refers to the degree to which a stakeholder is anxious to get their demands satisfied, and delay is unacceptable for the stakeholder.

Mitchell et al. (1997) proposed seven types of stakeholder salience on the basis of a combination of stakeholder attributes (power, legitimacy and urgency). The first class *latent stakeholders* possess one attribute, *expectant* possess two and *definitive stakeholders* possesses all three attributes. The following figure presents the stakeholder classes, salience and attributes.

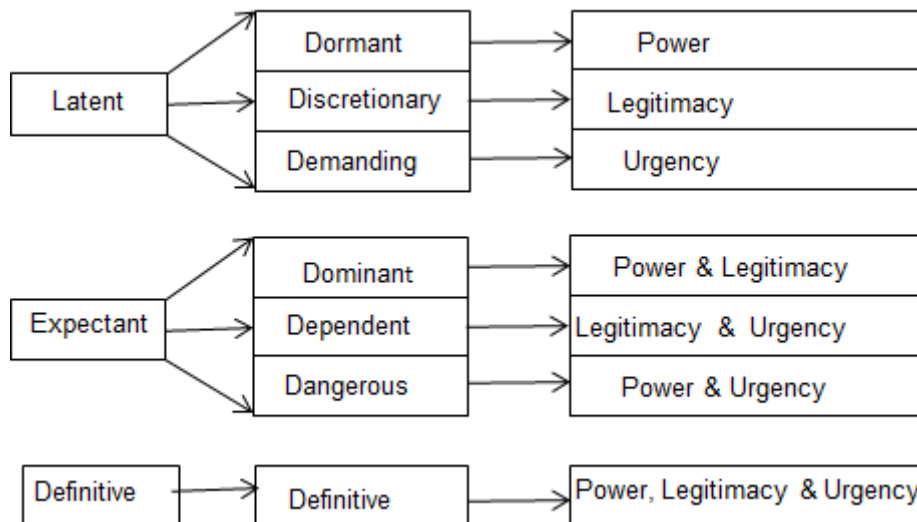


Figure 2-4 Stakeholder salience model adapted from Mitchell et al. (1997)

The *latent stakeholders* are further classified into dormant, discretionary, and demanding stakeholders. The dormant stakeholders possess power, but have no legitimacy or urgency in their claim; as a result dormant stakeholders are unable to use their power. Discretionary stakeholders have legitimacy, but no power and urgency; therefore they are dependent on the will of the organisation. The demanding stakeholders possess only the urgency attribute, and are not dangerous; however, they can be troublesome for the organisation.

Expectant stakeholders possess any of two stakeholder attributes and, therefore, are more salient than latent stakeholders. They are divided into dominant, dependent and dangerous stakeholders. Dominant stakeholders possess power and legitimacy. These stakeholders have

power to act on their claim (legitimacy); hence, they get adequate attention from the organisation. Stakeholders with legitimacy and urgency are called dependent. They do not have the power to influence the organisation; however, the organisation has a moral and social responsibility to address their claim. The last type of expectant stakeholder is called dangerous and has attributes of both power *and* urgency. As the name suggests, this group can become violent through boycotts and protests.

The stakeholders with all three attributes are definitive and are the most salient for organisations. It is important to note that one of the key features of Mitchell et al. (1997) framework is that all three stakeholder attributes are variable in nature and can change over time. For instance, a claim of a stakeholder group can be legitimate at one point in time, but not at another time. In addition, one stakeholder/group of stakeholders can have power to influence an organisation at one time, but not at other times (Magness, 2008). It is also notable that an particular stakeholder/stakeholder group can have high legitimacy, but medium power and low urgency' and 'introducing different degrees of attributes results in a more differentiated picture of stakeholder salience' (Winkler, 2009, p.5). It is important for the company to understand and manage stakeholder attributes appropriately; otherwise companies can face 'financial and reputational harm' and also can harm stakeholders (Neville et al., 2011 p.370). In recent years, Mitchell et al. (1997) stakeholder attributes (power, legitimacy and urgency) has gained popularity among scholars. Table 2.10 (on the next page) presents key work based on (Mitchell et al., 1997) stakeholder attributes and salience.

b) Mitchell et al.'s (1997) contribution: Current debate and relevant critique

Mitchell et al.'s (1997) stakeholder salience has received considerable attention in management literature. A number of subsequent studies

have used Mitchell et al.'s (1997) stakeholder attributes empirically (Agle et al., 1999, Braun and Starmanns, 2009, Eesley and Lenox, 2006, Hautbois et al., 2012, Magness, 2008, Parent and Deephouse, 2007, Winkler, 2009), and revisited and expanded them theoretically (Driscoll and Starik, 2004, Haigh and Griffiths, 2009, Jawahar and McLaughlin, 2001, Neville et al., 2011, Neville and Menguc, 2006, Pelozo and Papania, 2008). The work of other authors used stakeholder attributes on areas such as the environment (Braun and Starmanns, 2009, Driscoll and Starik, 2004, Eesley and Lenox, 2006, Magness, 2008), sports (Hautbois et al., 2012, Parent and Deephouse, 2007), and CSR (Agle et al., 1999, Neill and Stovall, 2005, Neville and Menguc, 2006, Pelozo and Papania, 2008). In addition, these attributes have been capitalised on relating to a firm's code of ethics (Agle et al., 1999), value creation (Myllykangas et al., 2010) and a firm's life cycle (Jawahar and McLaughlin, 2001).

The selected literature presented table 2.10 highlights and provides further understanding of stakeholder attributes (based on Mitchell and colleagues' work). Contemporary empirical work suggests mixed and conflicting evidence on the salience of stakeholder attributes. For instance, some of the subsequent studies indicate that power attributes are commonly accepted and power is a more salient stakeholder attribute (Aaltonen et al., 2008, Neill and Stovall, 2005, Parent and Deephouse, 2007). Others (such as Eesley and Lenox, 2006, Winkler, 2009) suggest that legitimacy is a more salient stakeholder attribute. However, it is interesting to note that none of the single empirical studies supports urgency individually as a salient stakeholder attribute.

Theoretically, different scholars revisited and extended Mitchell et al. (1997) stakeholder model; for instance, the model does not explicitly refer to the natural environment. Driscoll and Starik (2004) noted this and introduced a fourth attribute, 'proximity', to understand the organisational relationship with the natural environment. The proximity

Table 2-10 Summary of work based on Mitchell et al. (1997)

Author(s)	Focus/Theme	Methodology	Summary of key arguments and conclusion
Agle et al. (1999)	CSP and managerial values	Quantitative /Empirical research based on Survey of 80 Managers in US firms and testing of hypothesis	The study reveals that from the perspective of Chief Executive officers (CEOs) of sample companies, all three stakeholders (power, legitimacy and urgency) individually and collectively relate to stakeholder salience. In addition, the study suggests that stakeholder attributes sufficiently affect CEOs decision to prioritise stakeholders.
Jawahar and McLaughlin (2001)	Organisational life cycle	A Qualitative theoretical research based on proposition	The study relates stakeholder attributes to organisational life cycles and argues that stakeholder salience is dependent on the stage of organisational life cycle. The study presents three key arguments. 1) At certain organisational life cycle stages some stakeholders are important to satisfy the firm's needs; hence they will be more important than other stakeholders. 2) The importance of certain stakeholders' group changes with the passage of time as the organisation evolves from one stage to another.3) Organisations often devise a strategy on the basis of the relative importance of stakeholders to other stakeholders.
Driscoll and Starik (2004)	Revisit and expand stakeholder attributes to natural environment	A Qualitative theoretical research	The key argument of the study is that three stakeholders (power, legitimacy and urgency) fail to consider the natural environment as a primary stakeholder. It was argued in the study that these three stakeholder attributes are defined within a human social system and ignore the non-human ecological system. The authors integrated the proximity attribute into the stakeholder model and argued that organisations are spatially networked with nearby natural environments. In addition, it was suggested that management should explicitly treat non-human natural environments as a primary stakeholder.
Neill and Stovall (2005)	CSR and stakeholder salience	Descriptive case study of three companies	The study reveals that stakeholder attributes have an influence on CSR activities. With the passage of time stakeholder attributes change and as a result CSR activities of the companies also change. The power attribute is the most prominent and has a strong impact on CSR. However, legitimacy and urgency have no strong impact on the CSR activities of sample companies.
Eesley and Lenox (2006)	Environmental issues and stakeholder salience	Quantitative /Empirical study based on hypothesis testing, collected secondary data from 600 respondents on environmental issues from 1971-2003	This empirical work focuses on the secondary stakeholders' actions regarding environmental concerns during 1971-2003. The study findings reveal that legitimacy is the key attribute driving environmental practices. In addition the, power attribute of stakeholders is moderated by the power of the firm. The study concludes that 'urgency of request' is more important than 'urgency of stakeholder groups' and salience of the stakeholder should be distinguished from that of the claim.
Neville and	CSR, stakeholder	A Qualitative theoretical	Drawing upon stakeholder identification theory this study presents a proposition

Menguc (2006)	interaction and attributes	research	that relates stakeholder multiplicity with CSR. For instance, the study proposes that if a government intensifies the regulations, it will become more silent for the firm and will act more responsibly. In addition, If customers become more sensitive, organisations will see them as more salient. Similarly, if employees increase attempts to influence organisations, they become more silent, resulting in better CSR practices. The study argues that the multiplicity of the stakeholder increases their salience. For instance, if different stakeholders match (government and customers), it increases their salience. In addition, the study also argues that when the salience of one stakeholder increases it can increase the salience of other stakeholders.
Parent and Deephouse (2007)	Sports /Managerial perception	Empirical multi-method, comparative case study of two large-scale sporting event organizing committees	In this comparative case study of two sporting event organisations in Canada, the results reveal the positive relationship between the number of stakeholder attributes and the perceived stakeholder salience. In addition they found a positive relationship between managerial hierarchy and stakeholder attributes. The study concludes that the power attribute is the most prominent salience followed by urgency and legitimacy.
Aaltonen et al. (2008)	Project Management	Descriptive single case study of Botnia pulp mill construction project	Aaltonen et al. (2008) case study of pulp mill construction in Uruguay identifies the strategies of stakeholders to increase their salience. The study reveals that stakeholders use power attributes through direct holding of resources and indirectly by influencing other stakeholders to hold resources. Regarding legitimacy this study suggests that stakeholders increased their legitimacy if they built partnerships with other legitimate stakeholders. Finally, for urgency, stakeholders used a communication strategy (such as the media) to register their claims.
Magness (2008),	Environment	Quantitative/Empirical hypothesis-based quantitative case study of Mining industry in Canada	The study examines attributes of two key organisational decision makers (i.e. shareholders and managers). The empirical evidence indicates that all three stakeholders' attributes significantly influenced shareholder decision-making and on the other hand these attributes are also present when managers change the social disclosure.
Peloza and Papania (2008)	Stakeholder attributes and CSR	A Qualitative theoretical research	The study relates stakeholder attributes with CSR through different propositions. For instance, the study claims that if stakeholders have a higher degree of all three attributes, they will be more aware of CSR issues. In addition it was claimed that stakeholder identification is related with the stakeholder support given to the organisation. It was proposed in the study that the support of stakeholders with all attributes can have a significant impact on a firm's financial performance.
Braun and Starmanns	Environment Issues	Quantitative survey-based study of 250 manufacturing	This study reveals that managers perceive owners followed by employees of the organisation as the most powerful, legitimate and urgent stakeholders. However,

(2009)		companies	NGOs working on environmental issues get relatively low stakeholder attributes due to companies' existing awareness on environmental issues and proactive strategies. In addition, the study concludes that attributes have different influences on the level of stakeholder salience.
Winkler (2009)	Stakeholder salience and codes of ethics	Quantitative study of 30 German blue chip companies, Based on descriptive statistical tools.	Sample companies clearly identify and distinguish primary and secondary stakeholders. Most of the companies linked stakeholder attributes with the firm's reputation. In addition, legitimacy is the main driver of adopting codes of ethics. However, this study claimed that all three stakeholder attributes are linked with each other.
Haigh and Griffiths (2009)	Natural environment and climate change	A Qualitative theoretical research	The study discusses the issue of stakeholders for climate change and environment from a strategic perspective. Like Driscoll and Starik (2004) this study also used the additional stakeholder attribute i.e. proximity. The study built an argument considering the example of the 2005 Gulf Coast hurricanes and suggests that in abnormal weather events power, legitimacy, urgency and proximity become relevant.
Mylykangas et al. (2010)	Value creation of firm	Quantitative /Empirical research based on unstructured interviews	The study suggests that stakeholder attributes become more relevant for the firm during times of strategic change. The empirical data of the study confirm that the more attributes a stakeholder possesses the more salient it is for the organisation. In addition, this study reveals that stakeholder attributes change over time. However, the study also emphasised that stakeholder attributes alone are not sufficient to examine the value creation of the firm. Through empirical evidence this study suggests that the following six characteristics are also important to understand a firm's value creation. 1) History of relationship 2) objective of relationship 3) interaction in relationship 4) information sharing 5) trust 6) potential of stakeholder to learn.
Mitchell et al. (2011)	Revisit and expand to Family business	A Qualitative theoretical research	The study argues that in family businesses' goals are rooted among family members and these family firms tend to pursue family-centred non- economic goals that create social economic wealth. The study recognises the utilitarian power; however, it emphasises that normative power is common in the family firm. For legitimacy attributes the study argues that in the general business context legitimacy is socially constructed, but in family firms legitimacy is legacy-based and inherited. For urgency the study argues that in the case of general business, time sensitivity and stakeholder claims are generally unclear and independent; however, in the family business they are linked with each other because of family ties and family-centred non-economic goals.
Neville et al. (2011)	Revisit stakeholder attributes	A Qualitative theoretical research	The study rejects the idea of the demanding stakeholder. It was argued that urgency is not relevant for stakeholder identification. Urgency only becomes

			relevant if the urgent stakeholder can make a legitimate claim or can influence the organisation with power. The researchers argued that the role of the legitimacy attribute is vague. They mentioned that Mitchell et al. (1997) legitimacy does not distinguish between the legitimacy of the stakeholder and the legitimacy of the claim. The study argued that legitimacy of the claim should get more preference than the legitimacy of stakeholders.
Hautbois et al. (2012)	Sports	Case study mix methods based on interviews and secondary data	<p>The study examined the French bid for the 2018 Olympics to analyse stakeholder relationships by identifying their salience and stakeholder-based bid for success factors. The study argues that stakeholder salience can help to understand the bid network governance structure.</p> <p>The study result reveals that to increase the probability of winning no stakeholder should have a definitive attribute; the winning stakeholder group should have at least an expectant attribute. In addition, the strategic stakeholder group should not have latent attribute.</p>

Source: Compiled by author

attribute incorporates 'the near and the far, the short- and the long-term, and the actual and the potential' (Driscoll and Starik, 2004 p.61). The concept of proximity suggests those proximate stakeholders are 'near, short term, actual' and are more salient for managers (Neville et al., 2011 p. 359). Mitchell et al. (2011b) extended the discussion on attributes by relating it to family businesses. They argued that stakeholder salience is more complex in the family firm compared to other firms and that, unlike general businesses, in the family firm both power and legitimacy are hereditary. In addition, in the family firm, due to family ties, stakeholder sensitivity and claims are interlinked.

The concept of CSR with the relationship to stakeholders can be explained through the above-discussed attributes of power, legitimacy and urgency. For instance, organisations are dependent on stakeholders with significant power. These stakeholders can force organisations to incorporate certain sets of practices in their CSR agenda. Similarly, stakeholders with legitimacy attributes can bring value to organisations and are very important for the existence of an organisation. Therefore, organisations incorporate the interest of the legitimate stakeholder in their CSR programmes. Corporations also respond to critical issues in their CSR activities, which can be a result of the urgency attribute (Mitchell et al., 2011, Neville and Menguc, 2006, Pelozo and Papania, 2008).

From the detailed review of the literature on stakeholder theory, it is clear that Mitchell et al. (1997) have presented one of the most comprehensive and useful perspectives on the relationship between the organisation and its stakeholders. Nonetheless, their perspective has attracted some criticism. For instance, it can be argued that urgency is not relevant for stakeholder identification. Urgency only becomes relevant if the urgent stakeholder can have a legitimate claim or can influence the organisation with power. In addition, the role of the legitimacy attribute can also be considered vague. For instance, the

legitimacy attribute does not distinguish between the legitimacy of the stakeholder and the legitimacy of the claim. In addition, the legitimacy of the claim should get more preference than the legitimacy of stakeholders (for details see Neville et al., 2011). Similarly, it can be argued that all three stakeholders (power, legitimacy and urgency) fail to consider the natural environment as a primary stakeholder and ignore the non-human ecological system (see, for example Driscoll and Starik, 2004). Fridman and Miles claim that Mitchell, et al. (1997 p.2) do not capture three issues: '1) Why some stakeholders will be perceived as having more of the three attributes than others; 2) how managers' perceptions of stakeholders may change; 3) differences in the way managers behave in relation to stakeholders perceived as possessing widely different degrees of these attributes'.

There are more criticisms that can be levelled at the concept of stakeholder salience; however, this thesis only focuses on relevant limitations. Two such limitations are; a) Mitchell, et al. (1997) perspective on stakeholder attributes has been excessively managerialist in nature, and b) the perspective ignores stakeholder multiplicity and fails to integrate importance of institutional context. As is clear from the previous discussion, one of the main objectives of stakeholder theory is to persuade managers to connect with the external environment in developing a strategic direction of organisations. Mitchell et al.'s (1997) contribution clearly focuses on the managerialist view and distracts focus from the external institutional environment. In other words, this perspective presents stakeholders as a controllable commodity and does not acknowledge their potential power to influence the organisation. In addition, it fails to address 'why' it is important to understand stakeholders and organisation relations from multiple perspective. More precisely, Mitchell et al.'s (1997) conception of stakeholder theory claims that managers have a fundamental role in the identification of stakeholders, as the managers are the center of the node in the nexus of firm and stakeholder

relationships. This emphasis on the managerial view is based on managers' perception of stakeholders' related issues and solely internal to the organisation. Managers of the firms are considered responsible in reconciling the interests of stakeholders through resource allocation (Hill and Jones, 1992). Therefore, 'the stakeholders that receive priority from management will be those whom managers-especially CEOs - perceive as highly salient' (Agle et al., 1999. p. 510). As mentioned previously, Mitchell et al., (1997) identified stakeholder salience variables as: power, legitimacy, and urgency, and these variables are fundamentally based on managerial perceptions. Later Agle et al. (1999, p. 50) building upon cognition theory, suggested that '... as the stakeholder attributes of power, legitimacy, and urgency cumulate in the mind of a manager, selectivity is enhanced, intensity is increased, and higher salience of the stakeholder group is the likely result'. Agle et al. (1999) also tested Mitchell et al.'s (1997)'s stakeholder salience empirically; their findings confirmed that top management indeed gives priority to stakeholders and CEOs perceived that the stakeholder attributes (power, legitimacy, and urgency) are individually and collectively related to stakeholder salience.

Mitchell et al. (1997) and supporters of their view suggest that the management of a firm '...can be considered a knowledge structure that determines how a manager selectively perceives, evaluates, and interprets attributes of the environment' (Wolfe and Putler, 2002 p.65). However, it has been also pointed out that the stakeholder theory potentially allows unscrupulous managers a reason to act in their own self-interest and consequently raises the agency problem. In other words, managers can claim that their actions are in the benefit of shareholders but actually their actions are driven by their own interests (see, for example, Jensen 2000, Marcoux 2000, Phillips et al., 2003). To justify this argument, Marcoux (2000 p.97), pointed out that 'all but the most egregious self-serving managerial behavior will doubtless serve the interests of some stakeholder constituencies and work

against the interests of others'. Here, it is important to note that Mitchell et al.'s (1997) contribution linked at least one attribute of stakeholder salience (i.e. legitimacy) with the wider social system context. However, their work principally endorses the managerial perspective and undermines the importance of the institutional perspective of stakeholder salience, and therefore, their stakeholder perspective fails to address how the institutional context enables and constrains the salience-related decisions of organisation stakeholders.

Mitchell et al.'s (1997) managerial-centric stakeholder is also very common in contemporary corporate social responsibility discourse. CSR literature is dotted with accounts that focus on the individual-driven CSR agenda and practices. Often, CEOs and managers are assumed to be powerful individuals within organisations who work as moral agents and their personal values set the organisations' actions (including shaping and setting the CSR agenda) (Visser, 2006). Alternatively, scholars like Hemmingway (2004) have argued that CSR within an organisation can operate across a range of levels (including workers, managerial staff and junior management) and it would be wrong to consider that only top management sets the moral tone.

Second, Mitchell et al.'s (1997) work describes the relationship between stakeholders and organisations in an independent and Dyadic way. However, this thesis assumes that stakeholders are not independent of each other; rather they are embedded in a social system with multiple conflicting expectations and interests. This current research claims that the organisations respond to multiple expectations of stakeholders collectively, rather than focusing on individual stakeholder expectations. This collective effort in a complex social system creates stakeholders' complexity. In Particular, stakeholders' multiplicity occurs when we predict the response of an organisation within an institutional setup (Oliver, 1991). According to Oliver (1991) stakeholder multiplicity can be defined as 'the degree of multiple,

conflicting, constituent expectations exerted on an organization' (p.162). In this definition, Oliver referred to the conflicting pressures of shareholders' demands to maximize profitability on the one hand, and emphasised on the social and environmental expectations of other stakeholders on the other. This argument can be further and concisely elaborated on from Frooman's (1999) argument; that the combined salience of stakeholders effectively influences organisational practices. For instance, stakeholders with weak attributes can join more powerful stakeholder groups (such as protest movements or the media) in the given context to influence an organisation.

On the basis of the above discussion on stakeholder theory, this research acknowledges and concludes the following key points:

- An organisation needs to meet both the economic and social expectations of various stakeholders.
- Different stakeholders have multiple (and possibly conflicting) interests and expectations from the organisation.
- Better stakeholder management and meeting the interests of various stakeholder groups can result in a firm's profitability; alternatively organisations can face risk to their reputation.
- Organisational stakeholders possess different attributes (power, legitimacy, and urgency). These attributes help organisations to establish relationships with different stakeholders.
- Stakeholder attributes are generally considered managerial-centric and ignore the importance of the institutional context.

2.6.2 Institutional theory

As discussed in the previous section, stakeholder attributes are generally considered as a managerial function and there is a need to understand them from the stance of institutional logic. Therefore, this thesis presents a detailed review of institutional theory in this section and later, in section 2.8, integrates stakeholder salience with institutional logic.

Since the early twentieth century, scholars have been defining institutions. However, it was in relatively recent times (in the last 30 years) that scholars have formally started using institutional theory in organisational studies (DiMaggio and Powell, 1983, Meyer and Rowan, 1977, Powell and DiMaggio, 1991, Scott, 1987, Scott, 2008, Zucker, 1977). Since then, institutional theory has been examined in the fields of economics, political science and sociology (Scott, 2001).

Over the years, the term 'institutions' has been defined from different perspectives (Foo, 2007, Scott, 1987). Generally, institutions are defined as 'the rules of the game in a society' and these rules are devised through 'human interactions' (North, 1990 p.3). Meyer and Rowan (1977 p.343) defined institutions from a social construction perspective and posited mentioned that institutions are '... deeply ingrained in, and reflect widespread understanding of social reality enforced by public opinion, by the views of important constituents, by knowledge legitimated through the educational system, by social prestige, by the laws'. North (1990) further elaborated on this concept and suggested that these patterns can be informal norms, customs and habits, as well as formal laws and regulations. Actors in organisations devise strategies according to these formal and informal rules to survive in society. Scott (1987 p.496) focused on all the above themes on institutionalisation and stated that

'the social process by which individuals come to accept a shared definition of social reality - a conception whose validity is seen as independent of the actor's own views

or actions, but is taken for granted as defining the way things are and/or the way things are to be done'.

Scott (1987) further suggested that an institutional structure consists of educational systems, laws and regulations, government agencies and professions. It has also been suggested that besides state and professions, public opinion and interest groups also put pressure on organisational actors (Zucker, 1977). In other words, institutional theorists suggest that organisations are part of a complex social system in which norms, beliefs and values are vital factors to rationalise and to maintain the organisational productivity and profitability.

As discussed in the above paragraphs, social actors - through ongoing interactions and actions - create a set of patterns and conducts accepted by society. Once these actions and patterns are *institutionalised* they become social reality (Zucker, 1977). The process of institutionalisation can be defined as a '...process by which a given set of units and a pattern of activities come to be normatively and cognitively held in place, and practically taken for granted as lawful' (Scott and Meyer, 1994 p.10). In other words, institutionalisation is a process, which in turn creates institutions. There can be different and varying levels of institutionalisation. For instance, if the degree of institutionalisation is high, behavioural patterns will be deeply embedded within a social system. In addition, if the institutional process is stable, they will have a greater influence in determining social behaviour (Barley and Tolbert, 1997).

In the literature, institutional theory is segmented into old and new institutional perspectives. The old institutional perspective emphasises that different forces pressurise organisations to adhere to and confirm the values of their own bureaucracy (Scott, 2001). In other words, values of individual human agents (such as employees) are translated and reflected in organisational actions and practices. On the other

hand, new institutional theory focuses on the external environment of an organisation. The new institutional perspective suggests that institutions become rationalised through diverse cultural rules, and organisations then adopt these rules (Meyer and Rowan, 1977, Scott, 2001, Scott, 2008). In addition, the rules are accepted and adopted without question because 'this is the way it has been done', or 'everybody else does it this way'. The new institutional perspective looks at institutions from both 'formal structures and informal rules' (Steinmo and Thelen, 1992 p.2). Formal rules or structures are in written form and enforced through regulations that allow/forbid action: in the case of non-compliance an organisation can face formal sanctions (Crawford and Ostrom, 1995). On the other hand, informal institutions are 'created and enforced outside of official sanctioned channels' (Helmke and Levitsky, 2004 p.725). Although non-compliance with informal institutional rules cannot result in formal sanctions or penalties; however, it can result in reputation risk, lack of acceptance in the community, and even violent retaliation (Amable, 2003).

a) Application of institutional theory in CSR and MNC literature

Recently, an increasing number of scholars have started using institutional theory to study the MNCs (Kostova et al., 2008)²⁶. However, the application of institutional theory to understanding the CSR practices of MNCs is still scant. The following table (2.11) summarises the application of institutional theory in the current CSR literature.

²⁶ This article provides details of application of institutional theory in MNCs literature.

Table 2-11 Application of institutional theory in the CSR literature

Exemplary Sources	Topic /focus	Key Institutional idea
Purdy et al. (2010), Schultz and Wehmeier (2010), Chapple and Moon (2005), Kostova and Roth (2002), Maignan and Ralston (2002)	Cross-national comparative CSR practices	These studies provide a cross-country comparison and suggest how across the countries, CSR practices are similar or different from a political, legal and cultural perspective.
Campbell (2006), Kostova and Roth (2002), Campbell (2007), Meyer and Rowan (1977), Scott (1987)	Importance of national institutional system	These studies focus on CSR practices in the given country context. The author(s) proposes/use the concept of regulatory, normative and cognitive influences on CSR practices. In other words, the argument is that national business systems shape the CSR practices of companies.
Jamali and Neville (2011), Kostova et al., (2008), Matten and Moon (2008) Kostova and Roth (2002)	Institutional duality	The principal focus is on CSR practice of MNCs. The main argument is that MNCs operate in multiple complex environments. Ideally, MNCs need to meet and balance both local and international expectations.

Source: Compiled by the author

From the above table it is clear that generally institutional theory is integrated with CSR literature to understand, a) cross-national comparative CSR practices, b) CSR practices under certain institutional contexts, and C) CSR practices of MNCs under institutional duality.

a) Cross- national comparative CSR practices

Most of the previous institutional theory research shows the importance of the institutional environment in the cross-national context. For instance, Chapple and Moon (2005) analysed the corporate social reporting of CSR activities in seven Asian countries (India, Indonesia, Malaysia, the Philippines, South Korea, Singapore and Thailand). The study shows that CSR variation across countries can be explained by different national factors. The findings of the study suggest that the labour market, the functioning of the capital market and the political system in each country affects the CSR activities. Similarly, Maignan and Ralston (2002) examined the firm's commitment to CSR in France, the Netherlands, the UK, and the US. They found significant systematic differences across sample country contexts. Although the study did not

specifically investigate the institutional elements, they proposed that future research should focus on 'national institutional structure' that can affect business behaviour (Maignan and Ralston, 2002 p.512). Kostova and Roth (2002) provided empirical evidence of the adaptation of MNCs' CSR practices on the basis of country institutional contexts (regulatory, normative and cognitive condition) and rational contexts (resource dependence on parent company, level of trust between subsidiary and parent company, employees' attachment to the parent). In this study, empirical data were collected from 104 subsidiary locations from 10 countries (534 managers and 3,238 non- managerial employees). The study found that both variables (institutional and rational contexts) determined the CSR practices across countries. However, types of institutional and rational conditions vary from country to country.

More recently, Jackson and Apostolakou (2010) investigated the institutional determinants of CSR in Western Europe. The empirical evidence suggests that companies from liberal market economies have the highest score on different CSR dimensions when compared to companies in the coordinated market economies in Europe. In addition, results show that in the liberal economies of Europe, CSR is voluntary in nature as a substitute to institutionalised forms of stakeholder participation. The study concludes that national institutions and social factors significantly influence the minimum standards of CSR; however, they have little impact on the best practices of CSR. Similarly, Schultz and Wehmeier (2010) examined cultural influences across national borders in a survey of western managers working in Romania. The study explores differences between local Romanian and western managers' behaviour, particularly that related to corporate corruption and bribery. The study concludes that the culture of the host and home country can influence work-related behaviour. Purdy et al. (2010) examined the impact of national institutions on CSR practices in a liberal economy (the USA) and a coordinated economy (Finland). The

empirical evidence of the study suggests that differences in CSR practices exist between liberal and coordinated economies. For instance, in Finland, CSR practices are collective processes and affirm social values; however, in the US, CSR practices are signals of legitimacy, which provides the benefit of trust and reputation.

b) Importance of national institutional context

Institutional theorists argue that the behaviour of organisation is shaped due to ideas, beliefs and values in a certain context (Campbell, 2006, Kostova and Roth, 2002, Campbell, 2007, Meyer and Rowan, 1977, Scott, 1987). To understand the effects of institutional environments in a systematic way different scholars (such as Campbell, 2006, Campbell, 2007, Kostova and Roth, 2002, Scott and Meyer, 1994) suggested examining a set of regulatory, cognitive and normative institutions in a given context.

i) Regulative conditions include 'rules, sanctions and regulations which tend to codify socially accepted corporate behaviour' (Muthuri and Gilbert, 2011 p.469). Scholars (Campbell, 2007, Marquis et al., 2007, Muthuri and Gilbert, 2011) suggested two types of regulative conditions (i.e. state regulations and industry self-regulations). State regulations 'reflect the existing laws and rules in a particular national environment that promote certain types of behaviour and restrict others' (Kostova, 1999 p.314). The importance of the state regulations was highlighted when, in the USA during the 1980s and 1990s, government deregulation resulted in irresponsible behaviour (Campbell, 2006). Similarly, accounting frauds and scandals in the 1990s (for example, the Enron debacle) can be attributed to financial deregulation (Stiglitz, 2003). Scholars (Campbell, 2006, Campbell, 2007, North, 1990) emphasise it is not only the presence of state regulations but also the capacity of government to implement and monitor regulations which are vital to direct corporate behaviour. Yang and Rivers (2009 p.158) argued that state regulations can affect firms' behaviour by a)

‘providing tangible inducements for the firms to apply some of their resources towards stakeholders and behave in a socially responsible way, and b) ‘by applying penalties if actions are not taken, or standards not contravened’. Evidence from the literature suggests that legislation helps to increase organisational commitment towards responsible behaviour. For instance, Maignan and Ralston’s (2002) case study of three countries (France, the US and the UK) examined the websites and indicated that companies operating in these countries consider the regulatory environment important in CSR reporting. Similarly, Hamann’s (2004) study indicated that regulation and legislation increased CSR commitment in the mining industry of South Africa. In the context of developed countries, mandatory government regulations are a powerful tool to direct corporations to act in responsible ways. However, in the context of developing countries, often legal systems are inefficient and vague regulatory frameworks allow for conflicting interpretations of compliance (Muthuri and Gilbert, 2011). It has also been argued that corporations can resist and even influence governments to design favourable regulations (Campbell, 2007, Muthuri and Gilbert, 2011). Additionally, the governments of developing countries may compromise on developing and implementing regulations to attract foreign investment (Campbell, 2007, Muthuri and Gilbert, 2011).

It is important to note that ‘regulation is not always the responsibility of the state’, and often industries develop their own regulations (Campbell, 2006 p.930). Industrial associations are the platform upon which these self-regulations can be established. In the literature, it has been suggested that peer pressure within the industry is an effective way to facilitate socially responsible behaviour of the firms (Lenox and Nash, 2003). Campbell (2007 p.956) proposed that ‘corporations will be more likely to act in socially responsible ways if there is a system of well organised and effective industrial self-regulation in place...’ He further suggested that industrial associations encourage their members to act

in a socially acceptable manner (Campbell, 2006, Campbell, 2007). Similarly, Schneiberg (1999) suggested that industry members have realised that self-regulation is better than enforced regulations from the state over which they have little control. On the other hand it has also been suggested that sometimes industry adopts self-regulation in order to avoid state regulations (Campbell, 2006). In addition state regulations are often not sufficient to protect industry, so self-regulation can help to protect industry interests (Campbell, 2006, Campbell, 2007). These self-regulations of industry are linked to, and sometimes encouraged by the government (Campbell, 2007, Muthuri and Gilbert, 2011). Often, such self-regulation fails if it does not have support from the state (Campbell, 2007, 2006). In addition, it has been argued that in some developing countries, codes and self-regulation are often misused. Many companies 'quietly sought to circumvent the use of codes of conduct, learning to bribe or trick monitors, developing elaborate double book-keeping, coaching workers on what to say to monitors' (Prieto Carron et al., 2006 p.982). Therefore, industry codes and self-regulation can help subsidiaries of MNCs to understand and practice responsible behaviour according to local norms and values.

ii) Normative environmental elements are 'rules of the game' (Muthuri and Gilbert, 2011 p.470), or 'what is right to do around here' (Marquis et al., 2007 p.937). In other words, normative elements help to establish acceptable behaviour in any social context. Different social actors including NGOs, media, professional and educational organisations help to shape normative values. In the last few decades NGOs have become an effective social force, particularly when it comes to monitoring corporate behaviour (Campbell, 2006, 2007). When necessary, NGOs use different strategies to influence corporations to exercise socially acceptable behaviour. For instance, NGOs use strategies including 'raising community voice, activating customers, or getting legislative to take action' and through the direct strategy of making partnerships with corporations (Yang and Rivers,

2009 p.159). In addition, they further argued that in recent years, the role of NGOs has changed from a pressure group to partnership and effectively influences the attitude of companies towards responsible behaviour through partnership. It is important to note that often NGOs work across countries so their 'impact is constrained by the national and regional context in which they operate' (Doh and Guay, 2006 p.48). Particularly, in developing countries NGOs have few financial resources and underdeveloped technical expertise (Teegen et al., 2004), so as a result, small NGOs are less likely to affect companies' CSR attitudes (Yang and Rivers, 2009).

iii) Cognitive environmental conditions include 'culture, values, ideology and identity' (Muthuri and Gilbert, 2011 p.470). These cognitive elements provide a common understanding of responsible behaviour (Marquis et al., 2007, Muthuri and Gilbert, 2011). Social actors such as peer pressure and local communities help to identify shared beliefs. Peer pressure through isomorphism can encourage certain practices irrespective of the nature of the industry. In addition, a corporation's interaction and engagement with the local community may also result in socially responsible behaviour (Campbell, 2006, 2007, Muthuri and Gilbert, 2011). In recent years, responsible behaviour has been recognised as a partnership and collaboration between the firm and the community. Partnerships between a firm and a community become more important when firms operate across different countries and deal with diverse expectations of local communities. Yang and Rivers (2009) affirmed this and suggested that a community's voice is a major driver of CSR practices for subsidiaries of MNCs. The literature suggests some evidence of the link between CSR practices of MNCs and communities. For instance, Li et al. (2007) suggested a significant influence of the local community on the foreign subsidiaries of MNCs in China.

Scholars (DiMaggio and Powell, 1983, Meyer and Rowan, 1977, Schultz and Wehmeier, 2010) argue that companies are often responsive to institutional conditions in order to gain legitimacy for their actions. Similarly, Campbell (2004 p.18) argued that MNCs adopted socially acceptable behaviour because 'institutional environment deems appropriate or legitimate regardless of whether these practices increase organizational efficiency or otherwise reduce costs relative to benefits'.

Considering the above regulatory, normative and cognitive institutional conditions, scholars have presented theoretical assumptions/propositions relating to CSR. The following table summarises the key theoretical assumptions presented by different scholars.

Table 2-12 Theoretical assumptions related to national institutional conditions

Key institutional conditions	Theoretical assumption(s)	Exemplarily sources
<i>Legal and regulatory</i>	Companies will act in a socially responsible manner if a country has robust and well implemented legal and regulatory conditions	Angus-Leppan et al. (2010), Campbell (2006, 2007), Matten and Moon (2008), Muthuri and Gilbert (2011), Yang and Rivers (2009)
<i>Normative</i>	Companies will act socially responsible if civil society groups and NGOs are mobile and active	Waddock (2008), Muthuri and Gilbert (2011), Yang and Rivers (2009), Campbell (2007)
<i>Cognitive</i>	Companies close interaction with communities and effective community pressure on the company can result in socially responsible actions	Campbell (2006, 2007), Muthuri and Gilbert (2011)

Source: Compiled by author

Within these broad and umbrella institutional conditions (legal, normative and cognitive), scholars have also focused on more specific institutional conditions. For instance, economic conditions influence the CSR practices of companies. The key argument is that in an improved economic situation, a firm's financial performance will be better and

they will act more responsibly, or vice versa. In addition, competitive market situations also shape responsible business practices. For example Campbell (2007) argued that medium levels of competition are most conducive for responsible behaviour as monopolistic conditions provide little motivation for companies to attend to stakeholder needs, whereas cutthroat competition can lead to cutting corners. Similarly, consumer power is also related to the responsible practices of companies (Yang and Rivers, 2009). Customers are often sensitive to the irresponsible behaviour of the firm and can avoid buying from them (Sen et al., 2006, Mohr et al., 2001). Therefore, in a country or context where customers are active and responsive to organisational actions, this will result in better and more responsible corporate activities (Yang and Rivers, 2009). In addition, the presence of trade unions, active media and professional and educational institutions can also affect organisational practices (Campbell, 2007).

iv) Institutional duality for MNCs

The discussion in the previous section presents how the institutional environment shapes the behaviour of companies in a specific context. The central tenet of this traditional institutional perspective is that organisations in the same environment tend to adopt similar practices (Scott and Meyer, 1994) which is the result of local institutional pressure driven by legitimacy objectives (Campbell, 2007, DiMaggio and Powell, 1983, Kostova and Roth, 2002). Application of institutional theory to subsidiaries of MNCs demands extra consideration (Kostova and Roth, 2002, Kostova et al., 2008) because MNCs differ significantly from the local firms. Subsidiaries of MNCs operate in different contexts (i.e. home and host country contexts) and these simultaneous operations in different countries and contexts create a complex situation because norms, values, culture and regulations can be different in the host country context (Kostova and Roth, 2002). The operations of subsidiaries of MNCs in multiple environments exert extra pressure on them to adopt the practices of parent companies and also

the response to the local host country environment (Zellmer-Bruhn and Gibson, 2006, Ferner and Varul, 2000). For instance, the parent company might want to implement have homogenous practices in order to achieve consistency; however, subsidiaries might be unable to internalise parent company policies due to local host country pressure (Boussebaa et al., 2012). To extend this discussion on *institutional duality*, Kostova and Roth (2002 p.218) emphasised that it is important to 'recognize that practices that an MNC attempts to diffuse are formulated in the MNC's home institutional context'. In addition, they argued that influence on MNCs from home is indirectly transferred to subsidiaries through the parent company. Therefore, it is vital for subsidiaries' managers to maintain legitimacy in both home and host country environments (Kostova and Roth, 2002).

From a methodological perspective, Scott (1995 pp.55-57) proposed that there can be three levels of institutional analysis: macro, field level and organisational level. The macro-level analysis focuses on institutional theory at the macro societal level, the field level looks at a particular field of activity (such as industry) and at an organisational level a single organisation becomes the centre of attention. Angus-Leppan et al. (2010) included a fourth level by focusing on the employees working in an individual organisation. Referring back to the issue of institutional duality, in the case of MNCs, it is important to consider the international environment. The following figure (2.5) presents the level of institutional analysis.

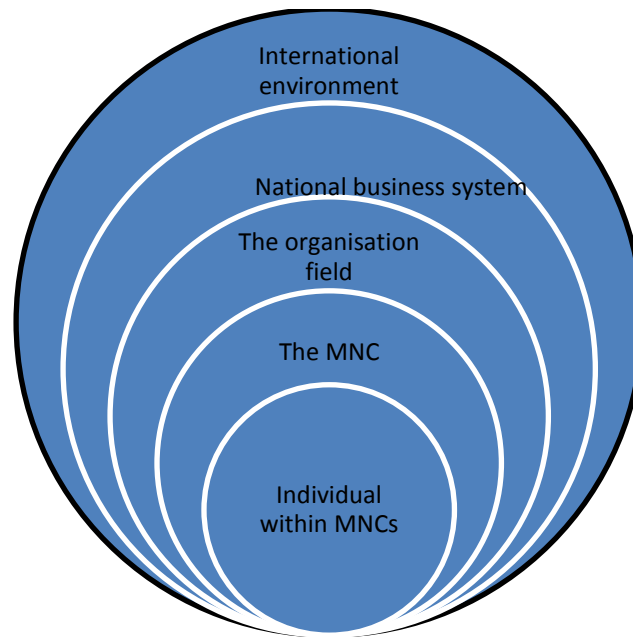


Figure 2-5 Multi-level level institutional analyses adapted from Angus-Leppan et al. (2010)

The above figure illustrates the fact that subsidiaries of MNCs operate in complex and multiple environments. The current study, therefore, rejects Kostova et al. (2008) argument that the organisational field concept is not relevant to subsidiaries of MNCs. Rather this research agrees with Scott's (1995) perspective that institutional analysis can be undertaken at any individual level; however, it is important to note that there is always interplay between different levels. For instance, the norm of an individual organisation has certainly been influenced by norms from the organisational field and macro societal norms. In addition, the degree of interplay between the three levels of institutional analysis can vary. Some of the recent studies also support this argument. For instance, Matten and Moon (2008) suggested using both the organisational field and the national business system to understand CSR. Similarly, a recent study by Jamali and Neville (2011) also argued that CSR practices should be understood from a multiple institutional level. This study recognises the organisational field and integrates national and international institutional conditions that can affect companies' behaviour.

2.7 A Brief Summary of Key Concerns and Gaps Derived from the Literature

The extensive body of literature reviewed above has focused on important contributions and highlighted the potential gaps in the literature. In this section the key concerns and gaps derived from the literature are highlighted more explicitly, synthesised and in summarised form. This facilitates developing the framework of the study and explanation of research questions in a more organised form. Table 2.13 below summarises the specific issues of concern and potential gap identified from the literature.

The first and perhaps most important concern and the gap this research explored in this section was the concept of stakeholders' attributes with its emphasis on micro-level theorisation. It was highlighted with the help of contemporary literature that stakeholder attributes are predominately presented from managerial views and under-emphasise the importance of institutional conditions. Drawing insight from CSR literature, stakeholder theory and institutional theory, it is argued in this thesis that stakeholder attributes should be grounded within institutional conditions to examine CSR.

Table 2-13 Summary of key concerns and gaps in the literature

Section	Sub Section(s)	The concern	A brief description of concerns and the gaps	Actions to be taken (in section 2.8)
2.7	2.7.1,2.7.2	Theoretical complexities	Understanding of CSR requires a multiple theoretical lens. Stakeholder and institutional theories are two theoretical lenses very often used in contemporary literature to examine CSR. However, stakeholder attributes of power, legitimacy and urgency are generally examined from a managerial perspective and influence of local institutional conditions have been under-emphasised to understand stakeholders' attributes.	Develop a theoretical framework that presents institutional embeddedness of stakeholder attributes.
2.3 2.4	2.3.1,2.3.2	Construct complexity	No agreed definition of CSR- the term is defined from different theoretical perspectives. Contribution of a prominent CSR scholar Carroll (1979, 1991, 2004) helps to understand how to conceptualise CSR. However, it does not specifically explain why in specific contexts components of CSR conceptualisation can be different.	Explanation of Carroll's (2004) CSR pyramid with the help of stakeholders attributes embedded in the institutional context. (RQ1)
2.5	2.5.1	Internationalisation complexities	MNCs operate in the multiple contexts. This creates a complex situation for managers when they deal with the conflicting expectations of different stakeholders. Hence, it gets difficult for managers to device strategies that have a local orientation of CSR or follow home country directions.	Explain CSR strategic orientation of MNCs in the host countries with the help of stakeholders' attributes embedded in the institutional context. (RQ3)
2.6 2.7	2.6.1,2.6.2 2.7.2(c)	Context complexities	Contextual realities and the institutional environment of developed countries are very different to those of developed countries. CSR is generally considered as a Western phenomenon, imported by MNCs from developed countries to host developing countries. In addition, empirical evidence on CSR is limited in the developing countries, which suggests further examination of the term in relation to the contextual realities of the developing countries.	Explain the local institutional drivers of CSR practices of MNCs in the host country with the help of stakeholders' attributes. (RQ2)
2.2,2.3,2.4,2.5,2.6,2.7		Lack of empirical evidence	Lack of empirical evidence on CSR of MNCs in developing countries particularly in the context of Pakistan.	Collect empirical data from the context of Pakistan on CSR conceptualisation (RQ1), CSR drivers (RQ2) and strategic orientation of MNCs (RQ3). Moreover, explain empirical evidence in the light of institutional theory and stakeholders attributes

The second concern and the research gap identified from the review of the literature is the '*construct complexity*' of the term CSR. Sections 2.3 and 2.4 (sub-sections 2.3.1 and 2.3.3) provide justification of this concern with the help of literature. The review presented in these sections pointed out that CSR as a practice and as an emerging discourse is a deeply contested term with no agreed definition. It is clearly noted that the concept of CSR has been presented in a number of ways and from different theoretical perspectives which explain the role of business in society. This means one of the key reasons why CSR is such a highly contested topic is philosophical debate that explains what CSR actually CSR means. Ironically, 'responsibility' is a moral term that shows obligation of someone to someone. Therefore, CSR can mean different things to different people in different places at different points in times. For instance, for some it can be conceived as an obligation towards shareholders (Friedman, 1960) or to a group of stakeholders (Carroll, 1991). Consequently, literature is preoccupied with definitional problems and ambiguities related to CSR. Therefore, for any thoughtful contemplation of this concept, CSR must be recognised within relevant discourses and areas of contention.

The above-mentioned theoretical differences and ambiguities related to CSR not only generates academic disagreement on the discourse that leads to conflicting interpretation and understanding but also makes it difficult for practitioners to understand and implement. This confusion makes dialogue between academics, business managers, policy makers and other stakeholders (for example community) very problematic. Particularly, debate on the critical social issues related with business often does not end with agreed understanding of these issues and their solutions. It seems from the review of literature that all are concerned with the question, 'How can and do corporations contribute to the good of society?' (Wood, 1991 p.66). By implication, all concerned are still looking for an agreed conceptualisation of

CSR. Hence, this disagreement in literature over exactly what CSR means still leaves room to further explore the conceptualisation of CSR, particularly in a real life setting. It has been argued that there are number of theoretical perspectives that present conceptualisation of CSR; however, Carroll's (1979, 1999, 2004) contributions offer a way to examine CSR conceptualisation with least ambiguity. One of the relevant criticisms of Carroll's work was that it is a perspective from the North and might not be suitable to support the understanding of CSR in the context of developing countries. Later, Visser (2006) addressed this limitation of Carroll's work and proposed a modified version of Carroll's (1991) pyramid in the context of developing countries. However, this research further raises two issues related to CSR conceptualisations in relations to Carroll's work. First, while Carroll's (2004) work specifically relates to CSR conception of MNCs, it considers the responsibility of MNCs from a global perspective and potentially undermines the importance of localisation. Secondly, Carroll's (2004) contribution helps us to understand *how* the responsibility can be conceptualised in the fourth component (economic, legal, ethical and discretionary) but it does not help to answer *why*- in a specific context - managers and stakeholders focus on specific components of these domains and why one domain is more important than others. To fill this theoretical gap an attempt has been made (see section 2.8.2) to further explain Carroll's work with institutional theory (national institutions) and stakeholder theory (stakeholders' attributes).

The third area of concern identified through the literature review was complexities related to CSR when it is extended to the *international environment*, particularly in the case of MNCs. This concern is not completely unrelated to the previous concerns; rather, it suggests that actually relating the CSR concept with MNCs adds further complexity to its examination. As highlighted in the review of literature (section 2.5), that it is particularly difficult to understand the term CSR, in the context

of MNCs. The main reason for this difficulty arises due from the fact that MNCs operate in different political and legal jurisdictions, and within diverse environments and cultures. Literature refers to this concept as the 'institutional duality' of MNCs, which creates complex and competing expectations of various stakeholders towards MNCs. It was highlighted in the review that different cultures emphasize different aspects of CSR. Therefore, different cultures are likely to have varying expectations of the same corporation. MNCs respond to these complex and competing expectations through CSR strategies. While literature has accorded substantial attention to the CSR of MNCs, existing contributions to CSR strategic orientation of MNCs is insufficient in responding to these competing and conflicting expectations when they operate in institutional duality. More precisely, there are aspects of CSR strategic orientation (MNCs' localisation and globalisation strategies) and their impact in multiple contexts which remained unaddressed. For instance, there are contributions in the literature that explain and differentiate the concept of localisation and globalisation of MNCs' CSR strategies. However, literature indeed highlights the disagreement on whether MNCs should adopt centralised global CSR strategic orientation or whether they should focus on decentralised local CSR strategies. This disagreement raises questions that a decentralised global CSR strategic orientation might be a proactive and efficient way of CSR transmission. For instance, a CSR strategy with local orientation might gain acceptance in the local community; however, it can result in following lower local standards rather than the higher standards in the host country due to decentralisation. To date the nature of MNCs CSR orientation in the host country remains unclear, as well as how and why MNCs adopt globalisation or localisation orientation. In addition, some parallel literature suggests how and why MNCs adopt globalisation or localisation orientation. However, there is almost no evidence of explaining this phenomenon from institutional duality and stakeholders' attributes embedded in the

local institutional context. Therefore, it was suggested that considering these issues through institutional and stakeholder theory together can give us a useful understanding of them (see section 2.9.2).

The next concern this research raises with the help of literature is the influence of *contextual conditions* on the CSR construct and practices, as some of the theoretical definitional problems relating to CSR (second concern) and symptomatic of this breadth relevant to the CSR of MNCs due to institutional duality (fourth concern) have already been identified in this section. As discussed above, MNCs operate around the world in different contextual and institutional conditions. It is clear from the literature that contextual environment and realities of the less developed country are substantially different from, and more complicated than those of the western developed world. For instance, generally, compared to developed countries, regulatory conditions are weak in the developing world. In addition, in developing countries due to lack of resources governments do not have the capacity to implement rules and regulations. This gives business organisations an opportunity to become involved in irresponsible business practices. Consequently it is not difficult to find business involved in corruption, bribery, violation of environmental issues, establishing monopolies and unethical practices. Similarly, economic conditions in developing countries are very different to those in developed countries. Due to poor economic conditions companies mostly focus on survival rather than on social and environment issues. In addition, customers and consumers in developing countries have low purchasing power and are price conscious. Consequently, they are generally interested in lower and affordable prices and can easily compromise on irresponsible or unethical practices of business. In developed countries NGOs, media, professional bodies, and educational institutions not only work as pressure groups to compel companies to adopt socially responsible practices but are also actively involved in promoting the CSR agenda.

Due to active involvement of these groups the layperson is also very aware of broad and contemporary CSR issues. On the other hand, in developing countries, these groups are not very active in promoting the CSR agenda; at best these group focus on a narrow CSR agenda (such as child labour, the natural environment, etc.). Therefore, the CSR agenda remains limited to specific issues in developing countries. In addition, the cognitive environment (culture and value) has a very strong influence in the developing countries context. This influence is also reflected in CSR conceptions and practices, which are often embedded in narrow philanthropic CSR activities. Therefore, in developing countries a critical CSR agenda is required because MNCs can encounter unique challenges including economic growth, reducing poverty, human capital and sustainable development.

This conclusion drawn from the literature suggests that there is a huge institutional difference between developed and developing countries. However, most of the theoretical prospective, laws and standards on CSR are derived from a North American and European context. Particularly, when CSR is related to MNCs and their operations in developing countries it appears that the CSR agenda is mainly driven by the outside forces (from the west). There is a real concern in the literature that such imposition from the west (that may ignore the local institutional context) may only result in a passive compliance without any effective change on the ground in developing countries. In the light of the above, a valid question arises of whether this western CSR orientation is valid and relevant to the context of developing countries. Therefore, understanding the contextual dynamics that shape CSR construct and practices is important in developing countries. In other words, it is essential to examine the local institutional conditions driving the CSR agenda in developing countries.

Lastly, the literature discussed in this chapter shows the empirical gap of CSR research in the context of developing countries and in Pakistan. Recently, CSR scholars have shown an interest in the developing countries; however, academic literature on CSR in the non-western world is still less than that on the case in developed countries. A country like Pakistan presents a unique and interesting case to examine CSR. Pakistan has all previously discussed institutional contextual aspects (unfavourable economic and political environment, weak regulation, corruption, child labour, pollution) of a developing country. In addition, natural disasters and the ongoing war on terror makes its institutional context more challenging, unique and interesting for examining CSR. Existing research on CSR in Pakistan is strikingly lower than developed and also other developing countries. The limited literature which is available only focuses on specific issues such as child labour and industrial pollution. Moreover, existing empirical research comprises micro-level case studies on specific sectors such as sports and textiles, and ignores the impact of the macro institutional environment. Consequently, to date it is been impossible to have a holistic idea of CSR in the context of Pakistan. Hence, a need for empirical evidence in relation to the CSR of MNCs becomes more relevant because, a) there are no empirical data on CSR of MNCs, and b) unique institutional conditions of Pakistan differ greatly to those of other developing countries, so empirical evidence from Pakistan can give new and useful insight to academics and practitioners.

2.8 Theoretical Framework and Research Questions

2.8.1 Multi-perspective theoretical lens: Integration of Institutional Logic and Stakeholder Salience

A theoretical framework helps us to understand ‘what is observable in the world’, how to ‘map or mirror reality’ and gain ‘clarity and understanding of the phenomena’ (Key, 1999 p.317). A CSR phenomenon is complex to measure, particularly if examined in the case of MNCs. Examination of CSR issues from a single theoretical perspective can be very simplistic and might not be able to address the complexity of the phenomenon. Therefore, to investigate CSR issues for MNCs a rich integrated theoretical foundation may support an understanding of a wide range of complex issues (Kosta and Roth, 2008). Hence, to address this research issue, ‘corporate social responsibility of MNCs in Pakistan’ from multiple perspectives, a framework is developed on the basis of stakeholder and institutional theory.

One of the issues highlighted in the previous sections was that only the limited available literature put stakeholder salience (power, legitimacy and urgency attributes) into the institutional environment (national institutional environment). This section, therefore, construct a framework that addresses that gap by linking institutional context and stakeholder salience. It was justified with the help of literature that stakeholder salience is presented as a matter of managerial perception and largely adopted at the micro-level approach; in this approach stakeholder salience decisions are based on managerial discretion and rationality and managers are considered autonomous actors. While this thesis acknowledges the importance of the managerial perspective of stakeholder salience, it also suggests that stakeholder salience is not an objective reality; rather it is constructed or drawn from the broader institutional context. In other words, it is argued that managerial perceptions towards stakeholder salience are crafted and enacted

within an institutional context. The application of institutional logic provides a useful analytical lens that can show the influence of institutions on managerial perceptions and practices. Institutional theory does not completely discount managerial rationale or discretion but rather emphasises how the managerial view is constrained or enabled in the institutional environment. In other words, according to institutional theory, managerial actions are the product of dynamic interactions between institutional context and managerial discretions.

It was highlighted in section 2.9.2-b that institutional theory in the case of subsidiaries of foreign MNCs highlights the unique complexity of institutional duality due to their operations across borders. Therefore, it is important to focus on institutional duality for subsidiaries of foreign MNCs and consider both the *international* institutional environment and the *local* institutional environment. From the international environmental conditions, often codes and guidelines from parent companies and international regulatory and pressure groups (e.g. ILO, Global Compact and OECD) influence the CSR activities of subsidiaries of MNCs. On the other hand, local political, regulatory, economic and cultural conditions also shape the actions of subsidiaries of MNCs. In other words, this proposed analytical framework reflects the contention that the CSR orientation of subsidiaries of foreign MNCs is influenced by local regulatory, normative and cognitive institutions; but parent companies also influence CSR practices of subsidiaries in the host country. Hence, this framework informs us that it is worth exploring how CSR can be viewed from an institutional perspective.

Recently, different scholars have proposed that stakeholder theory is adopting the institutional and contextual approach (Arenas et al., 2009, Mitchell et al., 2011, Yang and Rivers, 2009), and some have suggested that the nature of corporations' and stakeholders' relationships depends on the institutions within which they operate

(Fligstein and Feeland, 1995, Hall et al., 2001). It has already been discussed that stakeholder salience helps us to understand the stakeholder relationship with the corporations. Therefore, unlike previous work where stakeholder salience was considered as function of managerial perception, it is argued in this thesis that influences of the international institutional environment and local institutions environment should be taken into account to understand stakeholder attributes of power, legitimacy and urgency. This research claims that institutional interactions create stakeholders' attributes (power, legitimacy and urgency) and subsequently influence managerial perceptions in their adaptation of certain sets of practices (Mitchell et al., 1997, Yang and Rivers, 2009). Empirical evidence suggests that companies are more responsive if stakeholders have attributes of power (Neill and Stovall, 2011, Parent and Deephouse, 2007, Yang and Rivers, 2009) and if there is a question of legitimacy (Eesley and Lenox, 2006, Winkler, 2009). For instance, if government regulations are well developed but properly enforced in the host country where foreign subsidiaries operate, this suggests a high *power attribute* of the governmental authorities and consequently MNCs will adopt socially acceptable behaviour bounded by that country's laws. Similarly, if a host country has effective industrial regulations, MNCs would consider industrial associations as a stakeholder with *powerful attribute*. Hence, MNCs' subsidiaries' practices (including CSR practices) would also be influenced by strong industrial regulations. This logic is also applicable to the international institutional environment. For instance, if the parent company has centralised control on its subsidiary operating in the host, it can be assumed that in this case the parent company has *powerful stakeholder attribute*. Consequently, subsidiaries would follow parent company directions in the host country. The stakeholder *legitimacy attribute* can be very explicitly and easily related to institutional logic. As previously noted *legitimacy attributes* implies that organisations comply with the expectations according to prevailing norms and beliefs

which are embedded in normative and cognitive institutions. In the case of subsidiaries of MNCs, the legitimacy factor becomes very important. In this regard Yang and Rivers (2009) emphasised that subsidiaries of MNCs tailor their practices to local contexts to legitimise themselves when operating in a host country and dealing with demanding stakeholders. If a foreign subsidiary does not comply with the expectations of local norms and values, this can result in legitimacy issues. In addition, it is also contended in this thesis that international normative conditions (such as international NGOs, media and activists) can raise *legitimacy* issues for the foreign subsidiaries operating in the context of the host country. It is relevant here to recall the example of elimination of child labour from the Pakistan football industry. In 1990, MNCs like Saga sports (Nike) addressed the issue of child labour due to pressure from the international media, and the concerns of local and international NGOs. While these above examples provide creations of a single stakeholders attribute (such as power or legitimacy) that affect business practices. However, this thesis argues that attribute of power and legitimacy occurs together. Hence, on the basis of the above discussion this research argues that an effective way to understand and explain stakeholder salience is through the lens of institutional theory. Next, the research questions are discussed below in relation to the institutional approach and stakeholder salience.

2.9.2 Positioning the research questions into the theoretical framework

Generally the concept of CSR relating to MNCs has been examined in the host countries (often western nations) and a need exists to expand a deeper understanding of MNCs' role in the context of developing countries (Arthaud-Day, 2005, Matten and Moon, 2008, Muthuri and Gilbert, 2011). In this regard, Muller and Kolk (2009 p.325) emphasised that CSR is often considered a 'western concept' and needs 'separate

investigation' in the context of developing countries. This thesis examines the CSR of MNCs in the context of a developing country. The broader research aim which is to examine '*corporate social responsibility of foreign multinationals in Pakistan*' is divided into three specific research questions (see table 2.14).

The first research question seeks to answer the question of how CSR is conceptualised in a developing country (i.e. Pakistan) context. The term 'responsibility' is important for business and business practitioners in the real-world context. A greater understanding of the meaning of CSR can provide an opportunity to companies to practice targeted social activities and allocate appropriate and adequate resources for these activities. Moreover, a proper understanding of the nature of responsibility, stakeholder identification and involvement establish a business as a legitimate entity in society (Hess and Warren, 2008). However, defining socially acceptable behaviour of the companies is not a straightforward exercise (Campbell, 2007, Maignan and Ralston, 2002, Roberts and Mahoney, 2004). The concept and understanding of CSR differs from company to company, from industry to industry, from country to country and over time, which is why each company responds in its own way to CSR issues. It has been noticed that in the context of developing countries, a gap exists between companies' understanding of CSR and their perceived responsibility by stakeholders (Prieto Carron et al., 2006). As discussed in the literature that theoretically, the term CSR can be conceptualised from different perspectives. However, one of the clearest ways to understand different types of responsibilities towards society is presented by Carroll (1979, 1999, 2004). In 2004, Carroll proposed that the CSR of MNCs comprising four components: economic (jobs, salary, and economic contribution in the host country), legal (compliance to host country laws, rule and regulations), ethical (act what is right and fair in

Table 2-14 Research aim, objectives and questions and their relation to relevant concept and theoretical lenses

Research Aim	Research Objectives	Research Questions	Related CSR Concepts	Theoretical lens
To understand the CSR of foreign MNCs in a developing country context (Pakistan).	To understand the conceptualisation of CSR in the context of a developing country	<i>RQ-1: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) conceptualise the CSR of subsidiaries of foreign MNCs operating in Pakistan and why does this perception exist?</i> (CSR conceptualisation)	Carroll's 2004 CSR pyramid that suggests CSR can be conceptualised in four components (economic, legal, ethical and discretionary)	Embeddedness of stakeholder attributes of power, legitimacy and urgency within local and international contexts and their influence on CSR conceptualisation.
	To understand the motivation behind CSR practices of MNCs in the context of Pakistan	<i>RQ-2: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the motivation for MNCs operating in Pakistan to be involved or otherwise in CSR activities and why does is perception exist?</i> (CSR institutional motivations and barriers)	How local regulatory, normative and cognitive conditions work as CSR driver or pose barriers to CSR practices. (Campbell 2006,2007)	Embeddedness of stakeholder attributes of power, legitimacy and urgency with in local and international context and their influence on CSR drivers.
	To understand strategic orientation of CSR of MNCs	<i>RQ-3: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the strategic orientation of foreign subsidiaries of MNCs operating in Pakistan and why does this perception exist?</i> (CSR strategic orientation)	Local and global CSR strategies (Jamali 2010; Muller, 2006; Husted and Allen, 2006)	Embeddedness of stakeholder attributes of power, legitimacy and urgency within local and international contexts and their influence on CSR strategic orientation.

the host country) and discretionary responsibility (philanthropic contribution). To understand the CSR of subsidiaries of MNCs operating in Pakistan this research capitalises on Carroll's 2004 CSR conception. However, this thesis presents an argument that Carroll's contribution can be further explained through multiple theoretical lenses (see, for example figure 2.6) to answer why stakeholders perceive CSR in a certain way.

As highlighted in the following figure, the underpinning theories (institutional logic and stakeholder salience) in the proposed theoretical framework provide a deeper understanding of CSR conceptualisation (why CSR is conceptualised in a certain way in Pakistan). For instance, scholars (Boxenbaum, 2006, Hess and Warren, 2008, Matten and Moon, 2008) suggest that it would be interesting to construct the phenomenon of CSR under the institutional conditions of a certain context. In addition, institutional logic is relevant as it 'helps [us] to understand how consensus is built around the meaning of a certain issue (in this case CSR)' (Jennings and Zandbergen, 1995 p.1015). Relevancy of institutional logic becomes more important in the case of understand the CSR of MNCs operating in the host developing countries. Many MNCs have started integrating a CSR agenda in their strategic management process; however, the concept of CSR itself remains confusing in the context of host developing countries (Tan, 2009b). Consequently, different scholars have emphasised that MNCs' responsibilities should be understood in the context of the environmental conditions of the host developing countries (Kostova and Roth, 2002, Muthuri and Gilbert, 2011, Tan and Wang, 2011). Different social actors can influence the norms, values and regulations; as a result these social actors help to generate a common definition of socially acceptable behaviour (DiMaggio and Powell, 1983, Muthuri and Gilbert, 2011, Schultz and Wehmeier, 2010). Social and cultural

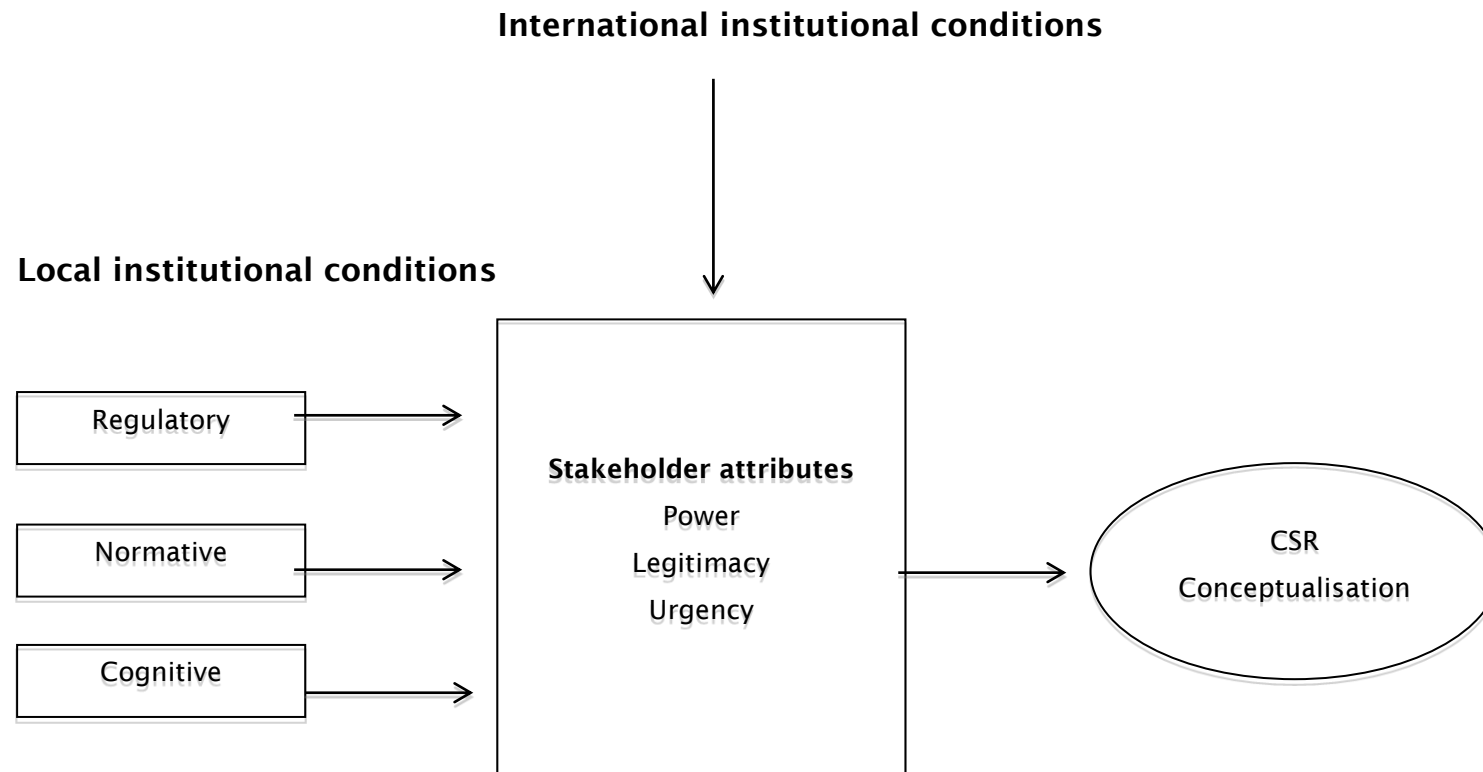


Figure 2-6 Linking RQ 1 with the theoretical lens

elements of the environment can provide shared values and beliefs that constitute socially acceptable behaviour (Dunn and Jones, 2010, Marquis et al., 2007, Muthuri and Gilbert, 2011). In the literature, these environmental social actors are known as stakeholders. According to De Bakker et al. (2005 p.291), 'stakeholders are important in the process of representing, translating, and delivering their expectations to the firm'. Additionally, managers' interaction with stakeholders and the understanding of social conditions creates a common definition of CSR that is usually acceptable in the environment where businesses operate (Galaskiewicz, 1997, Kostova and Zaheer, 1999, Muthuri and Gilbert, 2011). Also, employees from the host country bring local values to foreign subsidiaries of MNCs that can influence their practices. Therefore, environmental elements (such as normative and cognitive elements) enter the organisation through people working in them. Even if an MNC tries to disconnect themselves from the external institutional environment of the local context, it is still subject to influence through the local employees working in it (Kostova and Roth, 2002, Zucker, 1977).

This thesis agrees with Carroll (2004) and Jamali and Mirshak (2007) contention and concludes that it is essential for the business to consider a wide range of issues (which include economic, legal, ethical and philanthropic responsibilities). However, this research also recognises that the unique institutional conditions can have an impact on the structure of these four domains of responsibility. In addition, stakeholder attributes of power, legitimacy and urgency are also products of the institutional environment and can have an impact on the structure of Carroll's pyramid. Therefore, this thesis suggests that to get a better understanding of Carroll's perspective it is useful to use stakeholder attributes within the institutional context. For instance, generally, regulatory institutions are weak in the context of developing countries. This implies that these regulatory institutions as stakeholders

of foreign MNCs do not have the attributes of *power* and *legitimacy*. So perhaps subsidiaries of MNCs might not focus on Carroll's *legal* aspect of responsibility in the context of developing countries. Hence, in this example, stakeholder attribute (such as power) is a function of institutional conditions and can help us to understand why in a given context companies are focusing on Carroll's legal responsibility domain, or not. Similarly, if the local normative institutional conditions are well developed and NGOs, media and professional bodies keep a close eye on MNCs' operations in the host country, this could imply that normative institutions have strong legitimacy attributes. Consequently, subsidiaries of foreign MNCs would focus on the *ethical* domain of Carroll's CSR conceptualisation because if they do not legitimacy issues may emerge. The influence of a strong cognitive institution is very visible in the developing country context (as discussed previously in detail). Therefore, MNCs often focus on charity and philanthropy domains in the context of developing (see, for example, Jamali and Mirshak, 2007, Muthuri and Gilbert, 2011).

In the above discussions, while explaining Carroll's perspective through theoretical a prespective lens this thesis focuces on the local institutional environment and stakeholder attributes; it does not discount the importance of the international institutional environment due to MNCs' links with the parent companies (institutional duality). Therefore, it is also contendedin this thesis that stakeholder attributes of parent companies and international organisations (such as media, ILO, UN and Global Compact) are also very relevent to MNCs. These organisations in the international enviroment have *power* and can create *legitimacy* issues for MNCs in the host country. For instance, although child labour is an acceptable norm in the local business of developing countries, when MNCs are operating in developing countries they do not get involves in this practice because of legitimacy issues in the international enviroment.

Revisiting the gaps and concerns in the literature sections raised two issues a) stakeholder attributes are often examined from a managerial perspective, and b) Carroll's CSR perspective is also generally looked at from a managerial perspective. The discussion above presented the understanding of Carroll's CSR perspective from the stance of stakeholders and institutional logic to address these concerns. Therefore, this research also argues that MNCs' active and effective engagement with local stakeholders is important because it can be assumed at this stage that active and effective stakeholder engagement can result in the conceptualisation of responsibility in all components (economic, legal, ethical and discretionary) of Carroll's (2004) CSR. Therefore, instead of taking only a manager's perspective this research also acquires information from other stakeholders such as employees, regulatory authorities and NGOs, among others. To accomplish this, empirical evidence is collected from multiple stakeholders of MNCs from a developing country context (Pakistan) to understand the context-oriented view of the CSR of MNCs.

To understand the motivation behind CSR practices of MNCs in the context of Pakistan this research pose the second question: *'How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the motivation for MNCs operating in Pakistan to be involved or otherwise in CSR activities and why does this perceptions exist?'* This second research question (see figure 2.7) explores the influence of institutional conditions on the subsidiaries of foreign MNCs operating in Pakistan. Different scholars are in consensus that CSR literature has given little attention to why MNCs are involved in socially acceptable behaviour, or not, and how different environmental conditions and institutions influence MNCs' behaviour in the host country context (Campbell, 2006, 2007, Muthuri and Gilbert, 2011, Yang and Rivers, 2009). In the literature it has been realised that CSR drivers in the developed countries are often substantially different

compared to the case in the developing countries' context (Fox, 2004, Newell, 2005). In this regard, different institutional theorists have suggested various institutional conditions that could affect a corporation's behaviour to act responsibly. Social actors (such as business organisations, NGOs, and public sector organisations) establish and define institutional conditions; and these social actors also define the shared understanding of responsible behaviour (Campbell, 2007, DiMaggio and Powell, 1983, Muthuri and Gilbert, 2011, Yang and Rivers, 2009). These environmental conditions can be categorised into *regulative*, *normative* and *cognitive* conditions (Campbell, 2006, 2007, Muthuri and Gilbert, 2011). Scholars (DiMaggio and Powell, 1983, Meyer and Rowan, 1977, Schultz and Wehmeier, 2010) argue that companies are often responsive to environmental conditions to gain legitimacy for their actions. Similarly, Campbell (2004 p.18) argued that MNCs adopt socially acceptable behaviour because '[the] institutional environment deems it appropriate or legitimate regardless of whether these practices increase organizational efficiency or otherwise reduce costs relative to benefits'. Institutional conditions provide a useful framework to understand the behaviour of companies (Aguilera and Jackson, 2003, Campbell, 2006, 2007, Muthuri and Gilbert, 2011, Yang and Rivers, 2009). Theoretically this research argues that MNCs will be more responsive to well established host country institutions and vocal stakeholder pressures. On the other hand, MNCs might not respond to the expectations of weak institutional stakeholders and conditions.

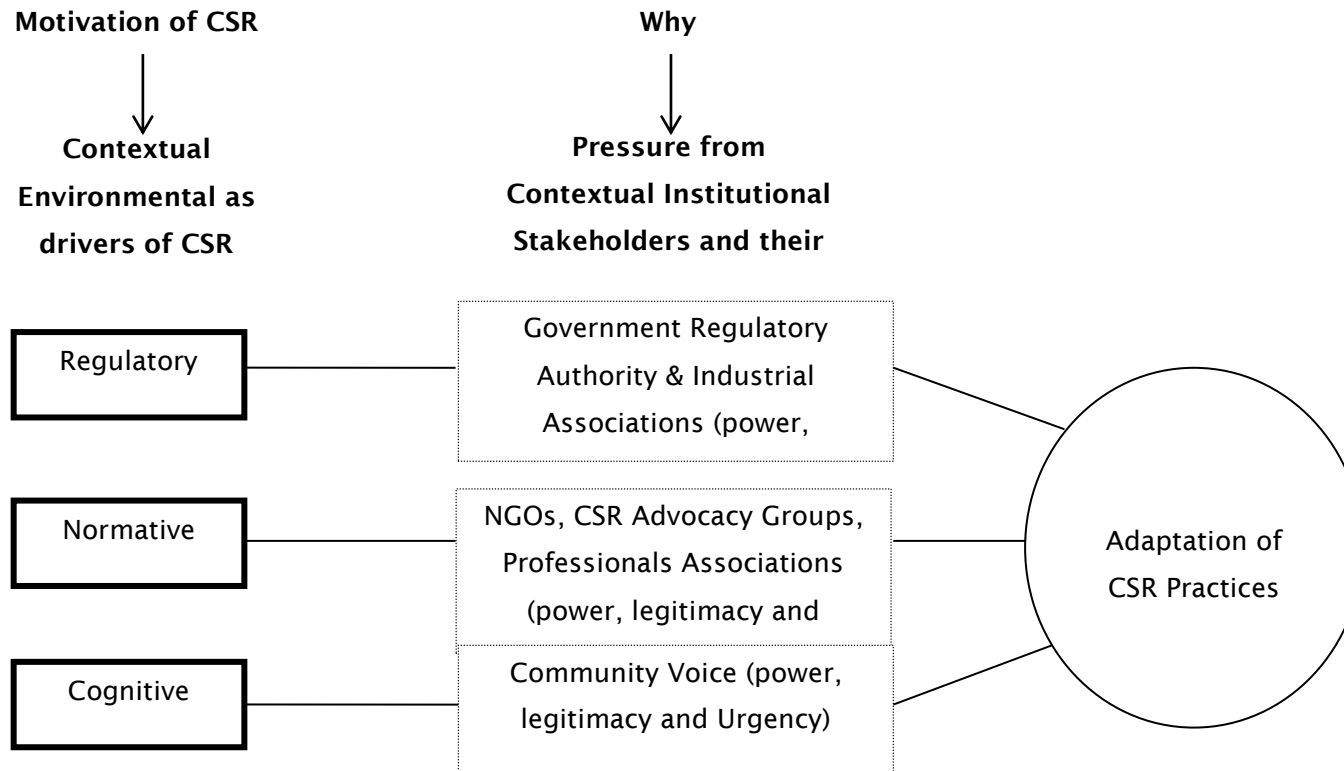


Figure 2-7 Linking RQ2 with the theoretical lens

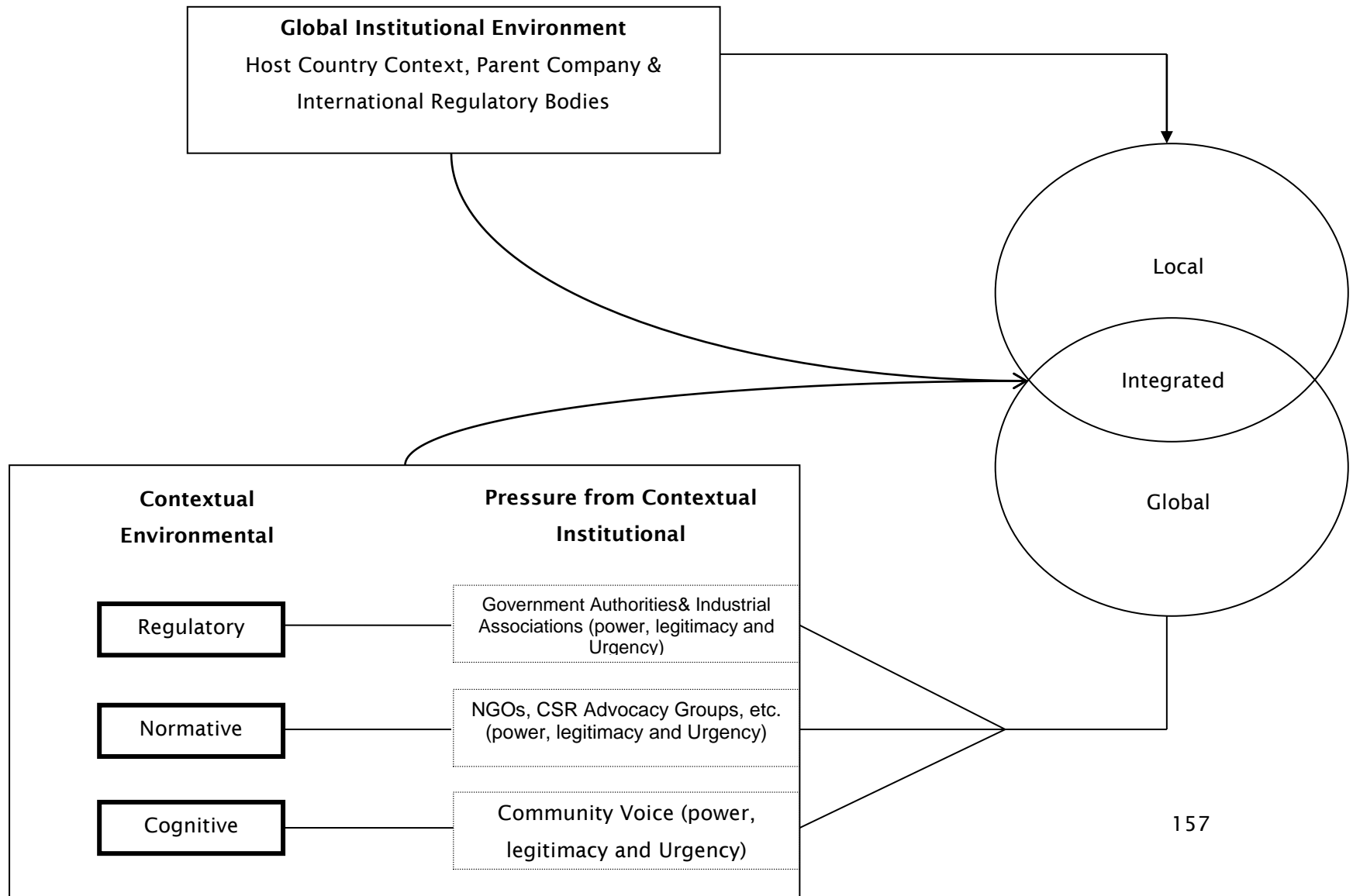
In addition, this research re-emphasises that it would be useful to see embeddedness of stakeholder attributes to further explain institutional conditions as a driver of or barriers to CSR practices of foreign MNCs in Pakistan. For instance, as mentioned previously, due to poverty and unemployment in the developing countries, consumers are generally price-conscious. Therefore, responsible or irresponsible practices of MNCs might not affect their buying decisions. It can be assumed that these consumers in the poor economic institutional environment have lower power (stakeholder attribute) to influence MNCs' practices. Similar logic can be applicable to other institutional environments such as regulatory or normative environments in the host country context. Thesis It is acknowledge in this that looking into institutional drivers of MNCs separately (in RQ2) can potentially show some repetition as institutional logic is also used as a theoretical lens. However, this research argues that through theoretical lens of institutional logic, support is given to other research questions such as CSR conceptualisation (RQ1) and CSR strategic orientation. Therefore, considering the importance of the local institutional context, this research emphatically suggests that CSR institutional drivers are examined separately, in more depth and greater detail.

The third dimension of the broader research aim is to examine the focus of MNCs' strategies in a developing country like Pakistan, giving rise to the research question: *'How do stakeholders (MNCs' CSR managers, employees, regulatory authorities, NGOs etc.) perceive the strategic orientation of foreign subsidiaries of MNCs operating in Pakistan and why does this perception exist?'* (CSR strategic orientation). It has been argued that the foreign subsidiaries of MNC's strategic orientation of CSR have received little attention in the CSR literature (Jamali, 2010, Muller, 2006). As mentioned earlier, subsidiaries of MNCs operate in different contexts and deal with institutional duality. Therefore, subsidiaries of MNCs operate in

complex environments, and face institutional pressure from the host country and international pressure to shape their CSR strategies (Muller, 2006). This complexity further increases because different contexts and cultures may have varying and competing expectations of the same corporation. Similarly, Van Tulder and Kolk (2001) agreed with this and argued that the multiplicity and conflicting nature of stakeholders (in both home and host country) make the job of the MNC more difficult and complex. Subsidiaries of foreign MNCs respond to these complex and competing expectations of stakeholders through CSR strategies. This creates a challenging situation for MNCs and their managers. Earlier consultation with the CSR literature has already suggested that disagreement exists as to whether MNCs should focus on decentralised local CSR strategies or whether they should adopt universal/global centrally coordinated CSR strategies (Muller, 2006).

Therefore, this research examines whether CSR strategies focus on the local expectations of stakeholders, whether they adopt a centralised global strategy, or whether they use a mix of both (centralised and decentralised). Revisiting the research questions (see table 2.8) regarding CSR orientation makes it very clear that there are two components of the research question. The first component intends to explore how CSR strategies of foreign subsidiaries of MNCs operating in Pakistan are developed. In this regard, the focus is on exploring and understanding the interaction of subsidiaries' managers

Figure 2-8 Linking RQ3 with theoretical lens



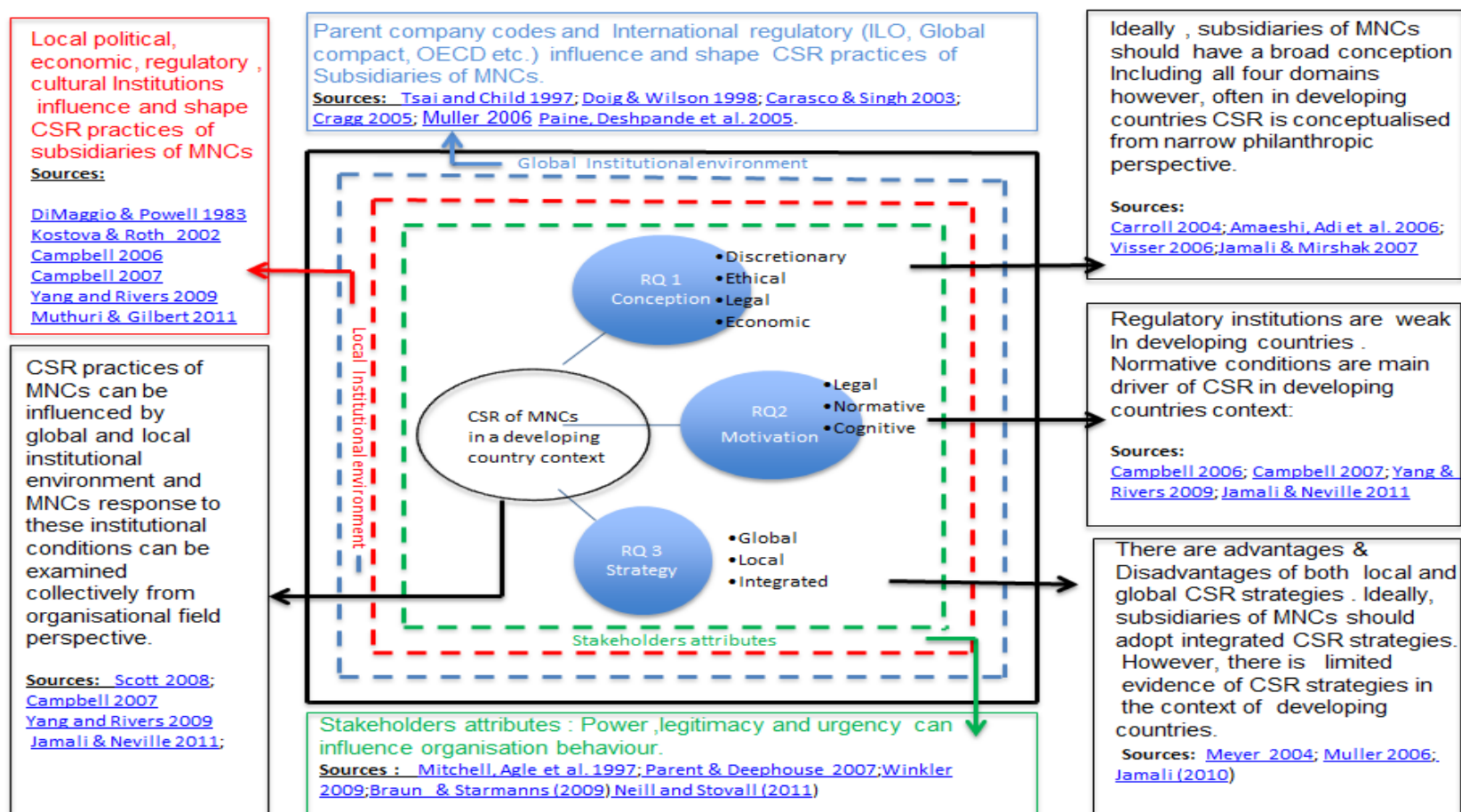
with the parent companies and the process of CSR strategy making. In other words, it would help to understand whether subsidiaries' parent companies are using centralised or decentralised strategies. Here it is important to mention that in this research it has not been possible to acquire information from the parent companies on how the strategic orientations of subsidiaries are developed due to time and resources limitations and access difficulties²⁷. So the perspective is only collected from CSR managers and employees working in subsidiaries in the host country (Pakistan). The second part of this question explores why subsidiaries focus on localisation, globalisation or integration of CSR strategies. In other words, this helps to explore potential reason(s) of CSR strategic orientation of foreign subsidiaries of MNCs operating in Pakistan. This sub-question gives more detail and is very relevant to the overall aim of this research. In this thesis it is argued that proposed integrated lens of institutional and stakeholder theory is an effective way to explain, understand and examine 'why' foreign subsidiaries of MNCs have local, global or integrated CSR strategic orientation (see, for example, figure 2.8). For instance, if the parent company of a foreign subsidiary of MNCs operating in Pakistan has centralised control this can result in the global orientation of its CSR strategy. It also implies that the parent company has a strong stakeholder attribute of power to direct the subsidiary's CSR strategy. Similarly, the international cognitive environment (such as media in the home country) can direct subsidiaries to avoid unethical practices in the host country because it can raise legitimacy issues (stakeholder attributes). Similarly, local CSR orientation can be a result of strong stakeholder attributes embedded in the local host country context. For instance, in developing country like Lebanon, MNCs respond to local religious expectations and get involved in philanthropic activities (see, for example, Jamali and Mirshak, 2007). Although it can be assumed in the non-western context that focus on short-term philanthropy is *ad hoc* and is not up to

²⁷ More detail on this limitation is given in the methodology chapter.

the required broader standards of modern CSR, it is important to understand that sometimes subsidiaries have to consume more resources on these narrow CSR activities because these are expected behaviours and if subsidiaries do not comply with these expectations this can raise legitimacy (stakeholder attributes).

In the above paragraphs, this thesis discussed three research questions and their link to the theoretical lens. To conclude, this research has synthesised the proposed framework as shown in figure 2.9. This integration of the research questions with the theoretical lens can help to provide deeper clarity of the collective understanding related to the CSR of MNCs in a developing country context. It is argued here that this is a very powerful and useful proposed framework to analyse the complex construct of CSR. One of the reasons for this claim is because this framework captures and recognises the unique complexity (institutional duality) related with the CSR of MNCs and draws attention to the salience of a multiple context. The international institutional context would address the global influence on CSR through stakeholder attributes (with reference to conceptualisation - RQ1, CSR driver - RQ2 and CSR strategic orientation). This proposed framework also provides a more contextually nuanced lens through which to understand CSR, conceptualisation, drivers and strategy of foreign subsidiaries of MNCs in a developing country context. In other words, this framework documents differences in CSR across contexts, and emphasises the embeddedness of MNCs in their respective institutional settings and salience of stakeholders' attributes in the given context. The sort of adaptation presented in figure 2.9 forms the theoretical and analytic framework that allows us to gain a holistic view from a range of different actors and stakeholders in the context rather than focusing on a single actor or organisation. Therefore, this framework helps to collect and analyse the qualitative aspect of various

Figure 2-9 Theoretical framework of the study



stakeholders around different organisations (MNCs) in the context of Pakistan.

2.9 Conclusion

This chapter presented a systematic review of literature on the relevant concept and theories on the CSR of MNCs operating in a developing country (i.e. Pakistan). This chapter highlighted the current debate on the concept and in each section made a case for research questions and the theoretical framework. All sections individually, and then collectively (in section 2.7) identified key concerns and gaps from the literature. The most important contribution of this chapter is the development of a multi-lens theoretical framework that helps to further explain and understand the research questions, and guides the subsequent data analysis.

3 RESEARCH METHODOLOGY AND METHODS

3.1 Introduction

This study requires a flexible and rigorous methodology in order to examine a complex phenomenon like CSR effectively. This chapter discusses and justifies the methodological position adopted and practical methods used in this research. The overall construction of this chapter moves from the general to the specific, beginning with an evaluation of the theoretical methodology, and moving to a discussion of the actual methods employed for data collection and analysis. This chapter is divided into a number of sections, as follow. The first section, 3.1, presents an introduction to the chapter. Section 3.2 provides a brief discussion on definitions and types of paradigms leading to the interpretive perspective and implications of this paradigm for the study. This section provides a justification for this thesis stance (how this research views reality and the world) in the light of ontology and epistemology. In addition, this section also discusses how the philosophical assumption relates to the research questions and theoretical framework. Section 3.3 presents the research design followed by the research strategy and rationale for adopting an interpretive qualitative case study approach in this research. Section 3.4 justifies the choice of holistic /collective perspective of an interpretive qualitative case study and explain unit of analysis. Section 3.5 describes the data collection strategy including discussion on interviews, documentary sources and sampling. Section 3.6 presents a detailed discussion on the actual fieldwork process, and associated problems during fieldwork. Section 3.7 provides an explanation of data analysis based on Miles and Huberman's (1994) interactive qualitative data analysis approach. Section 3.8 of the chapter discusses the

quality issue in this research and the last section (3.9) concludes the chapter.

3.2 Paradigm

Chapter two introduced the aim and research questions, the contextualisation of CSR and an in-depth critical evaluation of a number of valuable and relevant theoretical perspectives located in the variety of literatures. Before proceeding further, it is useful to revisit the research aim and research questions, in order to connect them with the methodological issues. The research aim of this research is to examine the ‘corporate social responsibility of foreign multinationals operating in Pakistan’; to achieve this aim three specific research questions have been generated:

RQ-1) How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) conceptualise the CSR of subsidiaries of foreign MNCs operating in Pakistan and why does this perception exist?

RQ-2) How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the motivation for MNCs operating in Pakistan to be involved or otherwise in CSR activities and why does this perception exist?

RQ-3) How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the strategic orientation of foreign subsidiaries of MNCs operating in Pakistan and why does this perception exist?

While these research questions have already been discussed in detail from a theoretical lens, two issues are still of fundamental concern for this research from a methodological stance. The first is how this thesis views reality, and the second asks what knowledge is valid for this thesis. To address these concerns, the academic community turned to ontological and epistemological debates; to answer these questions in the context of this thesis required understanding of different paradigms. The term ‘paradigm’ is derived from a Greek word ‘paradeigma’, which means a plan, model or pattern (Johnson and Duberley, 2000 p.68). The academic debate on this term was initiated when Kuhn (1970

p.175) presented his view on a paradigm, and argued that it is a set of beliefs, values, assumptions and techniques which provide 'a regulatory framework of metaphysical assumptions shared by members of a given community'. Later, the debate on 'paradigm' and its application to organisational analysis has been given considerable attention after the publication of Burrell and Morgan's (1979) work *Sociological Paradigms and Organizational Analysis*. From Burrell and Morgan's (1979, p.23) viewpoint, 'paradigms are [the] ...approaches grounded in fundamentally different meta-theoretical assumptions that are used to construct the frame of reference, mode of theorising and method of investigating of the theorists who operate within them'. Burrell and Morgan (1979) presented four different paradigms from two principal dimensions (at the horizontal dimension theories of social science and at the vertical dimension, theories of society see figure 3.1 below).

Theory of social science	Theory of Society: <u>Radical change</u> based on conflict		Theory of social science
Theory of social science	Theory of Society: <u>Social regulation</u> based on unity and cohesiveness		Theory of social science

Figure 3-1 Burrell and Morgan principles on theory of society and theory of social science adapted from (1979, p. 22)

The first dimension, the nature of social science (subjective and objective), falls into four philosophical assumptions: ontology, epistemology, human nature and methodology. *Ontological assumption* deals with the nature of the 'reality'. A subjective ontology suggests that reality does not exist; rather it is a social phenomenon ingrained in the perception of social actors. On the other hand, objective reality exists in the external environment and is independent from an individual perception. *Epistemology* deals with what we can know, or it is concerned with the grounds of knowledge. From a subjective (or anti-positivistic) view, knowledge is relativistic and can be understood from the perspective of those involved. An objective (or positivistic) perspective suggests that knowledge can be determined in absolute forms through scientific inquiry (Burrell and Morgan, 1979). In addition, a positivistic epistemology is based on causal relationships and analysis of variables in pursuit of the generalisation of reality in the social world. *Human nature* refers to the free will and choice of the individual that explains the role of the researcher in a particular research. In addition, it explains the relationship between the researcher and the participants of the research in a study. From a subjective perspective, individuals have the freedom to act and contrast with the deterministic view. However, from an objective perspective, human nature is deterministic. This view indicates that the environment determines the experiences of human beings based on where they live, thereby implying that those human beings are conditioned by their external world. These three sets of assumptions guide researchers to take an overall *methodological* position for the research (Burrell and Morgan, 1979).

The second dimension (i.e. nature of society) of Burrell and Morgan's (1979) paradigms has two sets of philosophical assumptions. These two alternative philosophical assumptions are labelled as 'social regulations' and the 'radical change'. The social regulation assumption

explains society by focusing on unity and cohesiveness while radical change explains society from the perspective of structural conflict and radical change. From a positivist perspective, society is stable and this stability is structured through norms whereas from an anti-positivist point of view, the nature of society is believed to be one where conflict exists.

Burrell and Morgan (1979) placed these two assumptions - nature of society and social science - within a subjective and objective perspective to formulate a matrix to suggest four different paradigms (see figure 3.2 below).

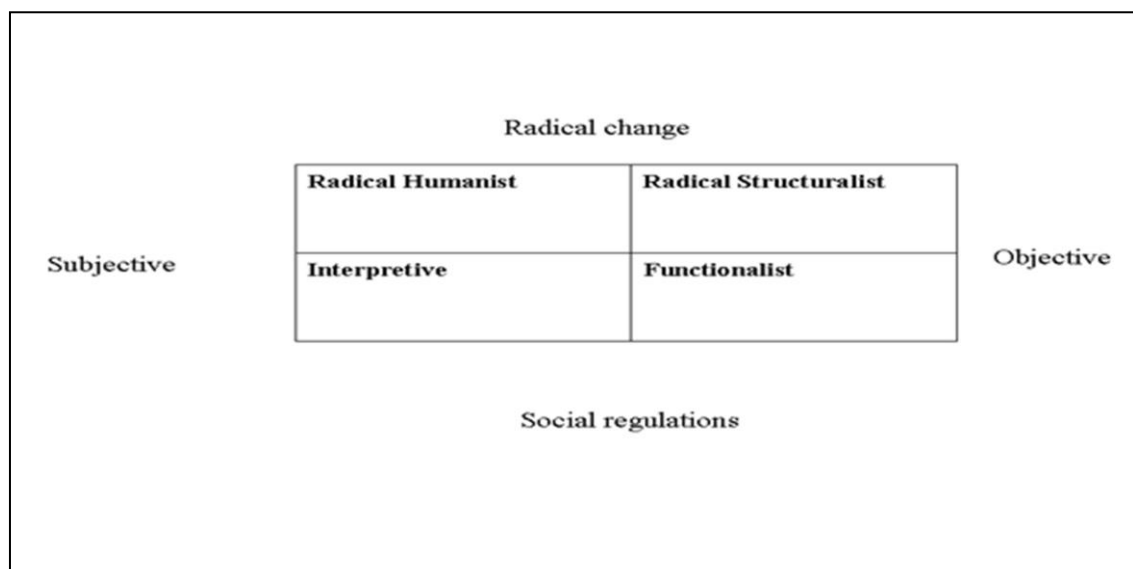


Figure 3-2 Burrell and Morgan four paradigms (1979, p. 22)

As shown in the above figure, Burrell and Morgan (1979) suggested four alternative paradigms - functionalist, interpretive, radical humanist and radical structuralist. The interpretive paradigm²⁸ is characterised by subjectivity and social order. This paradigm has all the qualities of ideographic methodologies (i.e. nominalism, anti-positivist

²⁸ See for more details 3.2.1

epistemology and voluntarism). From an interpretive viewpoint, researchers seek to understand the world from the realm of conscious individuals (Chell, 2000). On the other hand, the functionalist paradigm contains objectivity and social regulations. This paradigm is characterised by nomothetic methodology (realist ontology, positivism and deterministic human nature). The radical humanist paradigm is subjective in nature with an orientation towards changing realities. Similar to the interpretivist paradigm, the humanist paradigm also contains features of ideographic methodologies. Lastly, the structuralist paradigm is typified by a purely objective stance within varying structural realities. This paradigm also has nomothetic methodology. Burrell and Morgan (1979) claim that one cannot operate in different paradigms simultaneously because by accepting the philosophical assumptions of one paradigm, one defies the assumptions of the rest of the paradigms.

3.2.1 Paradigm for this research: An interpretive paradigm

One of the ways to understand any paradigm is through its underpinning philosophical assumptions (ontology, epistemology, human behaviour, and methodology). It is vital to understand the basic philosophical assumptions of any paradigm, because failure to understand proper positioning of these assumptions can affect the quality of the research. An appropriate understanding of paradigm assumptions can help to 'clarify research design', guide what 'kind of evidence is required' and indicate how the 'evidence can be interpreted' (Easterby-Smith et al., 2002 p.27).

Having explained and reflected upon four types of paradigm, this section discusses which type of paradigm best represents the accounts of 'reality' in this research. This thesis views reality as a subjective phenomenon that is constructed by the individuals and organisations in the context in which they operate (e.g. Aram and Salipante, 2003;

Berger and Luckmann, 1967, Burrell and Morgan, 1979, Denzin, 2001, Mertens, 1998). From a subjective viewpoint, all humans collectively and individually construct and interpret social phenomena through social interaction. In this subjective view, humans generate and construct the social realities through their experiences and encounters.

Within the subjective reality, an interpretive paradigm helps to understand how to view the world. This thesis is based on the position of the interpretive paradigm, which helps to create meaning (of CSR) within a specific context (Pakistan) and how these meanings and experiences create social actions (CSR practices) (Burrell and Morgan, 1979). In an interpretive paradigm, a researcher works as an interpreter and attempts to identify hidden meanings of social actions through interactions with social actors. Thus, a researcher is able to understand subjective meaning of actions within a context (Mason, 2002; Schwandt, 2000). In other words, the researcher interprets the social world and looks for the patterns that can help to explain the social activities under examination. Therefore, in the interpretive paradigm, both the interpreter (researcher) and participants (social actors) form the centre of their own hermeneutic circle (Denzin, 2002). The interpreter (and presumably participants too) moves from pre-understanding to understanding of a certain phenomenon, which subsequently informs the next level of pre-understanding and understanding, and hence forms a hermeneutic spiral. Within this spiral the researcher interprets and reinterprets the social actions that result in a better understanding of the phenomenon under consideration (Gummesson, 2003).

This thesis argues that the interpretive paradigm is suitable to study complex and context-oriented phenomena, like CSR. For instance, as argued previously (in chapter 2) the concept of CSR means different things to different people and different places. The CSR literature

(Campbell, 2006, Carroll, 1991, Matten and Moon, 2008, McWilliams and Siegel, 2000, Van Marrewijk, 2003) also confirms the argument that the CSR phenomenon is subjective in nature. In addition, as the research questions indicate, the aim of this study is to capture and understand the perspective of different stakeholders (including MNCs CSR managers, employees, representatives of regulatory authorities and NGOs) on CSR of MNCs in relation to conceptualisation (RQ1), motivation (RQ2) and strategies (RQ3). Thus, this thesis explores the perceptions of stakeholders and to generate an understanding of the CSR of MNCs operating in Pakistan. Therefore, the subjective paradigm - like interpretivism - is fundamental for this research. In addition, this thesis presumes that there is a real world where observable patterns of CSR of MNCs in the given context exist. Therefore, this research links with the social actors (MNCs managers, employees, representative of regulatory authorities and NGOs) in the real world. The interpretive position adopted in this research draws on the assumption that organisational members (MNCs managers and employees) and other social actors (institutional stakeholders) create the reality through interactions. Therefore, the interpretive viewpoint of this research comprises a series of multiple realities as expressed by the social actors concerned (Valentin, 2006). In addition, the research ontology (nature of reality) is principally subjective where the researcher interacts closely with social interactions in order to create reality.

Based on the above, then, the researcher is part of what is observed and interacts with social actors. Therefore, the axiology of this research is potentially value laden. It would be impossible for the researcher to be a neutral observer while interpreting the social statement regarding the CSR of MNCs operating in Pakistan. In other words, in this research, the researcher is also a social actor and interactive observer, which could result in value-laden interpretation and interpretations of

CSR of MNCs

On the basis of the above discussion on the interpretive paradigm the following key points can be derived.

- Reality is subjective and constructed by members of society through interaction.
- Reality can be constructed from multiple perspectives.
- Human beings construct reality in a particular setting or context.

Table 3.1 below shows the interpretivism assumption related to the thesis research questions.

Table 3-1 Implications of paradigm and philosophical assumptions in this research

Research Question	Reality	Perspective	Organisational context	Institutional Context
<i>1-How do stakeholders (MNCs managers, employees, regulatory authorities, NGOs etc.) conceptualise the CSR of subsidiaries of foreign MNCs operating in Pakistan and why does this perception exist?</i>	Subjective and relative perceptions of stakeholders	Multiple perspectives from various stakeholders (MNCs employees and CSR managers, representative of MGOs and regulatory authorities)	MNCs	Pakistan
<i>2-How do stakeholders (MNCs managers, employees, regulatory authorities, NGOs etc.) perceive the motivation for MNCs operating in Pakistan to be involved or otherwise in CSR activities and why does this</i>	Subjective and relative perceptions of stakeholders	Multiple perspectives from various stakeholders (MNCs employees and CSR managers, representative of MGOs and regulatory	MNCs	Pakistan

<i>perception exist?</i>		authorities)		
<i>3-How do stakeholders (MNCs managers, employees, regulatory authorities, NGOs etc.) perceive the strategic orientation of foreign subsidiaries of MNCs operating in Pakistan and why does this perception exist?</i>	Subjective and relative perceptions of stakeholders	Multiple perspectives from various stakeholders(MNCs employees and CSR managers, representative of MGOs and regulatory authorities)	MNCs	Pakistan

It is clear from the above table that the research questions are based on the 'perception of stakeholders' that are relative and subjective in nature. In addition, these 'inquired realities' (or research questions) deal with the perspective of different stakeholders, which can result in a different meaning of the same reality (i.e. CSR). Lastly, these research questions and realities are constructed in an institutional setting or context, i.e. Pakistan.

The interpretive paradigm suggested for this research is also compatible and useful with theoretical assumptions of institutional and stakeholder theory to examine CSR. This thesis argues that ontology (reality) and epistemology (knowledge) of interpretivism can help to explore CSR of MNCs in the context of Pakistan through stakeholder and institutional theory. For instance, from an interpretive viewpoint, reality is constructed through the interaction of the social actors in the society. This assumption supports the argument to use a stakeholder perspective in the theoretical framework proposed in this study. Conventionally, in stakeholder theory, the 'soft epistemological' assumption holds that different stakeholders interpret the same reality from different perspectives, and interactions between stakeholders create 'reality' (in this case, CSR) (Simmons and Lovegrove, 2005 p.498). Similarly, scholars have suggested that the nature of corporations and stakeholder relationships depends on the institutions

within which they operate (Fligstein, 1996, Hall et al., 2001). In particular, stakeholder attributes (power, legitimacy and urgency) are subjective and dynamic in nature and rooted in perception (Agle et al., 1999, Simmons and Lovegrove, 2005). Similarly, an interpretive paradigm is compatible with institutional theory. Interpretive philosophical assumptions also suggest how to understand the 'reality' in a particular context. CSR is not an issue that operates in a social vacuum; rather, CSR issues are embedded within particular sets of institutions and contexts (Jackson and Apostolakou, 2010). Hence, the interpretive view is appropriate for examining institutions because they are, by definition (see, for example Chapter 2), underlying patterns of social action. Thus, it is possible to explore the impact of the patterns (or institutions) on individuals and vice versa through the interaction with the individuals and their perception of the nature of the social patterns of which they are a part.

After clarifying the philosophical position of this research above, the next section presents a discussion of and justification for the research design of this study.

3.3 Research Design: An Interpretive Qualitative Case Study

Over time, different scholars have presented research designs from qualitative (subjective) and quantitative (positivistic) perspectives (Easterby-Smith et al., 2002, Patton, 2002, Saunders et al., 2009). A clear distinction can be made between quantitative and qualitative research designs on the basis of philosophical assumptions and data collection methods. A quantitative approach is based on assumptions that reality is objective in nature and data are value free. In addition, in a quantitative approach, the data include experiments, standardised statistical information from documents, and structured surveys. In

contrast, a qualitative approach is generally based on soft, rich and in-depth data that are collected through observation and interviews (Baxter and Jack, 2008, Easterby-Smith et al., 2002, Patton, 2002). In addition, a qualitative research design is perfectly compatible and in line with the previously discussed ontology and epistemology of the interpretive paradigm for this thesis. For instance, a qualitative approach assumes that reality is subjective, constructed through human perception, and value laden (Patton, 2002, Saunders et al., 2009, Stake, 2010). Similarly, in qualitative research, the relationships between researchers and participants are close, interactive and inseparable and the setting is often 'natural' through in-depth interviews and observations (Oakley, 2000).

For this thesis a *qualitative design* is selected as the most effective route to conduct research on a topic as complex as CSR. A quantitative research design was disregarded due to inherent limitations associated with the depth of information that it could generate. This thesis argues that sometimes a controversial and complex subject like CSR requires a substantial amount of flexibility to obtain adequate and comprehensive data for analysis. As a result, it might not be possible to achieve in-depth examination of this research issue through secondary numerical data and questionnaires (commonly associated with quantitative research). On the other hand, a qualitative research design is suggested here due to the underpinning philosophical assumptions of the interpretive paradigm. A qualitative research design in this research provides flexibility and offers in-depth examination of the CSR phenomenon. In addition, it helps to facilitate close interaction with respondents, to better explore and interpret multiple social realities in a given context. In other words, this research is a collaborative experience with the respondents to acquire a deep understanding of CSR in relation to MNCs operating in Pakistan. Hence, the proposed qualitative approach enabled the

researcher to acquire 'real', 'rich' and 'deep' empirical information that is essential, relevant and significant for this research.

Under the interpretive paradigm and within a qualitative research design this thesis adopts an *interpretive qualitative case study* approach. A case study approach can be defined as a process of '...systematically gathering enough information about a particular person, social setting, event, or group to permit the researchers to effectively understand how the subject operates or functions' (Berg and Lune 2004 p.251). Similarly, Yin (2003 p.13) mentioned that a case study is '...an empirical inquiry that investigates a contemporary phenomenon within its real-life context especially when the boundaries between the phenomenon and context are not clearly evident'. These definitions suggest that a case study research approach helps to set the direction of the research in a systematic way. In addition, a qualitative case study helps to understand behavioural conditions through the perspective of the individuals in a particular context. Overall, this interpretive qualitative case study is consistent with the approach of Andrade (2009) and other contemporary scholars towards the interpretive case study on the basis of the following rationale.

3.1.1 Nature of research questions

The first justification to use an interpretative qualitative case study strategy in this thesis is based on the nature of the research questions, which influences the selection of a research strategy (Andrade, 2009). An interpretive qualitative case study strategy is more useful when 'how' or 'why' questions are asked (Crowe et al., 2011, Yin, 2003). In an interpretive qualitative case study research approach, the focus of the study can be established by shaping research questions before data collection. In addition, research questions in an interpretive qualitative case study can be developed through a review of the literature, the purpose of the research and the determination of

potential respondents (Maylor and Blackmon, 2005).

The current research is characterised by a dominant presence of ‘why’ and ‘how’ questions (refer back to figure 3.1) to examine the CSR of MNCs operating in Pakistan and hence fulfil the rationale of choosing an interpretive qualitative case study strategy. In addition, in this thesis all research questions are developed through a review of relevant literature (see chapter 2 for details). However, there have been minor changes in the formulation and constructions of the research questions at different stages of this research but the main sense, theme and content of research questions remains unchanged.

3.1.2 Extent of control over behavioural events

The second rationale to select an interpretive qualitative case study approach in this thesis is the extent of control that can be exercised over behavioural events. Unlike experimental research, in an interpretive qualitative case study research, the researcher has no control over the behavioural events and cannot manipulate the behaviour of respondents (Andrade, 2009, Tellis, 1997, Yin, 2003). In this thesis the focus is to explore the CSR of MNCs from a stakeholder’s perspective. The researcher has no control or influence on the CSR practices of MNCs in Pakistan and cannot influence the perspectives and perceptions of any stakeholders. Rather, this thesis argues that the behaviour and organisational practices of MNCs and their stakeholders (including the researcher) are influenced by the particular institutional environment(s) within which they operate.

3.1.3 Focus on contemporary issues in a real life context

The third rationale behind the selection of an interpretive qualitative case study strategy is due to its focus on a contemporary topic in a real life setting. In the interpretive qualitative case study approach researchers are interested in investigating a contemporary

phenomenon in a real life setting (Andrade, 2009, Baxter and Jack, 2008, , Berg and Lune, 2004, Crowe et al., 2011, Punch and Punch, 2005, Tellis, 1997, Yin, 2003). Revisiting the research aim, questions and literature shows that CSR is a contemporary issue particularly in the context of developing countries (Taneja et al., 2011). This thesis explores and describes the contemporary issue of CSR in a real life setting through in-depth interviews with MNC managers, employees and external stakeholders. In addition, this research addresses how the actual institutional context influences the CSR practices of MNCs in Pakistan.

3.1.4 Theoretical framework

The fourth justification for adopting an interpretive qualitative case study approach in this thesis is a theoretical framework that influences research questions and provides guidance for the empirical data. Some prior theory can have a fundamental function in the design of the qualitative case study and analysis of its soft data (Andrade, 2009, Crowe et al., 2011, Perry, 1998). The development of a theoretical or conceptual framework prior to data collection is one key point that differentiates a case study from other related methodologies (such as ethnography and grounded theory)(Yin, 2009). It has also been argued that even an exploratory study cannot be performed in a 'theoretical vacuum' (Henning et al., 2004 p.12). A theoretical framework can help to focus on data collection and determine the scope and limits of the case (Baxter and Jack, 2008, McDonnell et al., 2007, Perry, 1998, Yin, 2009).

Therefore, in this thesis, a theoretical framework informed by a relevant theoretical stream and literature has been developed. While this thesis found guidance and directions in the literature on CSR, MNCs, and institutional and stakeholder theory to formulate a predetermined theoretical model, it is however important to note that the framework

does not make this research detective in nature; rather it helps to structure and define the scope of data collection and analysis. Thus, this interpretive case study research first proposes, and then in the second stage evaluates empirically, the theoretical model to examine the CSR of MNCs.

3.1.5 Multiple perspectives and multiple sources of data collection

The fifth rationale behind the use of an interpretive qualitative case study strategy is because this thesis employs multiple sources of data collection and gets the perspectives of different stakeholders. Qualitative case studies are often multi-perspective in nature with multiple sources of data collection (Andrade, 2009, Feagin et al., 1991). Multiple perspectives and sources of data collection (observations, interviews and documentary evidence) enhance the validity of empirical data and results (Feagin et al., 1991, Punch and Punch, 2005). In this research multiple perspectives of stakeholders (MNC managers, MNC employees, NGOs and representatives of regulatory authorities) and multiple data sources, i.e. interviews and documentary evidence, have been used to examine the CSR issue in the context of Pakistan.

This section provided a detailed discussion and justification for adopting a qualitative case study approach for this thesis. The next section defines the case and unit of analysis in relation to this thesis.

3.4 Defining the Case and Unit of Analysis

An individual, a firm, a group of firms and a process or a project can be considered a case within a study (Yin, 2003). Often, a case study strategy is compiled of many smaller sub-cases (Patton, 2002), which provide a deeper understanding of the main case (Kvale, 1996).

This research collectively considers 10 subsidiaries of foreign MNCs operating in Pakistan as the case for this thesis. Collections of these 10 MNCs appeared to be a self-styled case study approach. However, it can fit into Yin's (2003) conception that a group of firms can be considered as a case. There are a number of justifications for the adoption of a case study approach for this thesis.

First, and the basic assumption of taking these 10 companies collectively as a single case, is that they operate in a similar institutional context with similar stakeholder expectations. This approach is consistent with the organisational field concept of (Jamali and Neville, 2011, Scott, 2008) because organisations in a particular context collectively face similar regulatory, normative and cognitive pressures.

Second, traditionally, a multiple case is considered suitable for cross-case analysis due to replication logic. Often comparisons between cross cases are possible when there are small numbers of cases (two or three cases) with similar characteristics (similar products, technologies, knowledge base, learning processes, demand, institutions) (Yin 2003). However, this thesis focuses on the collective case and discarded the multiple comparative case study for the following reasons. a) It is not possible to get enough in-depth information from small numbers of cases in this research. For instance, if this thesis had selected three multiple cases for comparison, the total sample size (on the basis of purposeful sampling) from MNCs would have been six respondents (three CSR managers and three employees). On the other hand, data from 10 MNCs (on the basis of saturation sampling logic) provides relatively more in-depth information on the overall picture of CSR practices of MNCs' operations in Pakistan. b) Replication logic and cross-case analysis is not possible in relatively large (10) numbers of cases. In addition, this thesis does not focus on

the specific sector; rather the intention is to focus on the overall CSR of MNCs operating in Pakistan. All 10 sample MNCs are from different sectors and differ in the nature of their business (e.g. banking, telecommunications, tobacco, petroleum, etc.). Therefore, cross-case comparisons are neither possible nor fruitful in this research. c) This research also captures the views of institutional stakeholders on CSR of MNCs' operations in Pakistan; these stakeholders can provide a generic and overall view on the CSR practice of subsidiaries of foreign MNCs operating in Pakistan. Because it was not possible to acquire specific views of stakeholders on a particular MNC, instead of cross-case comparisons a collective view is deemed more suitable in this research.

Lastly, one of the potential problems with validity in the field of ethics and CSR is social desirability bias, whereby individuals tend to show themselves as ethical both within their personal and professional lives (Weaver et al., 1999). A focus on individual MNCs and cross-case analysis may have prompted the respondent to become more conscious and cautious about sharing information relating to their organisation. A collective case study made it possible to reduce the potential for social desirability bias because a collective case does not generate company-specific information; rather it focuses on exploring how companies in general adjusted their ethics duties under different situations (Weaver et al., 1999).

The above discussion justifies the case for adopting a collective case study approach due to the uniqueness of this research. This approach is attracting the increasing attention of contemporary scholars (see, for example, Jamali and Neville, 2011, Muthuri and Gilbert, 2011) while examining complex CSR issues under the institutional context and different stakeholder perspectives.

Following the discussion of the case study approach, it is appropriate to explain the terms ‘unit of analysis’ and ‘unit of observation’. The *unit of analysis* is the case or entity being analysed. However, it should not be confused with the *unit of observation*, which represents the unit on which data are collected (Babbie, 2007). On the basis of the above discussion, table 3.2 presents the case, a unit of analysis and a unit of observation in this research:

Table 3-2 Summary of case unit of analysis and observation

Case	Collectively, 10 subsidiaries of foreign MNCs operating in Pakistan
Unit of Analysis	Individually, each subsidiary of foreign MNCs operating in Pakistan from the case
Unit of Observation	CSR Managers of MNCs, MNCs employees, Respondents from NGOs and regulatory agencies.

3.5 Data collection strategy

3.5.1 Primary source: the rationale for the semi-structured interviews

The use of interviews as a data collection tool is appropriate to the underpinning epistemological position, and congruent with this research. Within an interpretive paradigm, the interview is one of the most common and important data collection methods in qualitative research with the objective to ‘see the research topic from the perspective of the interviewee and to understand how and why they have come to this particular perspective, (King, 2004 p.11). Scholars generally agree that under the interpretive paradigm, if researchers need to collect data on meaning, values and human interactions, interviewing is a suitable method (see, for example, Easterby-Smith, et al, 2002, Rubin and Rubin, 2004). In addition, interviews help to ‘unravel the complexities of large-scale social change’ by exploring individuals experience (Gerson and Horowitz, 2002 p. 201).

Within the interpretive paradigm, the qualitative interview is a two-way process and the researcher can use probing questions, which helps them to understand new dimensions of data (Burgess, 1982). More precisely, in a qualitative case study, the data collection process systematically develops empirical evidence on the research questions (Hartley, 2004). For this research, qualitative semi-structured interviews are proposed as the data collection tool. Semi-structured interviews are often seen as an appropriate technique of data collection to explore multi-dimensional and complex social phenomena such as CSR (Sarantakos, 2005); they have a predetermined set of themes and questions with flexibility to answer them within given boundaries set by researchers, but also accommodate the views of interviewees (Kvale, 1996, Saunders et al., 2009, Yin, 2003). Therefore, the outcome of the semi-structured interview depends on how the respondents comprehend and interpret the interview questions (Bell and Bryman, 2003).

The semi-structured interviews in this thesis developed an in-depth understanding of the CSR of MNCs operating in Pakistan and helped to address all research with detailed probing. Developing a deeper and more comprehensive understanding of the CSR of MNCs was required to get the detailed perspectives of all possible key stakeholders. To investigate and comprehend the CSR of MNCs from stakeholders' perspective, the researcher needs to interact with them. Through this interaction, the researcher was able to cultivate openness that is receptive and come directly from the respondents. The close interaction with respondents through semi-structured helped the interviewer to collect relevant empirical details on research questions in an effective way. For instance, the interviewers met the respondents face-to-face, created strong dialogue, and asked prompting questions to get useful data. In addition, by talking to respondents face-to-face, the interviewer was able to capture the meanings of the stories

described by the respondents in a more vivid way to create deeper understanding.

As argued in the above paragraphs, interviews help the researcher to probe deeply and explore new dimensions to a research problem under examination as a result of the respondent sharing their experiences. Nevertheless, it is important to recall that a pre-developed theoretical framework that also guides the research questions influences this thesis. Therefore, the interview questions were kept semi-structured, thus allowing respondents to express themselves openly. However, the interviewer ensured that discussions remained focused on the research questions and according to the framework.

As is the case with any other data collection method, the semi-structured interview has associated limitations. For instance, it 'reduces the control the investigator has over the situation, [and] takes longer to carry out' (Smith and Osborn, 2003). In this research first limitations was found relevant, but the researcher did not lose control during any part of the data collection and actively attempted to keep the interviews on track but in a way where both the interviewee and interviewer were comfortable. As a result, most interviews ended up similar to a candid conversation.

Here it is concluded that semi-structured interviews as a data collection method are consistent with a qualitative case study approach (Baxter and Jack, 2008, Stake, 1995, Yin, 2009) and in line with the interpretive paradigm (Rubin and Rubin, 2005).

3.5.2 Supplementary Source: Documentary evidence

In this thesis multiple sources were used for data collection, semi-structured interviews served as the primary data source, and evidence from documents is used as a supplementary part of data collection.

According to Hesse-Biber and Leavy (2008 p.128), 'a document may be defined as any symbolic representation that can be recorded and retrieved for description and analysis'. They further suggested that qualitative analysis of documents focuses on 'tracking discourse, including words, meanings and themes' (Hesse-Biber and Leavy, 2008 p.127). Contrary to the traditional quantitative approach (content analysis) that focuses on numbers, a qualitative approach of documentary analysis emphasises themes, underlying patterns and meanings of a document (Altheide, 2000). The key purpose of documentary evidence in a case study is to support arguments from other sources of data (in this research to support interviews) (Yin, 2003). In other words, this secondary source was valuable because the available data were used to help triangulate with the primary data. For instance, if a respondent emphasised that their company focuses on health and education issues, this information can also be triangulated from the company's CSR reports. In addition, the gaps in the amount of CSR information on MNCs websites helped to understand the CSR perspective of the company and its leaders in more detail. For instance, in most of the cases it was possible to understand 'how' a MNC conceives their responsibility towards society from the companies' CSR reports on their websites. However, it was not possible to know definitively from secondary data the 'why' questions relating to the specific kind of responsibility (from Carroll's perspective). This was achieved with the help of semi-structured interviews conducted with MNCs' managers, employees and stakeholders. It is important to note that a document produced by an organisation will be for a specific purpose and audience; therefore, it might have an element of inherent bias from both the author and the organisation (Creswell, 2007). In this research, CSR reports of MNCs were analysed qualitatively. These reports are easily available on the MNC websites. Overall, use of secondary data helped to provide a well-rounded understanding of sample company's values and CSR policies

and programmes through constant comparison with the data generated from the semi-structured interviews.

3.5.3 Selecting sample interviewees

In qualitative research, a sample does not represent the whole population and the objective is not to draw statistical inference (Blaikie, 2007). In addition, in qualitative research there are no specific formulas and rules regarding sample size. According to Patton (1990 p.185) a ‘...qualitative inquiry has more to do with the information-richness of the cases selected and the observational/analytical capabilities of the researcher than with sample size’. In this research, purposeful sampling and snowball sampling were used as the sampling methods. *Purposeful sampling* is useful to target an ‘information-rich case’ and helps to understand ‘issues of central importance’, whereas *snowball sampling* is an appropriate tool when samples are difficult to access (Patton, 1990 p.169). In addition, for conceptualisation and methodological clarity the sample is divided into two groups. The first group comprises a collection of interview data directly from subsidiaries of MNCs including the perspectives of CSR managers and MNC employees. This group provided the organisational view of CSR dynamics in Pakistan. It is important to understand the perspective of CSR managers because ‘how’ and ‘what’ they think is often translated into organisational CSR practices (Hockerts, 2008, O’Dwyer, 2003). In addition, it was important to capture the views of MNCs’ employees because MNCs can affect employee commitment and employees’ perceptions also affect organisational CSR practices. In addition, employees bring local norms to the organisation that both directly and indirectly influence MNCs’ strategies (including CSR strategies) (see, for example Turker, 2009, Collier and Esteban, 2007). Therefore, this research acknowledges the importance of an employee’s perspective and collected data from 20 non-managerial employees of the sample companies.

As discussed previously (in chapter 2) regulatory conditions and the role of NGOs help to shape CSR practice (Campbell, 2007, Muthuri and Gilbert, 2011). Therefore, this research also includes a sample of external stakeholders who are not part of MNCs including respondents from NGOs and representatives of a governmental regulatory authority. Representatives from NGOs can help to bring a normative institutional perspective on the CSR of MNCs. Respondents from NGOs are expected to present views on the CSR of MNCs operating in Pakistan due to the nature of their organisation, interests and interactions in with commercial business. In addition, many NGOs have long-term operations in Pakistan and are actively and closely associated with the local community. These NGOs have a good understanding of the local socio-economic, political and cultural context of Pakistan. Therefore, it is expected that NGO respondents would help to understand both cognitive and normative point of views. Similarly, the regulatory environment of any context is very important to the understanding of CSR practices. Appropriate rules and regulations and their implementation can ensure that businesses are not involved in unethical practices. In addition, in the case of MNCs operating in a host country, they require more understanding of local rules and regulations because they can be different (and sometimes contradictory) from the home country regulations. Therefore, this research also seeks the views of regulatory authorities in the host country (Pakistan). Overall, the external group provided an outsider perspective on CSR practices of MNCs. This collection of interview data from multiple stakeholders is one of the key characteristics of a case study approach (Feagin et al., 1991). Table 3.3 presents a summary of the sample of this research.

Table 3-3 Summary of the sample²⁹

CSR Manager	Total 10 managers (one manager from one MNC) responsible for CSR strategy development and implementation (on the basis of purposeful and snowball sampling)
MNCs Employees	20 non-managerial employees of MNCs (on the basis of purposeful and snowball sampling)
External Stakeholder Group	14 external stakeholders including state regulatory agencies, NGO and CSR advocacy and pressure groups (on the basis of purposeful and snowball sampling)
Location	Islamabad, Lahore and Karachi Pakistan (on the basis of MNCs, NGOs and regulatory authorities office locations)

3.6 Actual data collection

3.6.1 Designing interview guide

Semi-structured interviews require a flexible interview guide to keep the interview on track and to ensure that all relevant topics and concepts have been addressed (Smith and Osborn, 2003). Therefore, in this research a customised interview guide was prepared which consisted of three parts. The first part includes pre-interview guidelines. For instance, it included a reminder on the interview day to call and reconfirm the availability of the interviewee and the interview time, checking the recording device, stationary and map the location of the interview. The second part helped to remind the interviewer of the scope of the interview questions. This part is flexible and is based on the themes informed by the research questions and theoretical framework. It is important to note that in the interview, the researcher did not use structured, predefined interview questions. The broad themes of the interview guidelines were based on three research questions. The first theme was designed to understand the role of business in society and how different stakeholders construct the concept of CSR. The second theme is based on the motivation of MNCs to adopt CSR activities in the context of Pakistan. The third theme explores the implementation of CSR practices focusing on whether CSR practices are tailored according to the local context of

²⁹ See appendix case study protocol for extended table of the sample

Figure 3-3 Personal Interview Guide

<u>F) Personal Interview Guideline</u>		
<u>Pre- interview checklist on interview day</u>		
<ul style="list-style-type: none"> Reconfirmation of interviewee availability of time and date via phone call Stationary and recording device Mapping of location 		
<u>Organisation</u>		
<hr/> <u>Name of Respondent</u> <hr/>		
<u>Meeting time and Date</u>		
<hr/> <u>Meeting location</u> <hr/>		
<u>During Interview</u>		
<u>Icebreaking</u>		
<ul style="list-style-type: none"> Introduction of researcher and a brief introduction of research. Ask introductory questions from interviewee. Agreement on expected time and inform interviewee of conditions of confidentiality. Ask permission for use of tape recorder. 		
Interview themes	Subtopics	Notable points
CSR conceptualisation	What is respondent perspective on CSR, How is CSR operationalized , Why focus on CSR, probe to provide examples, clarification of terms and respondents answers	
Why/Why not CSR	Try to explore how institutional conditions including regulatory, economic, social, cultural issues affects CSR, probe to relate with institution environment with examples	
CSR Strategy	Perspective on local CSR with real life contemporary examples and why certain focus exists	
<u>Post interview</u>		
<ul style="list-style-type: none"> Offer to review transcription of interview and findings of research after completion. Email to thank interviewee for their time. 		

Pakistan or not. More precisely, in the theoretical framework it was argued that understanding of CSR (first research question) can be conceptualised on the basis of Carroll (2004) pyramid including economic, legal, ethical and philanthropic domains. However, during the interviews, I kept the interview questions open-ended in order to maintain a potential exploratory perspective. I asked multiple broad questions like; How do you define CSR? How do you see the role of business (MNCs) in society? What are the various objectives of business? It is important to mention here that the sequence of the questions varied among interviews; however, the sequence of broader themes remained the same. In addition, the phrasing and the wording of the interview questions also varied; the questions were also influenced by spontaneous reaction to interviewee responses. This helped to build the interview process in a conversational style rather than oppressing the interviewee in a formal and sophisticated way. Within the themes provided in the interview guide, the interview questions focused on eliciting the interviewees' views and experiences concerning the phenomenon under investigation. The interviews proceeded as a directed conversation and attempts were made to avoid harshly directed questioning. In other words, interviews were used as tools to 'explore, not to interrogate' (Charmaz, 2006 p. 29). For initial questions I used open-ended questions because it allows the participant to explore their experiences and go in different directions with their responses (Seidman, 2006); probing or follow-up questions were not always open-ended.

The probes were based on the content of answers, and they provided options for possible follow-up questions (Kvale and Brinkmann, 2009). There was intentional overlap among questions so that the interviewer could identify intentional or unintentional conflict in the responses of interviewees. The last section of the interview guide reminded me to offer the interviewee a transcription of the interview.

3.6.2 Field work: Data Collection Process

During April and June 2009, the first phase of interviews was conducted with senior managers of MNCs dealing with CSR issues: 167 MNCs were identified from the Karachi Stock Exchange website (KSE) database. Initially, contact details and the contact person of each MNC were traced from their websites. Later, an email with aims and objectives of the research was sent to 10 MNCs, requesting appointments for interviews. Out of 10 MNCs, 8 CSR managers did not reply to the email and only two MNCs replied with regret and stated they were unable to give the time for the interview. Alternatively, a networking and snowballing strategy was used to get interview appointments. At this stage, only those senior managers who were responsible for CSR activities in MNCs operating in Pakistan were contacted. Before the interview, telephone calls were made to explain the interview objectives, and issues of confidentiality, and to specify time and meeting place. All interviews were undertaken at the companies' offices. Interview timings varied from 40 to 60 minutes. The language of the interview is an important factor that should be mentioned here. The first language of all interviewees was not English even though English is the official language of the country. Therefore, at the start of the interview, the participants were asked whether they preferred to be interviewed in the local language (Urdu) or in English. Except for one, all interviews were conducted in English (Interviewee preference). Interviewees were also given the liberty to stop the interview at any stage. However, this did not happen at any stage in any of the companies visited, although the level of cooperation differed among companies. All respondents allowed tape-recording of the interviews. They were assured that their identity would not be disclosed at any stage of the research and that the data would be only used for the author's doctoral project and research purposes. To verify that the data were interpreted correctly, after the verbatim transcription, copies

of the transcripts of the interviews were sent to the interviewees. This particular procedure increased the construct validity (Woodward et al., 1999) of the case study. The interviews were digitally recorded to ensure that no details were missed.

The initial findings of the first stage of data collection were shared with colleagues, discussed with the supervisory team and later presented in the 2011 BAM conference. The key outcome of this first stage helped the researcher to revisit the research questions and contextualised the theoretical framework. For instance, at the first stage of data collection, the research focused on how managers of MNC conceptualise CSR in the context of Pakistan, and why - or why not - MNCs companies are involved in CSR practices. Exploratory themes on the localisation of CSR guided this research to include and further investigate this issue. Initial findings also reconfirmed the use of institutional and stakeholder theory to understand and explain the research findings. In addition, experiences from the first fieldwork helped to identify networks within the industry, and to identify potential problems with the fieldwork and to address them in the second phase of data collection.

The second data collection phase took place between December 2010 and February 2011. During this phase, the interviews were held with employees of MNCs, respondents of NGOs and regulatory authorities. Contact information about the second data collection phase was prepared before visiting Pakistan. The networking developed during the first phase provided an opportunity to identify and contact potential respondents. Particularly, CSR managers (interviewed in the first stage) of MNCs assisted interview arrangements with MNC employees. In addition, it was relatively easy to get hold of MNCs employees and representatives of NGOs and regulatory agencies. This made the second phase of data collection more efficient compared to the first stage. Unlike the interviewees in the first round of interviews, most of

the respondents at the second stage of data collection preferred to be interviewed in their local language (Urdu). All Interviews were digitally recorded with the permission of the respondents and held at their offices.

3.6.3 Issues and problems during data collection

Data collection through interview was a painstaking exercise in this study. The first problem was to get access to the respondents. In a few cases, the researcher made countless calls to get in touch with respondents. It was almost impossible to arrange a meeting time without any reference or personal contact. In one case, 13 calls were made to a single manager to arrange a mutually convenient time to meet. Even after arranging the personal reference it was difficult to set a meeting time, as the manager was often busy.

After fixing the schedule of interview meetings with executives, the next problem was to ensure that executives attended for their interviews on the date scheduled. Even after a scheduled time for meeting, respondents were either too busy or were not in their offices. For instance, in one case, four visits were made and each time the meeting was postponed for various reasons or excuses. In another case, although I (as researcher) arrived exactly at the meeting time, the executive was busy and I had to wait for five hours in the office of the company. However, during this long time in the organisation I tried to develop a network with other employees at the company's coffee shop. This turned out to be a useful activity because one of the employees (relationship manager) helped me to arrange two more interviews in other organisations.

The third difficulty was the focus of the study itself. Some of respondents were not willing to talk openly about issues of social responsibility (can be related to the previously discussed issue - social

desirability biased). However, by reassuring them of the confidentiality of the interviews, the researcher was able to break the ice and the respondents were more open to talk.

The fourth problem during the interviews was interruptions such as long phone calls and visits from other company members to the respondent's office. In a few cases, it interrupted the interview process and flow. Consequently, the researcher had to be very vigilant at the point where a discussion was interrupted, and brief the respondent again as to where they stopped so they could recall easily. The researcher did not show any sign of frustration during these interruptions, as respondents voluntarily gave their time for the interview without any tangible benefit to them. In addition, this is acceptable behaviour in the local culture.

Fifth, during one interview, the digital recording device stopped working which the researcher did not realise until after the interview. Therefore, in all subsequent interviews, two recording devices were used to record each interview simultaneously. In addition, the interviewer also took hand-written notes.

Sixth, the law and order situation in Pakistan made the data collection process more exciting than it ought to have been. I narrowly missed two terrifying incidents. In the first case, I missed a roadside car bomb explosion while travelling from Peshawar to Islamabad during the first data collection phase. In a second incident, after interviewing a respondent, I stopped by the market (exactly the same place) where the governor of Punjab province, Salman Taseer, died after being shot by one of his bodyguards in the capital, Islamabad. This incident was particularly disturbing for my family because they were aware that I was in the incident area at the time of the shooting. After watching the news on the television, they tried to contact me but could not because

mobile services were jammed after the incident. This had a significant effect on my family for some time.

Seventh, the law and order situation has one more direct implication for this study and data collection process. Terrorist attacks and bombings in the markets and commercial area substantially increased after 2007-08. These attacks are mostly targeted to the province of KPK and the capital city, Islamabad. Therefore, most foreign MNCs moved their head offices from Islamabad to relatively safer cities (Karachi and Lahore). As mentioned earlier, in Pakistan personal contacts are very important to get access to respondents. In Islamabad and Peshawar (as both are my home cities) it was relatively easy for me to use my personal contacts. However, due to changes in the locations of MNCs' offices it took more time and effort to get contacts, and also increased local travelling in Pakistan.

Practical problems faced in the first phase of data collection provided the researcher with an opportunity to take some procedural corrective actions for the second phase of data collection. For instance, as mentioned earlier, there was almost no response to the emails sent out in the first phase, so the researcher did not rely on email contact in the second phase. Similarly, in the second phase of data collection, before leaving for the interview, the researcher called respondents to ensure they were free for the interview. In addition, the previous data collection provided an opportunity to establish networking in the field. This all helped to speed up data collection in the second phase.

3.7 Data Analysis

Analysis is a very important component of qualitative research and every qualitative case study should adopt an analytical approach (Yin 2003). According to Glesne (1989 p.130), 'data analysis involves

organizing what you have seen, heard, and read so that you can make sense of what you have learned'. Yin (2003 p.109) provided a similar definition and stated that, 'data analysis consists of examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study'. These definitions provide some guidelines for undertaking qualitative analysis. However, generally, qualitative research does not provide any fixed formula for analysis, and consequentially, the data analysis is one of the most vague and difficult parts of this method (Gibson and Brown, 2009, Tellis, 1997).

In this research the main objective of data analysis is to explore the answers to research questions through empirical evidence in a systematic way, and allow the common themes and patterns from the qualitative collection process to emerge. For the systematic data analysis, this research is inspired by Miles and Huberman (1994) interactive model of qualitative data analysis. They suggest that qualitative data analysis consists of three concurrent steps: data reduction, data display, and conclusion drawing/verification. Miles and Huberman (1994 p.4) further claimed this analysis approach is consistent with an interpretivist view and confirm the significance of 'subjectivity', and the 'meaning making' aspect of social reality. Therefore, this analysis is in line with the underpinning philosophy of this research. The theoretical framework and the systematic method of this analysis technique will increase the 'reliability' and 'construct validity' of the case. The following section explains these three steps of data analysis in relation to this thesis.

3.7.1 Data reduction

Data reduction refers to the process of sorting, simplifying, organising and transforming qualitative data (observation, interview, documents) to field notes. This step guides the researcher to which dimension of

the data should be emphasised, reduced or completely set-aside for the purpose of a particular research project. Data reduction also helps in drawing final, focused conclusions (Miles and Huberman 1994).

The first step in data reduction is the transcription of data. Therefore, this thesis started the data analysis with the transcription of all recorded interviews; the researcher undertook this entire process himself to gain maximum familiarity with the empirical data and recall the context. The second process in data reduction is coding. According to Miles and Huberman (1994 p.66), 'codes are tags or labels for assigning units of meaning to the descriptive or information compiled during a study'. Coding is an essential part of qualitative research and involves 'classifying or sorting' raw qualitative data by concept map and research questions' (Stake, 2010 p.151). Miles and Huberman (1994) suggested that if a qualitative study has a preliminary framework, initial list of codes can be developed with the help of theory and later inductive codes can emerge. Consistent with this view, in this thesis, initial codes were developed from the key research questions, the review of the literature and the theoretical framework on the basis of the principle of selectivity. However, new insight and interesting patterns (those which come under the broader research issue but are not identified in the theoretical framework or literature) were also coded and used in the conclusion.

After transcription of the interview data, identity (ID) symbols were allocated to the unit of analysis (MNCs) and the unit of observation (sources of data). It was important to give symbols to MNCs and respondents because interviewees were concerned about their and their organisation's identity. Particularly, MNCs' employees and managers were concerned that identifying the organisation may affect their reputation due to the nature of the topic. The following table shows the IDs given to MNCs, CSR managers and MNC employees.

Table 3-4 IDs to units of analysis and respondents

ID of Organisation	ID to manager of MNCs	ID to employee of MNCs	Documentary sources
MNC-A	CMA	EA-1 ,EA-2	DA
MNC-B	CMB	EB-1, EB-2	DB
MNC-C	CMC	EC-1,EC-2	DC
MNC-D	CMD	ED-1, EC-2,EC-3	DD
MNC-E	CME	EE-1, EE-2	DE
MNC-F	CMF	EF-1, EF-2	DF
MNC-G	CMG	EG-1	DG
MNC-H	CMH	EH-1, EH-2	DH
MNC-I	CMI	EI-1, EI-2	DI
MNC-J	CMJ	EJ-1, EJ-2	DJ

Similarly, IDs were also given to external stakeholders. There were a total of 14 external stakeholder organisations (NGOs and regulatory agencies) and one respondent from each organisation was included in the sample. The ID used to denote an external organisation was STK, and, to denote each individual organisation, the IDs STK-1 STK12...STK-14 were used. These IDs were used during quoting respondents in the analysis chapter (chapter 4).

After allocating IDs to the unit of analysis and observations, master and descriptive codes were developed. *Master codes* are often created on the basis of research questions and *descriptive codes* present a short description of any idea (Miles and Huberman, 1994). The following table shows the master and descriptive codes developed and used in this study.

Table 3-5 Initial master and descriptive codes

Short description of Master Code	Master codes ID	Short description of descriptive codes	Descriptive codes ID
CSR conceptualisation	Con	Economic domain Legal domain Ethical domain Philanthropic domain	Eco-Con Leg-Con Eth-Con Phil-Con
Institutional Conditions	Int	Regulatory conditions Role of NGOs Socio economic conditions	Reg-Int Ron-Int Sec-Int
CSR Strategy	Stg	Local dimension Global dimension	Loc-Stg Glb-Stg

After the initial coding, data were further analysed in-depth. For in-depth analysis qualitative data need splitting and splicing (Dey, 1993). *Splitting* is a process of dividing data into small chunks and matches with codes and *splicing* helps to intergrade these small chunks to make analysis coherent. Splicing is simply the opposite of splitting. Figure 3.4 presents an example of code splitting.

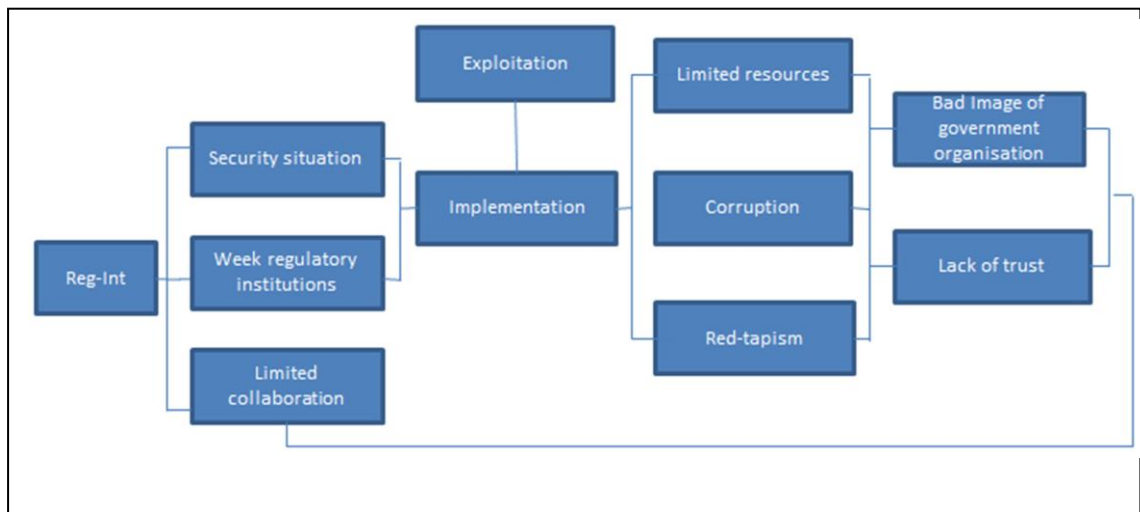


Figure 3-4 An example of codes splitting

The above figure provides an example of splitting of one descriptive code, Reg-Int (regulatory institutional environment). This splitting process of descriptive codes helped to create further interpretive

codes. Interpretive codes provide details of descriptive codes (Miles and Huberman, 1994). Table 3.6 below presents an example of interpretive codes developed during the splitting process of the descriptive code, Reg-Int.

Table 3-6 An example of descriptive codes

Descriptive Code	Interpretive code	Shot description of interpretive code
Regulatory Institutions (Reg-Int)	Sec-reg	Weak security condition in the country
	Wk-reg	Weak regulatory conditions
	Clb-reg	Limited collaboration between MNCs and regulatory agencies
	Exp-reg	MNCs involvement in exploitation
	Imp-reg	Problems in implementation
	LR-reg	Government is short of resources to implement laws
	Cop-reg	Corruption in regulatory agencies
	Rt-reg	Red-tapism and bureaucratic procedures in regulatory agencies
	BI-reg	Bad image of government organisations in society and for MNCs
	Lot-reg	Lack of trust in government institutions

3.7.2 Data Display

Data display is the second component in Miles and Huberman (1994) interactive model of qualitative data analysis. Data display includes showing data in the form of text, diagram and matrix in a systematic manner. Miles and Huberman (1994) emphasised that empirical data should be displayed in tables and figures whereas others (Pratt, 2009, Schilling, 2006, Stake, 2010) argue for giving a more thick description of data through actual quotations from the interviews and documents. In addition, Pratt (2009) argued that in qualitative case study research often researchers show/display less raw data and interpret more and this problem can be addressed thorough incorporating power quotes (actual quotes from the interviews) in the main body of analysis. In this research principally data are displayed with thick description of power quotes, supplemented by tables and figures (see chapters 4 and 5).

3.7.3 Conclusion drawing and verification

This is the final analytical activity in the three-step interactive method of data analysis. Appropriate and systematic use of data reduction and display provides the foundation for conclusion. At this stage, the researcher begins to decide what things and data mean (Miles and Huberman, 1994). To understand qualitative findings from the empirical data it is important to explain them from the existing literature (Baxter and Jack, 2008, Perry, 1998). Yin (2009) argued that explaining case study analysis in relation to proposition and theoretical framework leads to focused analysis, provides an alternative to existing literature, and finally helps to increase the confidence in the propositions and theoretical framework. In this research, chapters 4 and 5 present the detailed analysis on the basis of Milles and Huberman's (1994) model.

3.8 Issues of Quality in the Case Study Research

The quality of research is an important issue in both positivist and qualitative inquiry. Inappropriate data collection methods and technique, irrelevant documentation and researcher bias can bring problems in an interpretive qualitative research case study. Different social scientists (Maxwell and Miller, 2008, Patton, 2002, Yin, 2003) presented criteria to evaluate the quality of the research. Issues and concerns regarding a case study research can be evaluated against external validity, internal validity, and reliability and construct validity (Yin, 2003). However, all criteria cannot be applied equally and in the same way to all researches. The following steps helped this research to enhance 'quality' issues.

3.8.1 External validity

The qualitative strategy used in this thesis, together with the non-probability sampling, means that caution needs to be exercised over claims to external validity. Generalising findings of an inquiry to other 'populations, settings and treatments' is called external validity

(Marshall and Rossman, 2006 p.202). This current research study carried out at a different time or in a different context might not produce the same results. Therefore, the qualitative case study approach applied in this thesis does not claim to generalise results to the population. In this regard, Yin (2009) pointed out that the external validity concept cannot apply to the qualitative case study because it does not emphasise statistical inference and generalisation. However, in a qualitative case study like this thesis, external validity can be achieved through a theoretical framework and data collection guidelines (Baxter and Jack, 2008, Marshall and Rossman, 2006, Yin, 2009). In this research the objective is to investigate the phenomenon in the particular setting. i.e. Pakistan, and the underpinning paradigm, interpretivism, also guides us to understand the context; therefore the results will not be generalisable to other settings so external validity is not the major concern in the research process. However, as Marshall and Rossman (2006) suggested, the theoretical and analytical framework of this study can be used to understand other, similar cases with appropriate changes. Hence, in this case study, the concept of generalisation is 'analytical' not 'empirical' and the inference of findings are 'logical' not 'statistical'.

3.8.2 Internal validity

Lincoln and Guba (1985 p.20) described internal validity as the extent of confidence in the 'truth' of the findings of the research. In other words, methods of data collection and analysis techniques should be as visible and understandable as possible. Earlier in this chapter an attempt was made to clearly present the data collection processes; it clearly presented the process of the interviews from the start (sampling, contact with respondents, interview guide, interview process etc.) to the end (digital recording and transcription). Similarly in the presentation of findings, as will be seen in subsequent chapters, this thesis used verbatim interview quotes to support the analysis, and kept records of

the interviews. In other words, in making the processes as transparent as possible, an attempt has been made to present this research as '...interpretively rigorous' (Lincoln and Guba, 2003 p.275).

3.8.3 Reliability

The concept of reliability encompasses 'consistency in procedures and results if inquiry is replicated in the similar context (Lincoln and Guba, 1985 p.290). This concept of consistency is not really useful for case study research. Each case is unique due to different values, culture and the context. Hence, the results of a qualitative case study cannot be replicated because of the new experiences each one addresses (Denzin and Lincoln, 2005). Therefore, it is acknowledged that a collective case study research strategy in this thesis is also unique and self-styled due to the unique nature of the research aim and the context. The justifications for, and usefulness of, the collective case study have already been discussed in section 3.4. However, this type of study can be criticised because it does not give information about cross- cases and hence lacks replication logic for other cases. This thesis acknowledges this limitation; however, it argues that the nature of the topic, the institutional perspective, the lack of data from a small number of cases, and social desirability issues (discussed in detail in section 3.4) justify the usefulness of a collective case study for this thesis.

In addition to the above discussion on reliability, Guba and Lincoln (1989) argued that consistency can be achieved in the case study by clear and systematic data collection and analysis. In other words, any other researcher can follow the same steps of data collection and analysis in other studies. In addition, the recoding of data and transcription can enhance the reliability of the research (Silverman, 2009). In this research an attempt has been made to improve reliability through the digital recording of interviews and complete transcription.

In addition, case study protocol³⁰, a clear data collection plan, interview guide, coding of the data, analysis through data reduction, display and verification helped to enhance reliability. Therefore, any research with the similar uniqueness can use this case study protocol in the future and benefit from this collective case study methodology and methods.

3.8.4 Construct Validity

Construct validity refers to the correct operational measurement of the concepts in the case study (Yin, 1994). Yin (1994) further suggested that a subjective case study tends to bring more problems in establishing construct validity. For the solution of the construct validity issue, Yin (1994) also suggested three tactics to improve construct validity (e.g. multiple sources of evidence, chain of evidence and key informant review). In this research, multiple pieces of evidence are collected through the relevant literature and data collection methods (interviews and documents), and have been compared with each other and with the literature. The chain of evidence is presented through data collection (chapter 3) and analysis (chapter 4). In addition, continuous review has been undertaken with the supervisory team, as well as discussion with colleagues and presentation of the research at conferences. Table 3.7 below summarises the issue of quality in this research.

³⁰See case study protocol in Appendices

Table 3-7 Addressing qualities issues in this research

Quality Issues	Views from literature	Steps taken in this thesis	Research phase
External validity	Logical and analytical transferability	Development of theoretical framework and data analysis in the light of literature and framework	Chapter 2 Theoretical framework Chapter 4 analysis
Internal validity	Creation of truth from multiple perspective	Position interpretivism as philosophy, utilisations of stakeholder theory and data collections from multiple sources	Chapter 2 Theoretical framework Chapter 3 Methodology and methods
Reliability	Systematic data collection and analysis	All interviews are digitally taped and transcribed. Interview protocol, case study protocol, clear data collection plan, data analysis through data reduction, display and verification	Chapter 3 Methodology and methods Chapter 4 Analysis
Construct Validity	Multiple evidence Chain of evidence Informant review	Review of relevant literature, multiple sources interview and documentary evidence, review from supervisory team, colleagues and conference	Chapter 2 Theoretical framework Chapter 3 Methodology and methods Chapter 4 analysis

3.9 Conclusion

This chapter discussed the research methodology and methods applied in this study. An interpretive stance has been taken in this research. The interpretive approach suggests that reality is subjective and it is possible to search reality within the pattern of social actions in any given context. Similarly, stakeholder theory emphasises the stakeholder's perspective, and institutional theory suggests that institutional conditions and context help to establish a pattern of actions and behaviour. Therefore, it has been argued above that interpretivism is consistent with stakeholder and institutional theory and can help to answer the research questions.

This chapter justified the selection of a qualitative case study approach. The justification and rationale was presented through characteristics of

a case study approach. It was argued that a case study is suitable when 'how' and 'why' questions are used in the research, when the research focuses on a contemporary phenomenon (CSR) in a given context (Pakistan), when there is a theoretical formwork developed from the relevant literature, and when data are collected from multiple perspectives. Since interviews are the best way to understand an interpretive perspective (Lindlof and Taylor, 2002) of a complex issue (such as CSR), principally semi-structured interviews were used to investigate the issue with the supplementary support of documentary evidence (Sarantakos, 2005).

This chapter also presented the approach of data analysis used in this research. The data analysis approach is inspired by Miles and Huberman (1994) analysis approach for an interpretive qualitative case study. It was discussed how data reduction, data display and conclusion and verification were used in this research. Finally how quality issues of the research were addressed in this research was discussed.

4 EMPIRICAL EVIDENCE ON RESEARCH QUESTIONS

4.1 Introduction

The main objective of this chapter is to present empirical evidence gathered during the data collection. This evidence is based on the interview quotes and supplemented by secondary qualitative data from the CSR reports of the MNCs concerned. Before analysing the data collected, it is important to recall two key points. a) This study is based on interpretive philosophical assumptions in which reality (empirical evidence) is constructed by interactions between the researcher and the participants. In other words, this study presents perspective of participants as well as the researcher's interpretation of the data (Díaz Andrade, 2009, Guba and Lincoln, 1994, Neuman and Walsham, 1995). Therefore, empirical evidence presented in this chapter is based on the researcher's interpretation of respondents' perspectives and available secondary data. This interpretive approach, however, can result in value-laden data. To address this, any interpretation by the researcher is backed by power quotes from the interviews and the secondary data. b) This research is a collective qualitative case study; therefore, all empirical data are presented in the form of aggregate findings from all sample companies. The empirical data from all units of observation is structured from the theoretical perspective of research questions.

This chapter is set out as follows. The first section comprises the introduction to the chapter, while the second section (4.2) provides empirical evidence on the first research question. Here, the evidence is presented according to Carroll's (2004) four CSR categories. Section 4.3 provides the empirical evidence on the national institutional drivers of CSR in the context of Pakistan. This section highlights how the

regulatory environment, the role of NGOs, and the socio economic conditions influence CSR in the context of Pakistan. Section 4.4 presents the empirical evidence on the last question. This section structures the empirical evidence on local, global and integrated strategic orientations collectively from all units of observation. The last section concludes the chapter.

4.2 CSR Conceptualisation

This section interprets the empirical findings regarding the first research question *‘How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) conceptualise the CSR of subsidiaries of foreign MNCs operating in Pakistan and why does this perception exist?’* To explore the respondents’ conceptualisation of CSR, the researcher’s initial questions were deliberately neutral, such as: How do you perceive the role of business in society? What are the key objectives of doing business? How would you say your organisations interact with the community? The researcher intentionally avoided introducing the terms ‘corporate social responsibility’ or ‘CSR’ and allowed these to emerge naturally during the interview process. In this way much of the construction of the CSR term took place in a conversational way and in exploratory form. Interestingly, in most cases, the researcher introduced the term, CSR.

Although during the interviews the questions were kept exploratory and open with probing where required, as argued in the previous chapter a systematic presentation of the empirical evidence can be made through a theoretical lens. Therefore, the following sections present empirical findings on RQ1 from all sources and for all sample companies from Carroll’s 2004 CSR perspective.

4.2.1 Philanthropic responsibility

Empirical data from all data sources (interviews and documents) suggest an overall consensus on the philanthropic responsibilities domain in the context of Pakistan. Most of the respondents explicitly mentioned, implicitly referred to or provided examples of charity and donations for their CSR activities. For instance, a CSR manager of a MNC indicated his understanding of CSR in these words: 'Whatever we earn from the society we must also donate some portion of our profit to the society' (CMG). One MNC employee expressed a similar view - 'It is our obligation to donate some portion of the profit to our local community' (ED2). Another MNC employee mentioned, 'for me CSR means some charitable work for the society' (EC2). One of the external stakeholder respondents claimed, 'often MNCs tend to donate money to charities and try to show that they have done something good for the community' (STK7). One of the external stakeholder respondents articulated the focus on philanthropic CSR in Pakistan in detail:

'CSR is a new concept in Pakistan. In the past most MNCs have been making random philanthropic initiatives to have a positive impact on society. These initiatives include cash donations, contributions of product and services and volunteerism. From the last few years, MNCs have moved to more structured and planned philanthropic activities. Companies still do not integrate their CSR programmes with their vision and long-term business policies' (STK13).

The interpretation of the qualitative data suggests that philanthropic activities of MNCs operating in Pakistan often focus on common and broad social issues in the local community common (such as health and education). This implies that MNCs are well aware of local community issues. It is important to mention here that this awareness of social issues is not necessarily the result of a close and formal interaction between MNCs and the local community. Rather these problems are so obvious that without proper stakeholder engagement MNCs become aware of them and try to address these issues through philanthropic work. This also suggests that the host government

(Pakistan) is unable to address these social issues and thus the community expects other actors including foreign MNCs to solve these social problems. In addition, it emerged that philanthropic work of the MNCs is very visible when a community is in trouble during times of crisis or natural disaster. Table 4.1 provides some examples of charity and donation-based short-term philanthropic activities of a sample of MNCs in Pakistan.

Table 4-1 Example of common philanthropic activities

Short -term philanthropic activities to address social issues	Cash donations to poor families in local community. Cash donations to charity and NGOs. Scholarships to students. Donation to construct sport complex. Donation to purchase medical equipment for local hospital. Blood donations.
Short term philanthropic activities in the case of natural disaster	Cash donations to 2005 earthquake and 2008 flood victims. Raised funds and donated to 2005 earthquake and 2008 flood victims. Provided goods such as dairy products, tents, and raw material to construct houses and schools

Respondents provided a number of examples where MNCs used short-term solutions to address social issues through charity and donations. For instance, CMA mentioned that, 'last year [in 2008] we helped 50 underprivileged families of Manshera district and gave them 2000 rupees per month to poor families for six months.' Similarly, an MNC employee stated, 'Fromtime to time we give donations to Edhi foundation [a local NGO]' (EF2). There are examples where MNCs provided 'free books' (ED1) to school students and support for poor university students through cash 'scholarships' (CMB). In addition, under CSR activities some MNCs have also provided cash donations to construct a 'sports complex' (CME), 'donated 20 personal computers to a Girls College, (CMD), and purchased 'medical equipment' (CMA) for a local hospital.

In addition, without any exception, all respondents cited examples of donations and charity work in the case of natural disasters. All respondents referred to their contributions (mostly fund raising and donations) after the 2005 earthquake and the 2008 flood. Table 4.2 below shows two major ways in which MNCs generate resources in the case of natural disasters.

Table 4-2 MNCs philanthropic response in the case of natural disaster

Company Initiatives	Cash donation from MNCs budgetary allocation. Formally MNCs ask management and employees to share portion of their salaries and wages. Donations of goods (milk, tents, food, clothes etc.).
Management and employees initiatives	Voluntary initiative to give part of salary for charity and donation. Raise funds from the company for charity and donation. Raise funds from outside (from other organisations and community).

One of the sources of any philanthropic initiative is purely formal organisational initiative. There are examples where MNCs used funds from annual CSR budgets to help the local community during crises. For example, a CSR manager illustrated that after the 2005 earthquake ‘we donated the whole CSR annual budget to the Kashmir earthquake victims’ (CMF). Another CSR manager mentioned, ‘we can easily get money but it depends on the needs. But when something (big) like a flood comes we can get as much money as we want from the company funds’ (CME). In addition, most of the respondents (particularly MNC employees) mentioned that companies often deduct (irrespective of employees’ willingness) a certain percentage from their salaries in the case of a natural disaster. The second source is when MNC management and MNC employees’ voluntary donated and raised money from within and outside the organisation to help the local community. For instance, respondent E12 provided an example: ‘Our CSR team started a campaign to raise funds to help flood victims. It was a great success. First, we collected money from all our branches in Pakistan and then we went out and asked other organisations and

people to contribute. One of the CSR managers recognised that in the context of Pakistan CSR is practiced in the philanthropic domain, but he argued that

'See we are aware of the meaning of CSR. But we are part of this society. We are bound to do what our local community expects and what is going around us. Let me explain to you with an example. At the start of every year we put a specific amount of money under our CSR budget. That budget is allocated to our department [CSR department] on the basis of our social and environmental plans. Our CSR annual plan is based on our policies and targeted long-term social goals. But what happens, every year something happens – floods, earthquake, and war. Now tell me if we have funds for environment and tree plantation. Tell me, shall we keep spending funds on the tree plantation or should we provide food to flood victims? Shall we care about the environment or give money for a person who cannot afford treatment and might die? See- we have to meet first what our society expects and what is urgent' (CMF).

On the basis of the above evidence, it can be concluded that without much divergence, most of the respondents focus on the philanthropic domain of CSR in the context of Pakistan. In addition, these philanthropic CSR activities are voluntary, *ad hoc* and focused on broader social issues particularly in the case of natural disaster.

4.2.2 Ethical responsibility

The second domain of responsibility that was frequently referred to in the interviews was ethical responsibility. In the interviews and thematic analysis of documents, ethical responsibilities were either explicitly mentioned or at least implicitly referred too. For instance, it has been claimed: 'We are ethically responsible and accountable in the community we operate' (CMA). One CSR manager mentioned, 'As a business we are very aware that there are certain ethical responsibilities' (CMB). In addition, one external stakeholder respondent put it in these words: 'Businesses particularly MNCs are ethically responsible and accountable for their actions and practices locally and globally' (STK7). Most of the respondents implicitly referred to ethical responsibility. For instance, one CSR manager mentioned, 'we [as a MNC] are accountable and responsible to our employees and community. We believe that business should contribute to the society

by doing their business and playing their part in terms of growth of the community' (CME). Similarly, in an annual report of one of the MNCs it was reported,

'Our Company believes in playing an active role in supporting the community and social development of Pakistan. Our Corporate Social Responsibility goes beyond philanthropy and donations whereby we take into full account the impact that our company creates on all stakeholders and on the environment when making decisions. We recognize that an educated, healthy society is Pakistan's key to ensuring sustainable development and we do our best to give back to the community we operate in'(DF).

During the interviews respondents also made statements referring to the role of MNCs: MNCs are 'answerable and accountable' to society and community (CME, CMI), 'meeting social expectations of society' (STK12, STK13), 'obligation to society' (EA2) and 'giving back to society' (CMF, CMH, EHI, EH2), and 'work for the improvement of local communities' (D1).

The above empirical evidence suggests that most of the respondents (particularly MNCs) are external stakeholders who are aware of the ethical domain of social responsibility in the context of Pakistan. In addition, carefully written company CSR report also shows a component of ethical responsibility. However, it is important to highlight a few points on the basis of the researcher's interaction with respondents regarding ethical responsibility in the context of Pakistan. First, most of CSR managers claim that they are involved in ethical practices and related ethics with acceptable business practices, accountability to society and obligation to society. Some of the CSR managers did mention ethical responsibilities but when the researcher probed further on how they see the word 'ethics', interestingly, some could not answer this and provided generic statements like 'doing right things', or related ethics with philanthropy. Second, as mentioned previously, CSR managers claimed for doing ethical practices whereas external stakeholders including NGOs and regulatory institutions'

respondents used ethical responsibility in a suggestive way; that is, they suggested that MNCs “should” be involved in ethical practices.

Third, while most of the MNCs’ CSR managers emphasised the ethical responsibility domain and claimed that they are accountable to society, some employees and external stakeholders however claimed that some MNCs are involved in unethical practices. For instance, an employee of the telecommunications industry revealed that the MNC in which he is working exploits employees. He claimed that the management of the company often ‘searches for and creates reasons’ to fire permanent employees because the company recently outsourced that task with less cost, and older permanent staff of the company are more costly to the company (EF-2). Similarly, a representative of a non-government organisation that deals with consumers’ rights mentioned that they have received a number of complaints about MNCs of the banking sectors from customers. They claimed that MNCs’ banks do not explain and intentionally hide terms and conditions of contracts regarding loan/credit to relatively less-educated customers (STK-1). There is also evidence of ‘false marketing’ and ‘cartel’ by well-known MNCs operating in Pakistan (STK-10).

4.2.3 Economic responsibility

Economic responsibility is given relatively less importance but still emerged as the third most referred-to domain of CSR responsibility. The aggregate qualitative data suggest that respondents capture economic domains from two perspectives. The following table (4.3) illustrates empirical conceptualisation of these two economic perspectives.

Table 4-3 Economic domains from empirical data

Profitability	Business objective is to increase revenue, profitability and rate of return.
Economic contribution	Provide employment to local community; reduce poverty and engine of economic growth.

From the profitability perspective it has been frequently mentioned that the main aim of a business is to ‘earn profit’ and they are responsible to ‘shareholders’ (EB1, EB2, EI2, EJ1 STK1, STK9). One of the respondents expressed that ‘businesses including MNCs are economic institutions and they should be held responsible strictly for economic actions’ (STK9). Similarly, one of the respondents articulated,

‘I strongly believe business should focus on the economic issues. It is unfair to ask business to solve social issues. If the state cannot provide education to people that is not the fault of the business and it is not the responsibility of the business. You know in developing countries like Pakistan when business starts doing this work, government agencies often gets relaxed because they know big businesses are helping’ (EJ1).

The above statement is very interesting from a sample company employee. This not only emphasises the economic domain of responsibility but also referred to the institutional weakness of the government in the host country that can result in MNCs’ diversion from economic goals. From the economic development perspective it has also emerged from the data that MNCs help to ‘reduce poverty’ (EG-1), ‘provide employment to locals’ (EC1, ED2, STK4) and ‘contribute to overall economic development’ (EF1, EG1, EJ2, STK3, STK6). One of the respondents illustrated the developmental perspective in detail:

‘In this global recession it is difficult for business to survive and lot of big MNCs are bankrupted. I believe in these difficult times, if business can do business and keep earning profit, create jobs, pay tax and contribute to national and international growth, this should be enough’(STK3).

Similarly, one of the MNC CSR reports stated that -

'We are making a vital contribution to economic growth; we continued to place our sustainability agenda at the core of the way we do business; we stepped up our efforts to measure our impact on markets where we operate; and we invested more in our communities'(DC).

Two CSR managers referred to 'their economic contribution to the local community' (CMB) and 'support women entrepreneurs to establish small scale business' (CME). In addition, one MNC reported their economic contribution in the community through financing SMEs and the agriculture sector and claimed that they are the first MNC in Pakistan to hire disabled employees (blind fresh graduates) (DC). Similarly, one MNC also reported that they helped 100 women entrepreneurs to establish a small-scale business (DI).

It has emerged from the empirical evidence that MNC employees followed by external stakeholder groups referred more to the economic domain of CSR. CSR managers and documentary evidence provide relatively less focus on the economic domain of CSR. One of the potential reasons for CSR managers to have a relatively lower focus on the economic domain is that, as experts, they intentionally or unintentionally ignore the economic rationale (profitability @ rate of return) because they are well aware of the CSR construct and know they should present and promote a non-economic perspective of social responsibility (social desirability biased).

4.2.4 Legal responsibility

Legal responsibility was the least referred to or mentioned domain of responsibility. Only two respondents directly and explicitly emphasised the legal domain. For instance, one respondent claimed that they follow local laws and emphasised that 'our company and employees strictly follow the law of the land' (EF-2). Another respondent mentioned that -

'In a country like Pakistan, where common men and consumers do not know their rights, business should obey the state laws and protect interest of communities particularly consumers' rights' (STK11).

While the above empirical evidence indeed mentioned legal responsibility, it is nonetheless important to highlight that it does not show that MNCs in the context of Pakistan follow local rules and regulations; rather it is suggestive and emphasises that MNCs should obey the laws of the land. The suggestive nature and importance of legal responsibility is also found indirectly during the interview conversations where respondents referred to the importance of 'state regulation' and 'environmental regulations' (STK1, STK8, STK10, STK15).

Interestingly, external stakeholders made more reference to the legal domain of responsibility. None of the CSR managers explicitly mentioned legal responsibilities. However, one CSR manager from the banking sector implicitly referred to their policies regarding 'fraud and corruption, financial crimes, money laundering and terrorist financing' (CMC). Similarly, one CSR manager indirectly referred to the legal responsibility and mentioned that the 'Internal Audit Department and Ethics Compliance Committee' keeps a check on their company's practices (CMF). Only one of the MNCs' (DA) documentary evidence suggests a focus on the legal aspect of responsibility. This MNC extensively reports and market, tobacco- and environment-related regulations through their CSR reports in Pakistan.

4.2.5 Focus on multiple domains

There is some evidence in the data where respondents focused on multiple domains (two or more domains) of CSR responsibilities. Some of the respondents focused on the economic and ethical responsibilities. For instance, one of the CSR managers mentioned, 'We are responsible for the consequences of our actions related to

economic, social and environmental activities' (CMC). One stakeholder respondent also referred to two domains and stated that responsibility of MNCs means, 'Giving back to society and [MNCs] are sources of sustainable economic development' (STK6). Similarly, one MNC employee expressed that, 'Obviously we do business to earn profit but we also know it should not be at the cost of the community in which we operate. Our company recognises the importance of social expectations' (EJ1). One MNC CSR report focused on the legal and ethical responsibility of the company and reported that -

'We abide by this philosophy each step of the way: from appropriate marketing and consumer information to supporting sensible tobacco regulation; from respecting workplace human rights and reducing our environmental impact to contributing to local communities. We seek to work continuously to engage with our stakeholders, to balance their views and to align our business decision-making with the reasonable societal expectations of a modern tobacco company' (DA).

There is also limited evidence where three CSR domains were captured. For instance, a representative of a non-government organisation working for consumers' rights in Pakistan stated that -

'Broadly speaking business should flourish in the society because it is vital for economic development but we want business to be consumer friendly . . . At the moment business [MNCs] in Pakistan I would say are only interested in earning profit. I understand the importance of profit for business and earning of profit is their right but it should be under certain ethical guidelines and under regulation' (STK-1).

A representative of a government regulatory agency illustrated, 'MNCs are responsible to their shareholders (economic responsibility), regulatory bodies (legal responsibility) and local communities (ethical responsibility)' (STK-8). Similarly, one respondent articulated,

'For us all businesses including MNCs are responsible and accountable to local government and local community. They should follow state regulations, principles of competitive behaviour; they should follow the consumer rights and contribute towards improved economic efficiency and a competitive market' (STK-11).

It is important to note that most of the CSR managers' and MNCs' employees presented a narrow perspective of CSR. External stakeholders presented tended to present the broader and multiple views on the CSR domain. None of respondents articulated all four (legal, economic, ethical and philanthropic) of the CSR domains. One notable finding from the data shows that different respondents used terms like 'local communities' (DA, EA-2, ED-1, DI, CMI, STK-7, STK-8, STK10), 'community we operate in' (CMA, DF, DH), 'environment we operate in' (CMB), and 'our community' (EH, DC, CMH, EC-2) to describe CSR and the role of business in society. In addition, as discussed previously the researcher asked open-ended broad questions to understand the CSR conception in the context of Pakistan. Most of the empirical evidence from the sample can implicitly or explicitly fit into Carroll's (2004) four CSR domains. Apart from one (DC), none of the data sources present alternative contemporary CSR concepts such as sustainability, triple bottom line or corporate citizenship. This evidence justifies the use of Carroll's (2004) CSR model to explore conception that MNCs have of CSR in the context of Pakistan.

4.3 CSR motivation

This section presents and interprets empirical findings regarding second research question RQ-2) *How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the motivation for MNCs operating in Pakistan to be involved or otherwise in CSR activities and why does this perception exist?* To explore and understand CSR motivations from all respondents, the researcher initial questions were deliberately neutral, being worded as follows: Why are they (MNCs) involved in socially responsible practices? What are the key reasons for good practices? Why do your organisations interact with the community? The researcher intentionally avoided

introducing the institutional drivers and let these emerge during the interview process. Therefore, this conversation was exploratory and interestingly, in most cases, the respondents related CSR motivation and barriers with local institutional conditions.

4.3.1 Regulatory conditions

Empirical evidence on regulatory conditions presents an overall negative picture of institutions set up which is potentially not favourable for CSR practices of MNCs. Most of the respondents perceived partnership and collaboration with government institutions and regulatory agencies as problems rather than an opportunity to solve social issues and act responsibly. One of the respondents mentioned, 'We have not been together [with the government] on the table to discuss social issues recently' (CMH). There is evidence where CSR managers prefer not to involve government agencies in the partnership. For instance, according to the CSR manager of Company B,

'Any partnership with the government can make things complicated. As I told you before (philanthropic initiatives after 2005 earthquake) our employees did these activities by themselves. They [company employees] went to the field; spent their money with their own hand' (CMB).

From the same manager (CMB), when asked about the complications and why they took the CSR initiative alone, the manager mentioned that they do not 'trust the government' because 'there is a lot of corruption' (CMB). It has been noted that sometimes government institutions show non-seriousness and MNCs' initiatives can be a wasted effort. For instance, according to another CSR manager,

'We tried to work with the government organisations. Let me give you an example. We donated 20 computers to a government girl's college. Now we have found out that all those computers are not useable and scrapped because they did not use them' (CMD).

Similarly, another respondent presented a negative picture of regulatory institutions and mentioned that -

'I met the chairman of the Higher Education Commission Pakistan (HEC) in a conference and I presented an idea to introduce CSR as subject at University level. At that time he appreciated the idea and asked us to make a formal proposal. We submitted the proposal to the HEC. But no response from them (HEC), It seems they are not serious' (STK-6).

The conventional red-tapism and bureaucratic procedures in the government organisations also emerged as a potential hurdle in the collaboration. One of the respondents argued,

'It is a very difficult partnership. Once we wanted to initiate a community development programme and file [proposal] were on the DC's (Deputy Commission) office table for two years. We needed just a signature on the file. It was just a formality but it was impossible to get hold of him [DC]. At last we talked to the Education Minister and he helped us to move the file' (CMJ).

Similarly, according to the CSR manager in Company C,

'We try to manage most of the CSR issues within the company but we do have examples where we worked with government. We trained some lady health workers that was a joint venture between the Ministry of Health and us. That project went very well but initially it was difficult to go at the same pace due to bureaucratic procedures in the Government sector. You know about the government sector' (CMC).

One of the respondents articulated that 'lack of interest by the government departments, the long procedural delays and official bottlenecks in approval and sanction of projects are major hurdles in our CSR initiatives' (EF2). However, there is some evidence of limited collaboration between MNCs and regulatory agencies. The data suggest that partnership is potentially limited to the implementation of certain projects (EA2, DH, and DC) and some consultation (STK8, DA, CMA). For instance, one of the respondents stated,

'Yes- I would say the regulatory environment is supportive. Government is very helpful. Actually we are in partnership with government in our CSR activities.

Recently, we have signed a MoU (Memorandum of Understanding) with the National Highway Authority to plant trees' (EA2).

Company H also provided an example of collaboration and reports that-

'The 'Khawabon Se Aagey' campaign was launched by our company in December 2007 in partnership with the Pakistan Medical Association. It aimed to help save the lives of newborn babies by providing lifesaving equipment to hospitals across Pakistan' (DH).

Similarly, an MNC reports that -

'The company provided PKRs two million for eye camps in areas affected by the flooding to our government partners that resulted in around 16,000 people across six districts of Pakistan receiving medical assistance' (DC).

There are some examples of consultative collaboration between MNCs and regulatory agencies. For instance, a respondent from a regulatory agency claimed,

'The entire regulatory framework is based on a consultative process. We start with the developing of the concept that starts with the concept paper developing. We take the entire stake over the loop while developing the basic concept of the theme. We go for the roundup interviews and share the initial documents with the stakeholders, which include all the associations of the regulated entities and chambers, all business entities. So it is open to all public opinion, this is not only our intention but the law requires it. The law requires that we get the public opinion on any regulatory matter that we do, so it is all a consultative process. Initially, we consult with the stakeholders, when we develop the draft, we share it on the website with the stakeholders, we do incorporate all the feedback into our final report'(STK8).

Similarly, according to a MNC CSR report,

'We have supported the government in raising the minimum age limit from 16 to 18 through changes in tobacco legislation. We are willing to work with the Ministry of Education and the Ministry of Health to develop educational modules for incorporation in the national curricula, but we feel the program content is best left to experts and its delivery to teachers or youth leaders' (DA).

The same company's CSR manager articulated, 'yes- we work closely with regulatory authorities. With the consultation of government we have improved tobacco regulations in Pakistan' (CMA). In addition, data suggest that MNCs tend to form partnerships because sometimes it is not possible for them (due to lack of time and resources) to work without help. For instance, it has been mentioned that,

'See, it is not possible for us to do all community work by ourselves. Sometimes we need partners. Like when we wanted to help earthquake victims in Kashmir in 2005. We raised the funds and gave money to the Pakistan Army. For us [company's employees] it was not possible to go there' (EA1).

Respondents also mentioned the examples of violations of rules and laws due to a weak regulatory set up in Pakistan. For instance, according to STK-13,

'There are a lot of examples where MNCs and Government together have been violating the laws. You know- it is easy to bypass the laws in Pakistan. An MNC operating in Pakistan acquired 20,000 sq. yards of land from a children's playground for the business. The Army Welfare Trust Pakistan sold that land to the company. It was not the Pakistan Army's own land (it was not in the Cantonment Board jurisdiction), but you know who can challenge big companies and the Army'.

A respondent from an anti-tobacco campaign organisation accused a very well-known tobacco MNC of unfair lobbying and influence on government policies regarding smoking (STK-12). Similarly, a stakeholder respondent pointed out that, according to the Pakistan Petroleum policy 2007,

'Oil and gas exploration and production companies have to pay a certain percentage (12.5%) of their royalty and production bounces for local community welfare and development. However, most of oil and gas MNCs do not articulate with this law and local communities are also not aware of their rights' (STK-12).

In addition, the respondent claimed that 'most of oil and gas MNCs operating in the Province Sind do not follow the guidelines of Environmental Protection Act 1997' (STK-12).

Additionally, a few respondents referred to weaknesses and inherent problems in regulatory institutions. For instance, a respondent indicated the limitations of government resources and stated, 'We do not have enough consumer courts to protect consumer rights in Pakistan' (STK1). Similarly, one CSR manager pointed out that -

'Like other developing countries, in Pakistan the State cannot provide critical social services like health, education etc. MNCs are very big and visible institutions. People see us [MNCs] and NGOs as alternatives to government in terms of support' (STK4).

Some respondents also referred to the inherent unsupportive culture of regulatory institutions. One respondent claimed,

'In Pakistan you know the Thana and Kachari [police and courts] culture. They [police and courts] are only for the rich and powerful people. You know MNCs are rich and powerful. An honourable consumer or business employee will never ever go to them against MNCs to get support...MNCs give some money to police and they [MNCs] are innocent' (STK11).

This argument can be further extended when a respondent mentioned an incident in which a young employee of an MNC died at the work place. The employee died due to a fire in the company's offsite storage godown (warehouse). Apparently, there were not adequate fire safety facilities in the godown. Initially, that MNC tried to bribe the family of the deceased, but they did not accept the bribe. Later, the MNC gave money to the police and the police changed the facts and showed this was an accident. In addition, the police started to blackmail the family of the deceased employee (STK13). Similarly, a MNC harassed the labour union representative through the police when they raised their voice for employees' rights (STK7).

There are some positive views on regulatory conditions. One of the stakeholders provided a counter argument against unfavourable

regulatory conditions and suggested that sometimes MNCs sift the responsibility to government. The respondent put the argument in the following way:

'I know everybody blames the government for everything in Pakistan. Generally, yes, things are not great. But let me tell you I have been in touch with a few regulatory agencies (Environmental Ministry and Security Exchange Commission). They are always welcoming for any community work. You know some time for our own interests we blame government but the reality is that we use them as a scapegoat (STK-4).

In addition, another respondent from a government organisation claimed that -

'Government has already started taking some initiatives to raise awareness. We are working on a proposal to introduce 'environment' as a compulsory part of the school curriculum. We are very committed and working with NGOs to make this proposal work. Similarly the Ministry of Petroleum and Natural Resources Pakistan is planning to introduce Euro-11 emission standards to reduce air pollution' (STK-14).

One of the respondents from a regulatory agency mentioned that to promote CSR, 'a statutory notification under Companies Act 1984 which says that every public limited company shall disclose CSR activities' (STK-8) is required. Similarly, one of the CSR managers mentioned,

'Government also appreciates us and thanked us publicly in the media. The Ministry of Health appreciated our voluntary initiative to stop cigarette advertisements on print and electronic media. We also received a positive response from them (Ministry of Health) on our youth tobacco awareness campaign' (CMA).

During the interview discussions when it was investigated how regulatory conditions can be improved some CSR managers argued that state regulations have nothing to do with CSR. For instance, the CSR manager at Company D argued that 'no, it [CSR] is not about regulations' (CMD). Similarly, the manager of Company B emphasised that 'it [CSR] is our company's own voluntary initiative; regulations

have nothing to do with it' (CMB). The manager of Company E articulated this in more detail:

'We do not need CSR-related regulation. CSR is not a governmental domain issue. I would say the government should just be a facilitator or promoter. Let's say they [government] should introduce some tax benefits to responsible MNCs' (CME).

Respondents argued that, in the case of Pakistan, there is a problem in the implementation of rules and regulations. For instance, it has been mentioned that

'There are laws and regulations in theory and in practice. In Pakistan you have laws in the theory but problem is in implementation. Second laws are for deterrence, I mean through law you cannot make business responsible you can only stop and punish them for irresponsible behaviour' (CMG).

Similarly, another CSR manager of an MNC mentioned -

'We have companies' ordinance 1984 which provide guidelines to us [MNCs] for our conduct. It is not the problem. The problem is in implementation of laws. Like all other laws, business laws are not properly implemented and monitored in this country [Pakistan]. From MNCs' viewpoint I would say generally they [MNCs] follow the laws and their behaviour is better than local companies' (CMI).

However, two respondents suggested that 'a strong monitoring attitude from the government can enhance accountability of MNCs, rather than leaving it as a voluntary practice' (STK-2) and 'government should be an initiator of partnership and ease the barriers of communication... I mean there should not be bureaucratic procedures' (STK-3). Some respondents also mentioned the security situation in the interview discussion as a problem to perform CSR activities. One of the respondents mentioned -

'Our ten volunteers went to Swat for the community work and suddenly Pakistan Army started operation against Taliban and they were stuck there for three weeks. We were very concerned about their safety. And their family were not happy. They kept telling us that we are responsible because they went there on the company's behalf' (ED2).

Similarly, one of the respondents mentioned -

'You know these days we have blast every other day. We have reduced our mobility and decreased interaction with community and stopped all community work. We know these flood victims need our help we want to do it. But it is not fair to risk our employees' lives' (CMD).

It is notable that none of the respondents directly or explicitly referred to collective industry self-regulations.

4.3.2 Non-governmental organisations and pressure groups

Empirical data suggest an interesting insight into the role of NGOs and pressure groups in the context of Pakistan. A respondent from a regulatory authority provided a positive picture of NGOs and stated,

'NGOs and pressure groups are pioneers in CSR initiatives in Pakistan. They are the ones who put pressure on MNCs in the 1990s to eliminate the child labour problem. Perhaps they are not as vocal as before because MNCs have improved their conduct due to code of conducts. Now these NGOs are more involved in creating awareness through research, seminars conferences and work to improve regulations' (STK8).

It has been noted that recently NGOs started shaping CSR through 'CSR awareness programmes' (STK, 4, STK6, STK11, STK13), 'acting as pressure groups' (STK7, STK11, STK12, STK13) and 'partnering with MNCs' (STK3, STK5, STK9). One of the NGOs representatives illustrated their role as; 'Our main focus is on awareness of consumer rights. We have launched different programmes to raise this awareness' (STK11). CSR managers also acknowledged the role of NGOs to increase CSR awareness in Pakistan. They provided examples that NGOs have started conducting 'seminars and workshops' to raise awareness (CMA, CMC, CMJ). In addition, a respondent from the regulatory agency mentioned that recently CSR advocacy groups and NGOs have started giving 'Environment Excellence Awards' and 'Marking and Excellence Awards' to motivate MNCs and create more favourable CSR conditions in Pakistan

(STK14). One of the NGO respondents presented their role as a pressure group and articulated,

'With the help of other NGOs we are working on the fight against cancer through anti-tobacco campaigns. During the last decades we successfully ran awareness programmes and put pressure on the Government and cigarette manufacturing companies. We have been advocating our cause through workshops, lectures, walks, and leaflets with the help of the media. Although due to our efforts the government has introduced some rules and regulations [Banned smoking in public places, and advertisements], however, these MNCs have huge money. Now they are using a good amount of money on indirect promotion and advertisement. One recent survey shows that 40% of the young smokers in Pakistan started smoking due to these indirect advertisement and promotion activities' (STK12).

In addition, one of the CSR managers also provided an example where an NGO effectively pressured their company to start community work and adopt responsible behaviour. He mentioned,

'We acquired land and started gas exploration in the rural Sindh. Locals were not happy with our operations and a local NGO also started campaigning against us in the print and electronic media. What we did. We held a meeting with elders of the community and representatives of the NGOs. We listened to them and answered their concerns. It was around three years before. During three years, we constructed a medical unit, two schools and constructed a clean water plant. In addition, we dedicated a team to visit and in be touch with the locals on a regular basis. Now we are totally fine. Now the locals do not see us as outsiders; rather they are very happy with our operations and our community work' (CMJ).

Empirical evidence also provides some examples of the collaboration between MNCs and NGOs. One of the respondents put it in these words: 'Our company's main objective is not social work. We usually do not have time to go and do by ourselves. If we want to help the community, we seek the help of NGOs' (EH2). Similarly, another respondent from an NGO stated that, 'often MNCs approach us and tell us what to do, how to do and where to do. However, we also identify the area, make a proposal and approach to MNCs' (STK-13). One CSR manager of a MNC provided the example of partnerships and mentioned,

'We have been partnering with local and international NGOs. Recently, we celebrated Global Hand Wash Day in Pakistan and partnered with dozens of national and international NGOs including Health Oriented Preventative Education, World Population Foundation and Children's Villages of Pakistan' (CMH).

Similarly, it has been mentioned that MNCs and NGOs jointly raised funds to help the 2005 earthquake and the 2008 flood victims (CMA) and NGOs helped MNCs to deliver goods to the victims of these disasters. (CMC). Some CSR managers highlighted the reasons behind the NGOs' and MNCs' partnership. According to a CSR manager, 'NGOs are a useful option to execute CSR activities. We [MNC] can leverage NGOs' specific expertise and amplify the impact of our own individual effort' (CMH). A CSR manager mentioned that 'often it is not possible for us (MNC) to reach the local community and NGOs can help us to bridge this gap' (CMC). Similarly, 'NGOs are becoming an organised sector in Pakistan. It is important for MNCs to utilise these institutions to achieve our mutual social objectives' (CMA).

The empirical data also highlighted some potential problems with NGO roles. One representative of a governmental organisation claimed,

'NGOs have not done enough work. In Pakistan, how many people know which NGO is working on environment-related issues or on health problems? In general the public particularly in rural areas- people are not aware and I believe NGOs have also limited themselves in certain geographical areas and focused on only limited issues from where they can get huge funding' (STK14).

Another representative of a government organisation pointed out transparency issues in local NGOs and stated that -

'Big MNCs are reluctant to work with local small NGOs due to transparency issues. I do not say that small local NGOs are involved in corruption. Actually, they do not have proper and formal accounting systems. If MNCs fund them they need a proper accounting and audit record' (STK8).

Interview interactions with CSR managers also explored financial aspect of partnership; in this regard a CSR manager illustrated that -

'Sometimes collaboration with NGOs can be simply a waste of resources. If we (MNC) give 100 rupees for a project to an NGO, they (NGOs) will consume 50% funds on their own administrative expenses and the community will only get half of the amount' (CMB).

A couple of CSR managers identified the branding issues, in the case where they may enter into a partnership with NGOs to address CSR issues; for instance, a CSR manager stated that-

'If we work with NGOs on a project, NGOs present this (community work) as their own initiative to the community. Our name goes on the background and we are presented as a secondary partner. They hijack all the credit, although we finance the project but the community thinks that NGOs are helping them' (CMD).

Similarly, another CSR manager argued,

'NGOs play double games. On one hand they claim they (NGOs) are the only sector that cares about society and blame us that we [MNCs] harm the environment and society. On the other hand they [NGOs] ask us to give funds to do social work' (CMF).

Another CSR manager provided an interesting insight and stated -

'Most of the large and well-known NGOs do not see business organisations as potential partners to serve the community. They prefer to work and get funds from the big international donors. The fund they get for a three-month project from an international donor agency is more than the funds that dozens of MNCs will give them for a one-year project. ...NGOs have a short-term vision; they do not realise that international donors do not stay in Pakistan for a long time although they [NGOs] get more money from the donors but business stays in for the long term'(CMG).

Another CSR manager articulated,

'Often engagement with partners is a tricky situation for us. If we select a local NGO for a project, they have limited resources and expertise. If we select big multinational NGOs they have expertise, they have very clear and transparent operational systems but local people see them as outsiders especially in the rural areas of Pakistan' (CMJ).

Interview data from the external stakeholder groups also referred to problems in NGO/ MNC relationships. According to a stakeholder respondent, 'CSR is still a new concept in Pakistan. Both local firms and MNCs prefer to give donations to NGOs, schools or hospitals rather than having a long-term partnership to achieve wider social objectives' (STK-12). Similarly, a respondent illustrated, 'Sometimes partnership with MNCs becomes complicated if you partner with another MNC in the same industry. Like if an NGO partnered with a MNC where the MNC used its logo frequently. In future other MNCs do not want to partner with that NGO' (STK-6). Another stakeholder mentioned, 'they [MNCs] live in the bunkers. You can't access them. They don't reply to email or letter. How they can understand community issues if they live in an isolated environment?' (STK4).

Another respondent pointed out that -

'Well- I would say MNCs' response is not encouraging. Let me give you an example – We planned to develop a proposal to make consumer rights more effective and invited different stakeholders. We contacted around 35 MNCs but representatives of only two MNCs participated in that exercise' (STK11).

The majority of the respondents suggested that social objectives can be effectively achieved if there is a 'close interaction' between MNCs and NGOs (STK6, STK7, STK8, STK13). For instance, one of the respondents articulated,

'I strongly believe there is lack of trust on the both sides. See if we have same objectives, we should work together. We should have more communication and dialogue. That's how we can better serve our society' (STK6).

4.3.3 Socio-economic conditions

The empirical data suggest that in the context of Pakistan, socio-economic conditions play an important role in shaping CSR practices. It has emerged from the data that the religious importance of charity and

donations is embedded in the social values, which are reflected in MNCs' CSR practices. It has been mentioned, 'We are Muslims and we need to share our wealth with those who are in need' (EA2). 'Our religion [Islam] teaches about charity' (STK3), 'it is our moral and religious responsibility to help others' (CME), and 'as an individual, organisation or state if we live in a Muslim society, we have to think about the welfare of others' (STK13). There are a few examples where respondents explained how religious elements are integrated into social values and translated into CSR practices. For instance, it has been mentioned that 'charity is an integral part of our religious and national culture I believe MNCs adopt this value and are mostly involved in charity-based activities' (STK-5). A CSR manager articulated,

'Sadqa [charity and donation] is part of our religion and that is reflected in our behaviour. You can see all individuals and organisations do a lot of charity work during the month of Ramadan. Specially, we have great examples when people are in trouble like floods and earthquake. In our company, all employees and managers have donated huge amounts of money to people who were in trouble' (CMF).

A respondent put this in these words:

'Most of the CSR executives who deal with CSR in MNCs are from Pakistan. These individuals are powered by religious and social values. They intentionally or unintentionally relate CSR with Sadqa and Zakkat which are closer to their heart and part of their personality. So their CSR is mostly unadvertised donations and charity' (STK-14).

In addition, a few of the respondents also mentioned the broad ethical religious elements of 'accountability, transparency and equality' in the business conduct (CMF, EA2, STK13).

Some respondents did not relate charity and donation to religion but argued that it is part of the culture and influence of CSR. For instance, one of the CSR managers mentioned,

'Charity is highly valued in our culture. It is commonly expected that the more fortunate will support the less fortunate through donations and charity. I believe this is the main reason that ethics of a company are judged in relation to philanthropy in Pakistan' (CMH).

It is interesting (but not surprising) to note that the local community also expects MNCs to focus on charity-based CSR practices. For instance, a respondent mentioned, 'Our society expects that all business should share some part of their profit and MNCs are actively involved in philanthropic activities' (STK-5). Similarly, one of the respondents argued that donations and charity-based help and welfare are not limited to MNCs; rather they are exercised by most of the individuals and organisations including the government. He provided an example that '[the] Benazir Bhutto Income Support Programme is the best example of how we see our responsibility as a nation. Even government sees welfare from a philanthropic perspective' (STK4). Similarly one of the respondents emphasised,

'How can we ignore the importance of charity? You see our [They are non-governmental organisation] example. We only deal with philanthropy. We [Pakistan] are one of the highest charity giving nations. Last year [2009] one big corporation contributed Rs2.35 billion in the charity. It is not only limited to corporations; it is our national culture. You know we have examples of Edhi Foundation and Shaukat Khanum Hospital - they are two of the world's biggest charity-based organisations' (STK5).

Similarly, one of the respondents mentioned,

'Sharing is our culture. When we visit someone we take a gift for them, if we cook something we share with our neighbours. When we are happy or sad we share. All business organisations including us are also part of this society. Our communities are our neighbours and we try to share with them. When they are sad [I mean in trouble] we help them. That's how things work here [In Pakistan]' (CMD).

In addition, it has emerged that CSR (philanthropic domain) is a source of personal pride and satisfaction for MNC employees. For instance, one employee put it in these words: 'I feel so proud to be part of this

company; our company always helps people when they are in trouble. We [the MNC] were the leading donors to the Prime Minister Flood Support Fund' (EA2). The data suggest that respondents also referred to economic conditions affecting CSR. One CSR manager referred to macro-economic conditions:

'Due to the existing economic crises our company has to downsize. We established a full-fledged CSR department five years ago. Now that whole setup [CSR department] is closed. We [the CSR department] were the first one affected by downsizing. Now I am the only one who looks after CSR activities (CMI).'

Similarly a CSR manager stated,

'I still remember in 2005 when I sent a proposal to help the Kashmir earthquake victims. The proposal was accepted but now you see the situation is different. It is hard to survive. Both the international and local economies are in recession. Our company wants but can't afford huge development funds. So this time [the 2008 flood victims] we mainly raised funds from individuals' (CMF).

One of the respondents pointed out that 'Pakistan is a price driven economy. Our consumer purchasing decision usually does not affect corporate ethical practices' (STK6). Another respondent presented the same view,

'Generally, customers and consumers are not concerned with marketing, branding and corporate behaviour. Even if we do good things our efforts are unnoticed. Here [in Pakistan] people think about affordability, people care about price and quality' (CMG).

It has also been noted,

'More than half of the population [in Pakistan] is uneducated, lives in rural areas and under poverty line. The majority of people are unaware about CSR issues like recycling and energy conservation. And see if people are not interested in these issues so it cannot be expected from the companies to be concerned with them either' (STK8).

During the interview discussions a respondent (STK-4) stated that due to poverty and unemployment in Pakistan most of the employees

working in MNCs can compromise on CSR behaviour of MNCs and would be happy to get a job there. Similarly, a Human Resource Manager of a sample MNC (EJ-1) mentioned that most of the young and entry-level potential new employees do not consider anything related with 'responsible business practices', their 'bargaining power is weak' and 'they want to secure the job'. However, one of the CSR managers argued, 'it is very important for us (MNCs) that we do not lose our focus and stand committed to our social and environmental goals during this financial crunch and difficult economic time' (CMC).

4.3.4 Other institutional conditions

The data also provides some limited evidence on other institutional conditions including the role of labour unions and the media to shape CSR practices. Only two respondents referred to the role of labour unions. According to a stakeholder respondent,

'In one MNC, management dismissed long serving workers to reduce costs. The labour union assisted the workers in filing legal petition in the labour court. The company HR manager with a few others blackmailed the union president and physically assaulted him. Later the labour court issued an order prohibiting the company from firing workers but the company refused to accept the court order. The company was served two contempt of court notices. Now the case is in the Lahore High Court. However the labour union stood strong, and finally the company has to come to the table' (STK7).

An MNC employee presented a negative role of the labour union. He claimed, 'Labour union representatives come for the short time they do not work. Company also cares about them. We [employees] have a feeling that labour unions care about management interest and compromise our issues' (EA1). Some of the respondents also referred to the role of the media (electronic and social) in relation to CSR. An example of the media focus on CSR was described by one of the respondents:

'A young contestant died in a reality show performing a stunt for a MNC brand promotional campaign. The electronic media started questioning health and safety

arrangements provided by the company. A one-hour prime time TV show was broadcast and the participants discussed from where corporate responsibility begins and ends' (STK7).

Another respondent further stated, 'Young university students launched a campaign against the company on face book and twitter'. Similarly, one of the stakeholders articulated that, 'now we have a vibrant media [private news channels]. It is getting difficult for companies to do something wrong openly. The media takes notice of this' (STK-6). Similarly, a respondent from a regulatory agency mentioned,

'Since the introduction of private news channels in Pakistan it is easy to identify and raise issues. We have seen in the recent past the media highlight that some medicine production company or an oil or gas companies are disposing their waste at a particular location that has brought harm to the surrounding community. Once these companies were exposed in the media they took corrective actions' (STK 8).

It can be concluded from the empirical evidence that the national institutional context of Pakistan is very relevant to understand drivers of, and barriers to, CSR practices of foreign MNCs companies operating in Pakistan. According to respondents' perceptions and the researcher's interpretation of empirical evidence it can be concluded that normative institutions (NGOs) and cognitive institutions (religion and culture) are the key drivers of CSR practices in Pakistan. However, it appears that regulatory and economic institutions represent major barriers for CSR practices in the context of Pakistan.

4.4 CSR Strategy: Local and Global CSR

This section presents and interprets empirical findings regarding the third research question: *How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the strategic orientation of foreign subsidiaries of MNCs operating in Pakistan and why does this perception exist?* To explore answers to this research questions in the interviews, the researcher tried to capture strategic orientations. For this research question, respondents were asked

directly to give views on localisation and globalisation of CSR strategy. The researcher started each conversation to explore how MNCs develop their business strategies; in other words, it was discussed in the interviews whether their strategies are centralised or decentralised. Further, clarification was established through probing and examples given by respondents on MNCs' CSR activities in Pakistan. Before proceeding, it is important to mention that most of the relevant and important information about this research question was obtained from CSR managers. Since external stakeholder and employees are not directly part of strategy development process, they could not give in-depth information regarding the strategic orientation of MNCs. In addition, it would have proved useful to get information from the MNCs' Head Offices in their home countries, but this was beyond the scope of this research

The data suggest that CSR strategic decision-making is mostly decentralised and that most of the CSR managers are autonomous or semi-autonomous in CSR strategy making and implementation. One of the respondents claimed, 'I am absolutely independent to manage and implement my CSR strategy' (CMA). Similarly, one of the respondents mentioned, 'we are not dependent; we don't need to submit our annual CSR strategy to headquarters and get their permission. We are completely independent to devise our CSR strategy' (CMF). Some respondents mentioned that although they follow the global vision of their parent company, they are independent in the strategy-making process. For instance, one of the respondents stated, 'our local CSR team develops the CSR strategy. We are free to decide how to do it and what to do. But naturally, our strategy is a way to achieve our long-term goals and contribute to our global vision' (CMH). Similarly, one respondent articulated, 'I would not say that our CSR strategy is dependent on the Head Office. We are a very open organisation. As a CSR manager my proposed CSR strategy has always been accepted'

(CME). It has emerged from the data that in some cases, instead of depending on the parent company's Head Office, the CSR strategic decision-making is dependent on the host country's Head Office. For example, one CSR manager claimed, 'I would say not on the parent company but on our Head Office in Pakistan. Our Head Office evaluates that our proposed strategy is in line with our global CSR agenda' (CMB). Similarly, one of the respondents mentioned,

'I am a CSR head but my designation is at middle level management. My role is to give input to senior executive [strategy head of the company in Pakistan] - they plan the whole thing and I am responsible to execute the strategy and accountable for the implementation process' (CMG).

In addition, only three CSR managers (CMC, CMI, CMJ) mentioned that their CSR is dependent on a global head office. Most of the respondents (except two) suggested that they have a certain amount of funds for the CSR strategy, but most of them were not willing to provide specific information on how these funds are allocated and who (parent company or local level) distributes the funds. One CSR manager mentioned, 'we follow the global trend to allocate 1% of pre-tax profit for CSR activities. In addition you can include donations and time from our employees' (CMI). Similarly, one respondent mentioned, 'I am not concerned with budget allocations - that is a finance department issue. They [finance department] give us a number and we made our strategy accordingly' (CMB). It has also emerged that the financing of CSR activities is not a major concern of CSR managers. It is flexible and they have options to generate funds. For example, one respondent put it in these words:

'We have allocated funds for our planned CSR activities but we always cross the limit and we don't have any problem to get extra funds. But we need to give a justification and importance of what we do and why we need extra funds' (CMA).

As discussed previously (empirical evidence from question one) in extraordinary circumstances (national crises and natural disasters such

as the 2008 flood and the 2005 earthquake), CSR teams can easily get funds from the company or generate funds from inside or outside the organisation through donations. Interestingly, during the interview discussion, when respondents were asked (including CSR managers) regarding their global CSR themes most of them could not recall them, or could only partially remember them, and suggested consulting the company websites. Table 4.4 below presents the global themes of sample MNCs.

Table 4.4 Reported global CSR themes of MNCs

MNCs	Global CSR themes
A	Environment, Health and Safety
B	N/A
C	Promote Sustainable Finance and Community Relations
D	Profitability, People and Planet
E	N/A
F	Environment, Community development, Energy conservation and Diversity
G	Environment and Health
H	Live, Learn, Thrive
I	Community Development and Charity Begins at Work
J	Environment and Community Development

It is worth noting that most of the sample MNCs did not refer to adoption of global CSR standards like ISO 14000 and Global Reporting Initiatives (GRI). One respondent from a CSR advocacy organisation who works to promote GRI standards in Pakistan stated that ‘all over the world businesses are adopting these standards but in Pakistan five years back we had 86 business and now (in 2009-2010) [this has] deceased to 21’ (STK7).

In the context of Pakistan, global understanding of CSR is limited to issues like the environment, (focus on pollution, energy conservation) health and safety. It has been mentioned frequently that the company follows international-level health and safety policy for the employees (CMA, CMB, CMF, CMH, CMJ). One of the CSR managers mentioned, ‘We are very serious about our health and safety policies. In our MNC all over the world you will see the same safety measures’ (CMH).

External stakeholders also agree with this: 'One of the advantages of MNCs is that they provide a better working environment. I have been in touch with a number of MNCs; they have excellent health and safety procedures' (STK3). Similarly one manager mentioned, 'They have adopted their global recycling policies' and claimed, 'They are the pioneer in Pakistan to introduce formal recycling practices in Pakistan' (CMJ). Another manager mentioned, 'According to our global focus on the environment we have started a tree plantation from Peshawar to Islamabad on the motorway' (CMA). Similarly, one of the respondents stated, 'Globally our company has started working on clean and efficient use of energy sources. Recently we have installed solar panels all over the country' (CMI). One of the CSR managers mentioned an interesting incident when adoption of global CSR themes damaged the MNC image. He illustrated that -

'We have our global CSR theme to work on HIV/AIDS and you know in rural Pakistan sexual health is a taboo topic. One very famous NGO submitted to us a proposal and feasibility to educate young girls in the rural areas of Punjab and Sindh. That project was a disaster. The local community reacted against that project. Due to their (NGO) miscalculation and wrong understanding of the local environment, we also got a lot of criticism' (CMH).

Similarly, one of the respondents from an external stakeholder group mentioned that '...when MNCs initiate a project with a purely Western idea like women's empowerment or female education in the rural areas of Pakistan, often instead of positive change they [MNCs] face a serious challenge and in some cases even security risks" (STK6). However, there is evidence that MNCs have responded to local needs and adjusted their CSR strategy accordingly. A respondent provided a potential reason for the focus on localised CSR strategy. He argued: 'since our company's president is from Pakistan, he understands the local issues better than a foreigner. This local understanding is translated into our CSR initiatives' (EE1). Most of the respondents used terms like 'local communities' (DA, EA-2, ED-1, DI, CMI, STK-7, STK-8,

STK10), 'community we operate in' (CMA, DF, DH), 'environment we operate in' (CMB), and 'our community' (EH, DC, CMH, EC-2) during the interview discussions. One respondent mentioned, 'One of our global themes is to focus on health issues. Last year [in 2008] our global focus was on HIV and AIDS. But after the floods we changed the focus from HIV to children's health particularly in flood-affected areas' (CMF). One CSR manager provided an example that -

'All over the world, health benefit to employees covers their partner and their children [under 16]. In Pakistan, parents are part of family. Our employees raised this issue. We talked to Head Office at Vienna and after a long discussion they accepted this and included employees' parents in health benefits' (CMJ).

The same example about health benefits was also given by Companies A and D. One of the employees of a MNC provided an example where strategy is adjusted to local needs. She mentioned -

'We asked our company to provide transportation facilities to female employees because public transportation is horrible here and it is difficult for females to travel. We were initially told that the company provides a transportation allowance to all employees and no separate arrangement can be made for females. We kept trying to convince our management. They sent our request to headquarters and they agreed. Now the company provides free transportation to nonexecutive female employees and soft loans to female executives to purchase personal cars' (ED1).

Interestingly, sometimes adaptation of a local strategy can also bring problems. In the same company, one male employee complained, 'We all should be treated equally; if women get transportation we should also have this facility' (ED2). In addition, it has been noticed that MNCs also focus on broad socio-economic issues. Although MNCs do not use a systematic environmental scanning and stakeholder engagement, common issues like education, poverty and health are common interest areas of MNC CSR strategies. Almost all respondents mentioned their contributions on these broad social and economic issues. One of the respondents mentioned, 'Pakistan is a developing country with extreme poverty in rural areas. We understand these problems and we are

playing our role through SME financing' (CMC). Similarly, another CSR manager commented that they established a primary school in the rural Sind (CMJ). However, some external stakeholders criticised this broad focus and claimed -

'Most of the MNCs go for a short cut. They just focus on a few selected issues like women's empowerment, health and environment. Everybody knows we have these problems but proper community engagement is very important. Often companies do not engage in community or people like us [NGOs] to understand real issues and their solutions' (STK2).

This argument is further supported by another external stakeholder and provided an example where, without understanding the context, an MNC and international NGOs tried to address a social issue:

'An international NGO and an MNC started working on a project which focuses on young women's education and empowerment in Bajaur Agency of KPK. After a couple of years women were educated but men who are heads of the family in that culture stayed illiterate. As a result huge conflict and unrest was created in the families. It was not possible for even young women to get married. Most of the young unmarried women do not want to marry local illiterate men of their own tribe and according to their culture women are not allowed to marry outside of their tribe' (STK4).

4.5 Conclusion

This chapter presented a thick description of the empirical evidence related to all research questions. The interview quotes and qualitative data presented in this chapter provided a foundation to extend the academic discussion in the light of contemporary CSR literature and the theoretical framework in the next chapter (chapter 5).

5 DISCUSSION ON FINDINGS

5.1 Introduction

The empirical interpretation presented in the previous chapter reveals several interesting findings, which merits further discussion. In an interpretive case study, empirical findings need to discuss in the light of relevant literature (Andrade, 2009, Miles and Huberman, 1994). Therefore, this chapter revisits the empirical findings on the research questions in the light of the existing relevant CSR literature. The first section of this chapter introduces the chapter. Section 5.2 discusses the research questions in the light of existing literature, while section 5.3 extends the discussion on the empirical evidence from the perspective of the theoretical framework. The last section concludes the chapter.

5.2 Discussion in Relation to Research Questions and Existing Literature

5.2.1 CSR Conceptualisation

This section interprets and discusses the empirical evidence regarding CSR conceptualisation (RQ1) in the light of existing literature. As discussed in chapter 2, Carroll's (2004) pyramid of CSR assigned the economic domain as the foundation of the pyramid followed by legal, ethical and philanthropic responsibility. It has been argued that Carroll (1979, 1991, 2004) prioritises CSR from the western perspective, and in developing countries the focus on CSR domains can be different due to the unique institutional conditions that exist (Visser, 2006, Yakovleva and Vazquez-Brust, 2011). Figure 5.1 describes the variations in CSR conception in developed and developing countries, and empirical evidence from the context of Pakistan.

Table 5-1 CSR conceptions in developed and developing countries, and in the context of Pakistan

	Developed countries context adapted from Matten and Moon (2005)		Developing countries context Complied by author (Asyraf Wajdi et al., 2008, Fox, 2004, Ite, 2004, Ite, 2005, Jamali and Mirshak, 2007, Muthuri and Gilbert, 2011, Visser, 2006, Yakovleva and Vazquez-Brust, 2011)	Context of Pakistan (empirical evidence from this research)
Domains	American Context	European Context		
Economic Responsibilities	Corporate policies with regard to good governance, remuneration and consumer protection	Legal framework, codifying corporate constitution, minimum wage, sector-based legislation and regulations	Argued that source of economic development is job creation and poverty elimination. However, developing countries are unable to capitalise due to weak institutional setup.	Most external stakeholders (particularly employees) acknowledged MNCs contributions in terms of job creation and sources of employment. Some respondents also mentioned the market - driven economic responsibility of MNCs. In addition, MNCs managers did not focus on the economic perspective.
Legal Responsibilities	Relatively low level of legal obligations	Relatively high levels of legislation on business activity	Developing countries have started strengthening laws; however, governments in developing countries still lack capacity to implement and enforce laws and regulations.	Low priority from all stakeholder groups, Some evidence where MNCs are involved in breaking laws and also have the capacity to influence law and regulations in their favour.
Ethical Responsibilities	Corporate policies with regard to local communities	High level of taxation in connection with high level of welfare state provision of local public services	Focus on environment, better working environment for employees, good management practices and accountability	Polices on equal opportunity, promote women's employment. Better working environment.
Philanthropic Responsibilities	Corporate initiatives to sponsor art, culture or fund education	High level of taxation sees governments as the prime provider of culture, education etc.	Charity and donations, focus on education, health care and community development	Focus on health, education, women's empowerment, donations and charity in the case of natural disaster.

In the western developed countries (like the UK and the US), often the CSR concept is considered to be broad and well developed (Crane and Matten, 2007, Matten and Moon, 2005). For instance, in these countries, environmental issues are considered as a vital and integral aspect of companies' CSR strategies. Moreover, stakeholders of companies keep a close eye on companies' production facilities, recycling policies, waste management and efficient use of resources (Mazurkiewicz, 2004). On the other hand, companies in developing countries often view CSR from a narrow perspective (Jamali, 2007, Visser, 2006). Previous researches indicate that developed countries are ahead of developing countries in the CSR agenda; for instance, European developed countries are ahead of developing Asian countries in addressing issues like human rights, fair wages, non-discrimination, equal opportunity and human rights (Welford, 2004).

The findings of this study reveal that in the context of Pakistan there is an overall consensus from all respondents on the philanthropic domain of CSR. Most of the subsidiaries of foreign MNCs in Pakistan and stakeholder groups perceive CSR from a philanthropic domain and this has resulted in short-term voluntary actions. Particularly, most of the MNCs' employees from the sample companies defined CSR from a philanthropic perspective. It is interesting to note that CSR managers of the sample companies do not explicitly refer to the philanthropic domain of CSR, but when they were asked to explain their CSR initiatives they often mentioned charity and philanthropic work. Similarly, subsidiaries of foreign MNCs do not refer to the philanthropic domain of CSR on their websites and CSR reports, but they extensively report their philanthropic work under their CSR initiatives. Some of the external stakeholders are aware of the broad concept of CSR, but they argued that most of the subsidiaries of foreign MNCs in Pakistan are involved in short-term and narrow philanthropic CSR activities.

In Pakistan, the state is unable to provide basic necessities (such as health and education), so the local society expects contributions from other institutions (including subsidiaries of MNCs). Data from subsidiaries of MNCs and stakeholders groups clearly reveal that most companies tend to provide a variety of short-term, event-based and *ad hoc* support to the local community to address these broad social problems. Subsidiaries of MNCs are involved in philanthropic CSR initiatives such as donating cash, books and computers to poor students, sponsorship of sporting events, and donations to local hospitals, among others. In addition, subsidiaries of MNCs are very active in providing support to the local communities in the case of natural disasters and in crisis situations, particularly in the last few years when two major natural disasters struck Pakistan (the 2005 earthquake 2005, and the 2008 floods). All respondents agreed on the positive (philanthropic) role of MNCs during and after the natural disasters. MNCs contributed cash donations from CSR funds to help local communities, provided free goods and services (such as free transportation and food), and basic health services. In addition to cash donations from CSR funds (budget) in the case of natural disasters, MNCs' employees and managers were involved in informal/private acts of donations and charity presented under the CSR umbrella. For instance, in the case of natural disasters, MNCs and employees donated a certain portion of their salaries and raised funds from within and outside the organisation. However, all these informal individual and collective philanthropic activities were mentioned as part of the companies' CSR activities.

Comparison of the above discussion relating to the philanthropic domain with existing literature suggests some agreement and disagreement. Focusing on the CSR pyramid, some studies suggest that CSR in developing countries strongly focused on the philanthropic responsibilities (Amaeshi et al., 2006, Jamali and Mirshak, 2007, Quazi

and O'Brien, 2000) and others suggest that in developing countries companies often focus on the economic responsibility (Muthuri and Gilbert, 2011, Visser, 2006). Often, philanthropic CSR initiatives in the context of developing countries focus on general social and economic issues (such as health and education) based on charity and donations. In the developed world, philanthropic activities receive the least preference (Carroll, 1991, 2004, Visser, 2006). For instance, unlike developing countries, in developed European countries, business is not perceived as responsible for addressing social issues like health and education through philanthropy. These issues come directly under the state domain. Even in developed countries (such as the US) where companies are involved in donations and charity they often focus on different issues like the promotion of art and culture (Matten and Moon, 2005).

The findings of this research that philanthropic activities of MNCs in Pakistan are either due to religious reasons or in response to natural disasters and crisis situations is consistent with previous work (Jamali and Mirshak 2007, Twigg, 2001). In this regard, for instance, Twigg (2001) argues that during natural emergencies companies are expected to intervene and support the community. This is not a surprising finding because often stakeholders' response to companies' help and support during natural disasters is positive (Ellen et al., 2000). In the case of natural disasters companies have donated cash, provided goods and services to victims and been involved in the reconstruction efforts (Muller and Whiteman, 2009). For instance, there is some historic evidence that companies have been involved in helping local communities such as in Bangladesh (Matin, 2002), where almost half of the Global Fortune 500 companies contributed around US 580 million dollar in cash, goods or services for the Indian Tsunami relief effort (Muller and Whiteman, 2009). In the case of Pakistan, without exception, all respondents acknowledged MNCs' support

during and after natural disasters. This support included cash donations, raising funds and providing goods and services to areas affected by the 2005 earthquake and 2008 floods.

In the context of Pakistan, the findings of this research confirm that except for MNC employees, all respondents from the sample groups mentioned *ethical responsibilities* of business. In particular, MNC managers extensively and explicitly referred to ethical responsibility. Most of the ethical practices of MNCs are translated into employees' wellbeing, working conditions, health and safety, equal opportunity, and absence of child labour, among other aspects. In addition, there is also some (limited) evidence where MNCs show concern over environmental issues like energy conservation, green energy, and recycling. The data suggest that these best practices related to ethical practices are transferred from the global corporate culture of MNCs.

Data regarding ethical responsibilities provide interesting insights. While, most of the MNCs CSR managers assert ethical responsibility and claim that they are accountable to society; some employees and external stakeholders claimed that a few MNCs are involved in unethical practices. Empirical data revealed that some of the MNCs are involved in customer and employee exploitation, influencing government to develop favourable policies, and false marketing.

In comparison to the above findings, in the context of Pakistan, the literature suggests that ethical responsibilities receive a much higher preference in the US and Europe (Matten and Moon, 2005). In developed European countries in particular, codes of conduct direct companies towards ethical behaviour (Matten and Crane, 2005, Visser, 2006). In developing countries, companies often place little emphasis on the ethical domain of responsibility (Jamali and Mirshak, 2007, Visser, 2006). An empirical study in the context of Kenya by Muthuri

and Gilbert (2011) confirms a low emphasis on ethics in a developing country context. In the context of Pakistan, the findings of this research present a different perspective and reveal that except for MNC employees, all the sample groups made reference to the ethical responsibilities of business. This finding related to the ethical domain in the context of Pakistan is closer to the results of Yakovleva and Vazquez-Brust (2011) empirical work in Argentina, and those of Asyraf Wajdi et al. (2008) in Malaysia and Weyziq (2004) in Mexico.

In the context of Pakistan, overall *economic responsibilities* received relatively less importance and were the third most referred-to domain of CSR. Particularly, from the MNC perspective (CSR managers and CSR reports) there is very limited reference to economic responsibility. However, the MNC employees and some external stakeholder groups focused on this domain. The economic responsibility of CSR was presented from two different perspectives. First, some respondents believed that MNCs operate to earn a profit. From the second perspective, MNCs are key institutions to solve the economic problems of Pakistan. Pakistan is a developing country with low GDP and per capita income, slow economic growth, and unemployment. In particular, MNCs employees frequently pointed out that MNCs provide jobs to local people and offer better compensation. Respondents from the external stakeholders' group also mentioned that MNCs can help to address micro- and macro-economic problems. They emphasised that MNCs can be sources of poverty alleviation and employment opportunities, and sources of revenue generation for the government of Pakistan. Interesting, most of the MNCs' employees and external stakeholders referred to and focused on the economic dimension of CSR, whereas there was limited focus of MNCs (CSR managers and MNCs CSR reports) on the economic aspect of CSR. This indicates the disconnection between the preference of MNCs and external stakeholders on CSR perspectives. This disconnection between

perspectives and preferences of CSR is the result of limited and unsystematic engagement of MNCs with stakeholders.

Referring back to the literature, scholars (Carroll, 1991, 2004, Visser, 2006) claimed that the economic domain of responsibility is a foundation of the CSR pyramid in both developed and developing countries. In developed countries such as the US, the economic responsibility is market-driven and mostly focused on profitability and rate of return while European countries often see economic responsibility in much broader terms and institutionalised in a legal framework (Visser, 2006, Matten and Crane, 2004). There is evidence in developing countries that they have focus more on the economic domain of CSR, for example, recent empirical studies conducted in Kenya (Muthuri and Gilbert, 2011), in Argentina (Yakovleva and Vazquez-Brust, 2011), and in Malaysia (Asyraf Wajdi et al., 2008). This contrasts with the results of this research which suggest that economic responsibilities held relatively less importance in the context of Pakistan. However, some evidence (particularly from MNCs' employees) agreed with Friedman's (1970) argument that a business's main objective and responsibility is to earn profit. In addition, some respondents of this research also recognised the responsibility of MNCs from Visser (2006) perspective and they acknowledged the role of MNCs in terms of job creation, engine of growth and payment of taxes in the developing countries.

Legal responsibility emerged as the least referred-to CSR domain in the context of Pakistan; only one CSR manager and one employee indirectly mentioned it. However, external stakeholder groups often referred to the legal domain of CSR. The focus of external stakeholders on legal responsibility is not surprising here since these samples of stakeholder groups include two government regulatory bodies and non-governmental pressures groups who deal with consumers' rights. Less

focus on the legal compliance and CSR domain gives opportunities to subsidiaries of foreign MNCs to perform selective unchecked, voluntary and *ad hoc* CSR practices in Pakistan.

CSR literature suggests that in the developed countries context (such as European countries) there are strong and effective corporate laws and regulations whereas in the US there is private liberty in legislation (Visser, 2006, Matten and Crane, 2004). Reflecting Visser (2006) argument that legal responsibility holds low importance in the developing countries, the findings of this research reveal that legal responsibility emerged as the least referred-to CSR domain. This finding is consistent with the results of Muthuri and Gilbert (2011) in Kenya, Yakovleva and Vazquez-Brust (2011) in Argentina and Asyraf Wajdi et al. (2008) in Malaysia on the legal domain of CSR.

In the context of Pakistan, if the CSR pyramid is constructed on the basis of qualitative evidence collected from the sample MNCs and stakeholder groups, the philanthropic domain will be the base of the pyramid. The second most referred-to CSR domain will be the ethical one, followed by the economic and legal domains.

The following figure (5.1) presents a possible construction of the CSR pyramid in the context of Pakistan in relation to other key CSR pyramids on the basis of different stakeholder perceptions.

- A) Pyramid of Global Corporate Social Responsibility (Carroll, 2004)
- B) Proposed Corporate Social Responsibility pyramid for developing countries (Muthuri and Gilbert, 2011, Visser, 2006)
- C) Corporate Social Responsibility pyramid in the context of Pakistan.

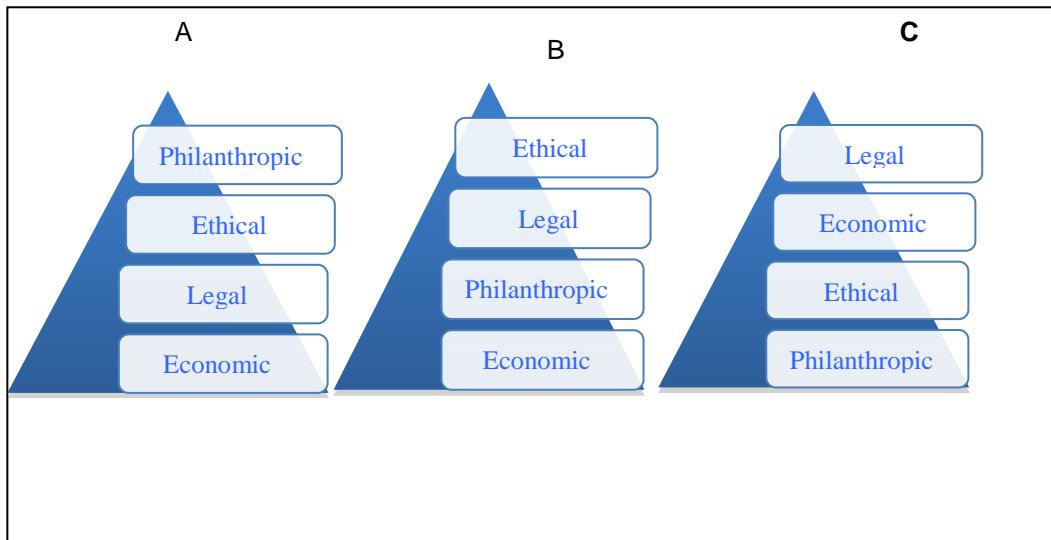


Figure 5-1 CSR pyramid in developed and developing countries and in the context of Pakistan

5.2.2 Institutional conditions

The following section discusses the empirical findings related to CSR motivation (RQ2) in the context of Pakistan; in other words, how Pakistani institutional conditions shape the CSR practices of MNCs are interpreted through relevant literature. The discussion on institutional conditions will help us to understand in further detail why CSR is principally conceptualised in the philanthropic domain and why legal responsibility receives the least focus in the context of Pakistan (RQ1).

A) Regulatory environment

Empirical evidence collected from the sample subsidiaries of foreign MNCs and stakeholders reveals that the regulatory environment in Pakistan is not favourable for CSR. Unfavourable CSR regulatory conditions in Pakistan cannot be separated from the overall regulatory environment in the country. During the last decade, the on-going war on terror, insurgency, bomb blasts and kidnappings for ransom have increased the insecurity in the country and have had an impact on individuals working in MNCs. This law and order situation reduced the

mobility of employees of MNCs and as a result there is reduced contact between MNCs and local communities. It is evident from the empirical evidence that in 2008, when a large area of the province of Khyber Pakhtunkhwa, (province directly affected by war and insurgency) was affected by flood and employees of MNCs volunteered for community work, but due to the law and order situation management did not allow them to do this. In addition, this deteriorating law and order situation not only stopped FDI, but also increased disinvestment in the last few years, which has resulted in increased unemployment and poverty, and a fall in government revenue.

One of the key findings related to the regulatory environment in Pakistan is the problem of the implementation of laws and regulations. Most of the respondents believe (except the sample from representatives of regulatory agencies) that there is a serious problem in Pakistan in implementing rules and regulations (including corporate and CSR-related laws and regulations). Data collected for this research revealed that the lack of resources, corruption and red-tapism within state institutions are key hurdles in the implementation of rules and regulations in Pakistan. In addition, it appeared that in Pakistan, state institutions and regulatory authorities are not fully aware of the potential benefits of CSR and do not take it very seriously. All these factors collectively reduce the state's capacity and power to implement regulations, and also give the opportunity to other individuals and organisations (such as MNCs) to exploit rules and regulations. For instance, the lack of resources of regulatory authorities limits their capacity to monitor all activities of MNCs effectively. Similarly, data reveal that the existing culture of corruption and kickbacks allows MNCs to make an easy escape after breaking laws and regulations. For instance, if any individual or organisation has complained about a MNC, the unwelcoming attitude of regulatory agencies, the waste of

time and slow procedures discourages them from seeking any help from the state institutions.

On the other hand, red-tapism, conventional bureaucratic procedures and government lack of interest in CSR issues discourages MNCs from getting involved in partnerships with state institutions to achieve social objectives in Pakistan. Respondents (particularly CSR managers) argued that MNCs work on a fast track; however, traditional slow procedures in state institutions are not compatible with the pace of MNCs. Similarly, a common perception in the society is that most government institutions are involved in financial corruption and this is a big obstacle in partnerships with MNCs. As a result, subsidiaries of foreign MNCs explicitly mentioned that a partnership with government can result in a bad image for them.

Due to serious problems in the implementation of laws and regulations most of the respondents are not in favour of the introduction of new corporate or CSR-related laws. Rather, they argued that the introduction of new laws and regulations would be useless because the existing laws and regulations are not properly implemented. They emphasised that firstly the government should properly and effectively implement the existing laws and improve the overall regulatory environment. Additionally, CSR managers of MNCs strongly rejected the idea of regulatory compliance of CSR and they argued CSR is purely indigenous and a voluntary initiative of companies.

With all these problems in the regulatory environment there is some limited partnership between regulatory authorities and MNCs. However, these partnerships with the government are short term and project-based. To improve the regulatory environment, respondents (particularly external stakeholder) of this study suggested that governments should take serious action to improve their credibility and

lead initiatives to collaborate with MNCs. It has been suggested that governments should introduce rewards and benefits for MNCs for responsible behaviour. In addition, it was also mentioned that governments should facilitate MNCs and communities to address social issues collectively in Pakistan. The above discussion, in this section, helps us to understand and explain why the legal domain of CSR attracted the least focus from the respondents.

The Referring back to the literature, the findings of this research confirms that regulatory institutions are weak in the context of developing countries (Campbell, 2006, 2007, Jamali and Neville, 2011, Muthuri and Gilbert, 2011, Yang and Rivers, 2009). It has been argued that the state's capacity to implement and monitor regulations is important when it comes to directing corporate behaviour (Campbell 2007, North 1990). This research finding suggests that in the context of Pakistan the state's capacity to design and implement laws (including corporate and CSR regulations) is extremely weak. Consequently, the state does not effectively direct corporate behaviour in the context of Pakistan. Scholars (Broadhurst, 2000, Meyer, 2004, Muthuri and Gilbert, 2011, O'Callaghan, 2007) claim that governments in developing countries often construct favourable policies to encourage FDI and MNCs might take advantage and exploit this situation. The findings of this research also confirm this argument and reveal that the state acts leniently towards large MNCs to retain FDI because in Pakistan FDI is decreasing every year due to the unfavourable security situation. In addition, Buhmann (2006) argued that, often, large MNCs are strong institutions and can easily influence weak governments in the developing countries. The findings of this research confirm Buhmann's (2006) argument, and evidence shows that some MNCs influence state regulations in their favour. In addition, respondents provided examples where MNCs exploited the state rules and regulations.

This research finding discloses that most of the respondents (except those from the regulatory organisations) argued that regulatory agencies are not committed to or serious about CSR issues. In addition, data reveal that there is a lack of direction from the government to define business boundaries. For some scholars, in developing countries, corporate behaviour can be directed through mandatory compliance and for others CSR is the company's voluntary initiative (Blowfield and Frynas, 2005, Campbell, 2007, Dummett, 2006, Muthuri and Gilbert, 2011, Lim-Lum, 2004). Despite the existence of key corporate legislation in Pakistan, the findings of this research reveal that most of the respondents (except MNC managers) argued that governments should design mandatory CSR regulations for MNCs. However, as mentioned previously, most of the MNC managers strongly argued that if compliance with CSR is made mandatory it is not CSR any more. In addition, CSR managers claimed that minimum interference from the government authorities provides an opportunity for MNCs to get involved in voluntary CSR initiatives. This finding supports Blowfield (2005) idea that scholars and practitioners need to give more thought to what the best balance between voluntary and mandatory approaches to regulation is, and how to achieve this.

The findings of this research regarding subsidiaries' partnership with governments are consistent with Jamali and Mirshak's (2007) findings in the context of a developing country. In Pakistan, there is limited evidence of collaboration between MNCs and government organisations, and the limited examples of such partnerships are often short term and project-based. Most of the MNCs claimed that inherent corruption and red-tapism in the government organisations is a hurdle for MNC CSR initiatives. It appears that managerial perceptions regarding corruption and red-tapism in the government sector makes any collaboration difficult between MNCs and government

organisations. Some MNC managers argued that because governmental organisations are perceived as corrupt institutions in the local community, any partnership with the government could damage a MNC's image in the society. This level of corruption in developing countries can have an impact on the political and regulatory institutions to assert authority and accountability on MNCs (Schepers, 2006).

Our findings are also consistent with those of Muthuri and Gilbert (2011) in their Kenya study, and reveal that there is no substantial evidence of existing incentives or rewards from the government. However, most of the respondents (particularly CSR managers) upheld Opondo (2009) argument that the introduction of incentives such as tax benefits can improve CSR practices of MNCs operating in Pakistan. In addition, respondents (particularly NGO's representative) emphasised a more active role of government. They argued that government should create a more favourable environment with MNCs for meaningful collaboration and to achieve social objectives. With state regulations it has also been argued in the literature that industrial regulation influences the conduct of MNCs (Campbell, 2007, Muthuri and Gilbert, 2011); however, most of the respondents of this research did not explicitly refer to industrial regulation.

B) Role of NGOs

With the perception of respondents that regulatory institutions are weak in the context of Pakistan, the importance of CSR must result from other groups within the society. NGOs are considered key actors in the institutional environment to shape CSR practices (Campbell, 2006, 2007, Muthuri and Gilbert, 2011). In the developing countries where regulatory institutions are weak, NGOs should step into institutionalised CSR practices (Moon and Vogel, 2008, Muthuri and Gilbert, 2011). In a country like Pakistan in particular where regulatory institutions are weak, NGOs can play an important role in protecting collective public

interests which are threatened by lack of protection from the government and exploitation of MNCs (Teegen et al., 2004). In the past, NGOs played an active and important role in Pakistan, particularly to eliminate child labour from the football industry in Sialkot (Winstanley et al., 2002). Current empirical data collected from this research also confirm NGOs' role as pressure groups. It is important to note that although NGOs are working effectively as pressure groups, their focus is still very limited on CSR issues. For instance, empirical evidence from this study suggests that currently, instead of focusing on the contemporary CSR issues, NGOs focus on certain issues - for example, human rights, health, and education and community welfare. The empirical evidence suggests that MNCs also respond to NGOs' pressures and adopt ethical practices on some targeted area. Notably, for instance, due to pressure from NGOs, child labour is completely eliminated from MNCs, women are increasingly joining MNCs, there are better health and safety arrangements (although not perfect) and community development programmes have been introduced.

On a further positive note, in the last five years some NGOs have started expanding their role. These NGOs are at an early stage of development and call themselves CSR advocacy groups. Instead of working as direct pressure groups the main objective of these NGOs is to increase CSR awareness in Pakistan. As CSR advocacy groups, they recently started to raise awareness through publishing CSR-related material (such as leaflets and posters), delivering lectures and seminars in schools and colleges, and holding conferences. In addition, these advocacy groups have started recognising the best practices of companies and have acknowledged them with rewards. Nevertheless, the scope of this awareness initiative is limited to a few of the large urban cities of Pakistan.

There is some evidence of collaboration between MNCs and NGOs. The samples MNCs who are involved in partnerships with NGOs believe that social objectives can be achieved effectively through working together with NGOs. From the perspectives of some MNCs, NGOs act as a bridge between MNCs and local communities. In addition, the findings suggest that NGO capacity and expertise in specific areas is one of the reasons MNCs see them as potential partners. For instance, if an MNC wants to work in education or the health sector they prefer to work with those NGOs who work in that area. Similarly, NGOs also argued that they have the relevant expertise on social issues and they can assist MNCs to help society.

Despite the fact that some level of collaboration exists between MNCs and NGOs in Pakistan, often this collaboration is limited, short term and event-based. This study explores interesting insights into the problems that emerge in the collaboration of NGOs and MNCs in the context of Pakistan. One of the key reasons for this limited collaboration is the shift of NGOs' focus from MNCs to international donor agencies as partners. After the events of 9/11, Pakistan became a forefront country on the war on terror. Since then large numbers of donor agencies from the UN and the West have started working on the social economic development of Pakistan, particularly areas directly affected by wars and insurgencies. These international donors have spent huge sums of money on infrastructure development, health, education, human rights, and women's empowerment, among others. Instead of working with MNCs, most of the NGOs operating in Pakistan preferred to work with these international donors because it was easy obtain significant funding to address social issues in a short period of time. The findings also suggest that, for some MNCs, the selection of potential partners for any project between international and local NGOs is a difficult issue. For instance, local NGOs have less capacity and resources to be compatible with large MNCs to execute projects. In

addition, MNCs are reluctant to collaborate with small-sized local NGOs because they do not have systematic accounting and audit systems, which creates transparency issues for MNCs. On the other hand, although large international NGOs do not have transparency issues, they lack local legitimacy and understanding of local environments. Some subsidiaries of foreign MNCs also believe that partnership with NGOs results in a waste of financial resources. They argued that NGOs charge huge amounts of money for their own expenses and overheads, which can be saved and utilised if MNCs handle CSR projects internally through their existing workforce. One of the interesting findings regarding limited collaboration between MNCs and NGOs is identity issues. MNCs are of the view that, in the case of partnership with NGOs, they are unable to gain appropriate recognition from the community because NGOs hijack the good name and credit of the social projects. Similarly, due to this identity problem some MNCs prefer not to work with NGOs if any other company (particularly their competitor) is in partnership with them.

Respondents (particularly MNCs CSR managers) of this research believe that although NGOs are making some contribution to enhance the level of the CSR agenda, there is potential to improve their role. They suggested closer and more systematic engagement of MNCs and NGOs. In addition, NGOs need to focus on contemporary CSR agendas and expand their activities to rural areas.

The literature suggests that an effective role of NGOs helps to shape socially responsible behaviour of companies and mutual efforts of businesses and NGOs are showing increasing success in achieving social objectives (Campbell, 2007, Arya and Salk, 2006, Muthuri and Gilbert, 2011). Overall the findings of this research regarding the role of NGOs in the context of a developing country differs from Muthuri and Gilbert (2011) findings from a developing context (Kenya) where NGOs

are actively involved in promoting a contemporary CSR agenda. The findings of this research are similar to those of Jamali and Keshishian (2009) in the Lebanon, and reveal that in Pakistan there is some (limited) evidence of a positive role played by NGOs to strengthen the CSR agenda. The findings also suggest that instead of a collaborative relationship, NGOs predominantly act as pressure groups. In addition, existing partnerships between NGOs and MNCs lack depth and are short term. The findings of this research also confirms Teegen et al. (2004) contention that sometimes small, local NGOs are not compatible with MNCs due to their limited size and resources, and lack of expertise.

Interestingly, with all these problems discussed above in the partnership between MNCs, respondents agreed with the contention of Covey (2001) and Jamali et al. (2009) that there should be a meaningful collaboration between MNCs and NGOs. This research suggests that although the level of collaboration is still limited in Pakistan, most of the respondents also acknowledged that NGOs and MNCs should extend their role in more effective ways and develop more systematic collaboration. In addition, it has also emerged that NGOs should broaden the scope of their focus because CSR conception in the society is still narrow and if NGOs focus more on broad CSR issues, they can effectively communicate these broad issues to the local community.

C) Socio-economic conditions

As discussed previously, CSR practices in Pakistan are predominately philanthropic. The overwhelming focus on philanthropic CSR is apparently embedded in indigenous traditions and the culture of Pakistan society. Giving gifts and donations, helping family and friends, and taking care of neighbours and the local community are expected norms and are widely practiced by the members of society. In Pakistan,

the managers and employees of MNCs are locals and aspects of donation and charity are clearly apparent in their views and actions. External stakeholders also expect, recognise and acknowledge the philanthropic perspective of CSR. In addition, it is notable that most of the philanthropic activities of MNCs in Pakistan are linked to religious reasons. Society in Pakistan is theistic and religion has a strong influence on the individuals and institutions. Empirical evidence suggests that consensus on the philanthropic CSR is also a result of the presence of strong religious elements of charity and donations. The evidence also clearly suggests that most of the respondents frequently referred to the philanthropic responsibility of business from a religious perspective. CSR managers believe that if MNCs do not consider the importance of the donation and charity aspect of CSR, they will not gain acceptance in the local society and this can raise issues of legitimacy.

During the last decades, the economy of Pakistan was badly affected by global recession, political instability and law and order situations. The impact of this economic situation is clear in empirical evidence. Due to the poor economic situation in the country, MNCs have started reducing their annual CSR budgets and their CSR teams and, in a few cases, have completely closed their CSR department to control company expenses. The presence of economic problems in Pakistan has also had a strong influence on the companies' employees and customers. Employees (both existing and potential) of MNCs can compromise on unethical practices of companies to secure the job. In addition, due to the unemployment problem in Pakistan, employees have weak bargaining power and they are ready to work and compromise on working terms and conditions. Additionally, due to poverty and low per capita income, Pakistan is a price-conscious economy. Customers are not seriously concerned with the unethical behaviour of the MNCs and this is unlikely to change their buying

decisions. This situation limits the promotion of the CSR agenda in Pakistan because there is no pressure on the MNCs to improve their practices due to an absence of consumer boycotts. In addition, MNCs are aware that their ethical investment cannot result in financial rewards and that their unethical behaviour will not have an impact on the company's sales.

On the basis of the above discussion on the findings this research confirms the work of scholars (Amaeshi et al., 2006, Jamali, 2007, Muthuri and Gilbert, 2011, Welford, 2004) and suggests that the socio-economic conditions of a country can have a significant influence on MNC CSR practices. Particularly, the findings of this research agree with those of Amaeshi et al. (2006) and Jamali and Mirshak (2007) that in the developing countries where regulatory institutions are often weak, CSR is embedded in cultural and religious institutions (Amaeshi et al., 2006). This research confirms that social expectations of different stakeholders can structure the behaviour of the companies (McAdams and Nadler, 2005); it also agrees that religious beliefs are one of the key factors that shape social expectations in the developing country context (Matten and Moon, 2008). The findings of this research confirm Kostova and Roth (2002) argument that MNCs acquire influence of cognitive institutions from local employees and managers working in them. This research reveals that most of the MNCs' employees (including the CSR manager, country head and CEOs) are locals and their social and cultural (particularly religious) beliefs are reflected in CSR practices of MNCs. In addition, the findings of this research also suggest that helping each other, particularly in the case of crises, reflects the values of the local community. This is also reflected in the empirical evidence that all MNCs participated in the community during and after natural disasters (the 2005 earthquake and the 2008 floods). Due to insufficient support from the government the local community expects other institutions (like MNCs) to step in cases

of crisis and urgent situations. The positive response from MNCs during and after crises helps them to attain legitimacy and meet local stakeholders' expectations. The findings of this research agree with Azmat and Samaratunge's (2009) work and suggest that poor economic conditions influence individual perception and behaviour in relation to corporate behaviour. In addition, empirical evidence and the findings of this research confirm Campbell (2007) proposition that poor economic conditions in a country do not provide the best grounds for the CSR agenda to flourish.

Table 5.2 below summarises the institutional conditions of the existing literature and empirical evidence from Pakistan. The findings of this research related to the overall institutional conditions in Pakistan are consistent with the literature from other developing countries. It can be concluded that in the context of Pakistan, like other developing countries, regulatory conditions are weak and not favourable for the promotion of the CSR agenda, NGOs are working on the CSR agenda, but their role is limited and the main reason for CSR activities in Pakistan is cognitive institutional drivers.

Table 5-2 Summary of empirical findings from developing countries compare to context of this study

National Institutional Conditions	Exemplary evidence from other developing countries	Pakistan (summary of results from this research)
Regulatory	Most of the studies indicate that the existing regulatory set up in developing countries is weak and does not provide a solid platform for CSR activities to flourish (Buhmann, 2006, Jamali and Mirshak, 2007, Meyer, 2004, Rettab et al., 2009, Tan, 2009, Muthuri and Gilbert, 2011).	Regulatory conditions are weak and state agencies do not have the power to implement rules and regulations. It provides an opportunity for MNCs to exploit rules and regulations.
Normative	Most of the existing literature suggests that normative institutions (NGOs, independent organisations, media etc.) have started working on the CSR agenda. However, normative institutions are still underdeveloped and not effectively working on the CSR agenda (Jamali, 2007, Jamali and Keshishian, 2009, Teegen et al., 2004)	NGOs are working on the CSR agenda but their scope is limited. In addition, NGOs principally work as pressure groups. Some NGOs have started working on CSR awareness programmes. Collaboration between NGOs and MNCs is still limited and needs more expansion.
Cognitive	Existing literature suggests that in developing countries cognitive institutions (cultural and religious factors) are the key drivers of CSR activities (Jamali, 2007, Jamali and Keshishian, 2009, Muthuri and Gilbert, 2011, Nikolaeva and Bicho, 2011, Teegen et al., 2004)	Cultural and religious factors are the key driving force for CSR activities. These religious and cultural elements also shape CSR into philanthropic activities.

5.2.3 CSR strategic orientation

The following section discusses the empirical findings related to CSR strategic orientation (RQ 3) in the context of Pakistan. Overall findings of this research suggest that MNCs' CSR strategies have both a (predominantly) local and a global flavour. MNCs are bringing some good management practices of the parent company into Pakistan; these practices are particularly focused on the working environment, wages and salaries, equal opportunity, health and safety, and environmental issues.

The findings of this research suggest that, generally, CSR managers are autonomous in the formulation and implementation of CSR strategies. However, most of the MNCs' CSR strategies are in line with the parent companies' global CSR visions and themes. Despite the fact that subsidiaries of MNCs operating in Pakistan receive strategic guidance from global CSR visions, there is substantial evidence that MNCs tailor CSR strategies according to the local expectations. For instance, the global CSR vision key theme of a MNC's head office is on health. In 2008, under a global focus all subsidiaries focused on HIV/AIDS. After the 2008 flood in Pakistan, this subsidiary of the MNC continued to focus on the global health theme, but they tailored the focus and directed their activities towards more urgent health issues faced by the local community and helped children and women by providing free medication and treatment in hospitals. In addition, it appears that most of the MNCs' budget formulation is not dependent on the parent company. Funding for CSR activities appears to be flexible. In crisis situations in particular, the parent company provides extra funds and donations, and local management tends to increase the CSR funding through donations.

Empirical literature on the strategic orientations of subsidiaries of foreign MNCs is very limited. The above findings suggest novel evidence from a developing country context, and contests Jamali's (2010) findings in the context of the Lebanon where MNCs need approval of CSR strategy from regional heads. The finding that subsidiaries of foreign MNCs are generally independent in CSR strategy formulation also complements Muller's (2006) argument that the autonomy to formulate CSR strategy in the host country does not imply a conflict agenda with the parent companies. However, these two limited but differing sets of evidence regarding CSR orientations of MNCs' strategies indeed suggest the need for further investigation in the context of other developing countries. The findings particularly

agree with Muller (2006) contention that the integration of local and global CSR strategy needs rethinking and careful execution. Indeed, most of the subsidiaries of foreign MNCs operating in Pakistan are easily able to address broad local social issues (such as health, education and community development), which help them to achieve legitimacy in the local environment. However, implementing global guidelines with local strategy without an understanding of the local environment and unsystematic stakeholder engagement can also backfire for MNCs.

5.3 Extended Discussion on Findings: In relation to theoretical framework

On the basis of empirical evidence (chapter 4) and discussion on each research question (section 5.2) this section extends the discussion in the light of the proposed theoretical framework. Capitalising on the proposed framework (figure 5.4) it is possible to understand CSR conceptualisation (RQ1), national institutional drivers (RQ2) and CSR strategy orientation (RQ3) of subsidiaries of MNCs in the context of Pakistan in depth. Collective empirical findings of this research, helped to construct the phenomenon of CSR in the context of Pakistan. The findings of this research depict that CSR in the context of Pakistan is semi- institutionalised. In Pakistan, subsidiaries of foreign MNCs are involved in certain CSR practices; however, consistent with Kostova and Roth (2002) conception and Jamali and Neville's (2011) empirical findings in a developing country, the findings of this research also suggest that CSR is a relatively new concept, narrow in scope and mostly short term, unstable and *ad hoc*.

In relation to RQ1 (CSR conceptualisation), the proposed framework helps us to understand the empirical findings in detail. The empirical evidence suggests that most of the respondents conceptualised CSR

in the philanthropic domain in the context of Pakistan. This can be explained through the institutional theory lens because the empirical findings also suggest that the presence and dominance of strong religious beliefs and helping the community through charity and donations is a common social norm. Consequently, in the context of Pakistan, CSR activities of foreign MNCs target the less fortunate through charity and donations to maintain legitimacy in the local context. In addition, stakeholder urgency in the case of crises and disasters also drives the MNCs to become involved in community-based philanthropic activities.

The understanding of ethical responsibility also provides an interesting insight from the institutional and stakeholder lens. Kostova and Roth's (2002) concept of '*institutional duality*' is apparent in this research; it particularly helps us to understand the two faces of MNCs from an ethical perspective. The existence of ethical responsibility (limited mostly within organisations) is due to the influence of the parent company. In addition, NGOs also put pressure on MNCs on selected areas to adopt ethical practices or to prevent them from unethical practices. However, the findings also suggest that weak regulatory conditions and corruption afford MNCs opportunities to be involved in unethical practices. In other words, ethical practices exist due to stakeholder power (NGOs' pressure and parent companies' influence) and unethical practices are due to the absence of stakeholder power (weak regulatory conditions).

Local and international economic conditions also help us to understand the focus on the economic domain of social responsibility. Due to unemployment and poverty, potential and existing employees tend to compromise on corporate behaviour. In addition, Pakistan is a price-driven economy and customers often do not take account of the CSR behaviour of MNCs. From a managerial perspective, although the

recent international and national economic meltdown had some effect in terms of budget cuts, in times of crises and urgent situations, MNCs are able to generate funds from alternative sources.

Weak regulatory environments emerged as a possible justification that most of the respondents did not conceptualise CSR from a legal domain. MNCs also preferred to initiate CSR activities on a voluntary basis. External stakeholders suggested that in Pakistan corporate behaviour should be directed through mandatory laws. However, some respondents also provided counter arguments that mandatory regulations might not be productive in developing countries like Pakistan where there are serious problems in the implementation of laws.

Revisiting RQ2 in the light of the theoretical framework helps us to understand the motivation of the CSR activities of subsidiaries of foreign MNCs. Drawing upon the salience of local regulatory, normative and cognitive condition/national business systems presented by some scholars (Campbell, 2007, Jamali and Neville, 2011, Matten and Moon, 2008), the findings of this research highlight that the behaviour of foreign MNC subsidiaries is substantially influenced (both positively and negatively) by the developing country local institutional context. Overall, the findings for this study are consistent with Campbell's (2007) theoretical propositions that corporate acts are more responsible if there are well established and properly enforced local regulations, active independent organisations (such as NGOs) and healthy economic conditions, and vice versa. In the proposed framework of this study, it was argued that both international and national environmental conditions shape CSR behaviour. The findings do not reject the importance of the international institutional context; however, in the context of Pakistan, it appears that relatively local national institutional contexts have more influence (both positive and negative) on the

behaviour of subsidiaries. The positive influence stems from the local cognitive institution, which resulted in helping the local community through charity and donations. On the other hand, local weak regulatory conditions and the limited role of NGOs encourage MNCs to be involved in unethical activities. In addition, the on-going so-called war on terror in Pakistan cannot be considered favourable grounds for CSR initiatives. Overall, the faltering economic conditions in the country cannot be characterised as fertile grounds for CSRs to flourish. On one hand, there is evidence of foreign divestment and subsidiaries of foreign MNCs have started focusing more on basic economic objectives. On the other hand, due to poverty and unemployment, customers are price-sensitive and their purchasing decisions are not influenced by corporate behaviour. These findings also help us to understand that the local institutional context of a developing country can have a strong influence on subsidiaries of foreign MNCs; however, this can potentially be a hurdle to transferring best CSR practices from their parent company.

Re-examination of RQ3 through the theoretical framework provides further understanding of the CSR strategies of subsidiaries of foreign MNCs in the context of Pakistan. The findings of this research suggest that such strategies have a flavour of both local and global orientations. This highlights the importance of multiple institutional environments in the case of MNCs operating in developing countries. Unlike previous studies where the international institutional context principally guides subsidiaries' CSR strategies, the findings of this research reveal that CSR strategies of subsidiaries of foreign MNCs are more responsive to local expectations. However, the element of localisation does not come from a systematic engagement with local stakeholders; rather it is reflected in the CSR strategy because CSR managers of the entire sample of MNCs are from the local context (Pakistan). In others words, cognitive institution affect MNCs' CSR strategy through their

employees (particularly CSR managers) working in them. In addition, it is important to mention that all subsidiaries try to follow the broader CSR vision and guidelines of their parent companies. However, interestingly, the findings also suggest that in a situation where local expectations are different from global guidelines they show flexibility so subsidiaries can maintain legitimacy in the local context. Consequently, at best there is limited evidence of best western-style CSR practices centrally directed by the parent company and apparent within the MNC's working environment. On the other hand, at worst, subsidiaries' CSR strategies predominantly include narrow philanthropic programmes. This discussion, on the basis of empirical discussion, highlights an important issue due to institutional duality. If parent companies show flexibility to subsidiaries in the formulation and implementation of CSR strategies, subsidiaries do not raise the standard of CSR practices as expected at global level.

In the light of the above discussion on the findings related to all the research questions from the theoretical framework lens, it can be suggested that subsidiaries of foreign MNCs need to widen the scope of the CSR agenda. Overall, the findings of this research agree with those of Jamali and Mirshak (2007) in the context of the Lebanon, and suggest that the narrow focus on the CSR conception and CSR activities highlights the critical importance of national institutional conditions in a developing country context. For instance, subsidiaries of foreign MNCs need to highlight their contribution to the national economy, the creation of job opportunities and tax payments because local stakeholders expect to see their economic contribution (Jamali and Mirshak, 2007, Muthuri and Gilbert, 2011, Visser, 2006). Similarly, on the legal front, subsidiaries of foreign MNCs need to avoid influencing the government's policies. On the other hand, government should introduce more transparency and help to create a corruption-free environment. In the case of ethical issues, there is evidence that

subsidiaries of foreign MNCs give some attention to human resources including better salaries and wages, health and safety and general employee welfare. However, there are still some loopholes in the working environment, which need the serious attention of MNCs.

On a concluding note (see summary in table 5.3 below), the findings of this research acknowledge that subsidiaries of foreign MNCs in Pakistan are operating in a unique, difficult and challenging economic, political, and regulatory environment. Indeed these subsidiaries of foreign MNCs operating in Pakistan are involved in some CSR initiatives, there is a huge potential to improve CSR practices of MNCs with a broader scope. Society expects MNCs to play an effective role in solving economic issues (such as poverty alleviation and job creation). Therefore MNCs need to broaden the CSR agenda and raise it to a strategic level through systematic efforts. MNCs should transfer the best universal CSR practices with careful integration of local understanding and expectations. It is notable that dealing with local expectations can be a tricky situation, particularly if CSR projects target the rural areas. It not only raises the question of legitimacy, but also security risks. Hence, this study suggests MNCs should be very attentive and have a systemic way to interpret local stakeholder expectations.

The CSR agenda cannot be left to the MNCs alone. To achieve maximum benefits of CSR there is a need for a holistic approach and meaningful partnerships between governments, MNCs and NGOs. Governments need to fully realise the importance of CSR and the potential of MNCs to contribute in social and economic development. At this stage this research does not propose that government should establish more CSR legislation. Particularly, the role of new legislation becomes irrelevant if existing rules and regulations are not effectively

Table 5-3 summary of findings

Institutional conditions	CSR Conception	CSR Strategy	Stakeholder Issues
<u>Local Regulatory conditions</u> Weak Institutions, Limited resources, Corruption, Red-tapeism, Lack of awareness and interest in CSR issues, Very limited collaboration with MNCs	Least referred-to domain of CSR.	MNCs see CSR voluntary initiative influence from the parent company's vision and according to the expectations of the local community.	Absence of regulatory power to implement existing laws. Extreme mistrust between MNCs and government organisations. External stakeholders demand more mandatory regulations.
<u>Role of NGOs</u> Principle work as pressure group. Work for CSR awareness, Little evidences of collaboration	Prevent MNC from carrying out unethical practices.	Help MNCs to understand the local environment, give input in specific areas and execution of CSR strategy.	NGOs represent the community's voice and use their power to shape MNCs CSR behaviour. More potential for collaborations.
<u>Social and Cultural conditions</u> Strong influence of religious element, social norm to help community in crises.	Consensus on Philanthropy	Strong influence on CSR strategy and focus on donations and charity, crises in the community also influences MNCs to focus CSR strategy on local needs.	Principles of urgency and legitimacy exist.
<u>Economic conditions</u> Unemployment, poverty, recessions, low purchasing power, price driven economy	Due to economic conditions employees and external stakeholders in particular focus on the economic domain	Local and international economic conditions resulted in a reduction in CSR funds but alternately funds are generated from within and outside MNCs under CSR strategy.	Weak bargaining power of political and government stakeholders, Weak bargaining power of existing and potential employees.
<u>Other local conditions</u> Recent development and activism of electronic media and use of social media.	Force MNCs to avoid unethical practices.	MNCs becoming conscious to include universal and local elements in CSR strategy.	Acts as a pressure group, other stakeholders such as community and NGOs use the media to put pressure on MNCs and create legitimacy issues.
<u>International institutional conditions</u> Parent company CSR vision, parent company codes, GRI principles and ISO certification	Justifies existence of some (but little) ethical domain	MNCs are influenced by the parent company CSR vision,. However, parent companies have soft control and subsidiaries operating in Pakistan are autonomous to plan and execute CSR strategies.	

implemented. In the first stage, this research suggests that governments should, improve security situations, establish clean and corruption free environments for business operation. In addition, the state should take concrete steps to improve their own image through transparency; this in turn will allow the government to exercise their power and also build the trust of those companies who are currently reluctant to enter into a partnership with government.

NGOs can play an important role in improving CSR practices in Pakistan. Particularly, NGOs can help to change charity-based misconceptions of CSR through awareness programmes and to focus on broader CSR issues which include community development, environment, better governance, anti-corruption and sustainable development. In Particular international NGOs operating in Pakistan can help to raise a voice on global CSR issues whereas local NGOs can assist MNCs to understand the local needs and expectations of society. In the context of developing countries, living conditions cannot be improved without the collective effort of businesses, NGOs and government through responsible practices (Jamali and Mirshak, 2007). Therefore, subsidiaries of MNCs, governments and NGOs indeed need to revisit different facets of their strategies to improve mutual relationships and enhance practices to achieve social goals collectively.

5.4 Conclusion

This chapter has fleshed out the existing situation of the CSR of MNCs in the context of Pakistan. The chapter provided a detailed discussion on the empirical evidence in the light of the existing literature. Further, discussion of the findings was extended and explained through the theoretical framework. A summary of all key findings is presented in chapter 6.

6 CONCLUSION OF THE THESIS

6.1 Introduction

The purpose of this chapter is to summarise the thesis, and reflect on the contributions, implications and limitations of this research. The first section presents an introduction to the chapter. Section 6.2 provides a summarised discussion on the research aims, research questions and methodology, and revisits the key findings of the study. Section 6.3 acknowledges the potential limitations of this research. Section 6.4 discusses the theoretical, empirical and methodological contributions of this thesis. Section 6.5 presents the implications of this research related to practitioners. Section 6.6 suggests future research directions, and the last section (6.7) concludes this chapter.

6.2 Summary of the Thesis

In recent years, research and scholarly interest on the role of MNCs has substantially expanded. However, more research is needed to discover how the institutional environment of a developing country influences CSR practices of subsidiaries of MNCs (Muthuri and Gilbert 2011; Jamali, 2010). To address this gap, this thesis introduced a broad research aim, '*To understand CSR of foreign MNCs in a developing country context*' in the first chapter. To achieve this research aim the following three research questions were developed.

RQ-1: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) conceptualise the CSR of subsidiaries of foreign MNCs operating in Pakistan and why does this perception exist?

(CSR conceptualisation)

RQ-2: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the motivation for MNCs operating in Pakistan to be involved or otherwise in CSR activities and why does this perception exist?

(CSR institutional motivations and barriers)

RQ-3: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the strategic orientation of foreign subsidiaries of MNCs operating in Pakistan and why does this perception exist?
(CSR strategic orientation)

To answer the above questions, in chapter 1, this research proposed four steps:

1. Present a systematic review of the literature.
2. Develop a theoretical framework that can help us to answer and explain the research questions.
3. Adopt and present an appropriate and clear methodological approach.
4. Examine the empirical data regarding the research questions and present the implications of the study.

For the first step, a systematic review of the literature was conducted. The research aim, '*Corporate Social Responsibility of Multinational Companies in Pakistan*', provided a direction for the review of the literature. Therefore, the review of the literature started with the discussion on the *construct of CSR, and* captured the existing *CSR literature related to MNCs*. Finally, the thesis reviewed the *contemporary CSR literature in a developing countries context and in Pakistan*.

After undertaking the review of the literature, in the second stage this thesis moved forward to develop a theoretical framework. The thesis covered and discussed more relevant and focused literature, particularly the literature on the stakeholder and institutional theory and proposed a theoretical framework. In addition, the literature relevant to the research questions was also examined. For instance, for the CSR conception (RQ1) it focused on the work of scholars (such as Carroll, 1979, Carroll, 1991, 2004, Visser, 2006). For the institutional drivers it

focused on the complementary contribution of scholars (such as Campbell, 2006, 2007, Kostova and Roth, 2002, Muthuri and Gilbert, 2011) and for the last question, the CSR strategic orientation (RQ3) this thesis discussed the work of (Jamali, 2010, Jamali and Neville, 2011, Muller, 2006, Tan and Wang, 2011). To ensure a solid foundation, this thesis integrated all three research questions within the theoretical framework.

At stage three, this research constructed, adopted and presented the methodology. This research was underpinned by an interpretive paradigm in which reality is subjective and social actors construct the social world. This belief is consistent with stakeholder and institutional theory because social actions are considered *institutions*, and are constructed through the interaction of human (relevant stakeholders) action associated with shared meanings.

An interpretive qualitative case study research strategy was adopted on the basis of the following rationale;

- The nature of the research questions is qualitative and consists of how and why questions.
- No control over behaviour events.
- This research focused on a contemporary issue in a real life context.
- A theoretical framework guide structured the research, data collection and analysis.

- Multiple perspectives and data sources were employed in this research.
- Case, units of analysis and units of observation were defined.

Consistent with an interpretive qualitative case study the data were collected through semi-structured interviews with the CSR managers of MNCs, MNCs' employees, representatives of regulatory authorities, and NGOs. Data collection was extended with the help of secondary documentary evidence (annual CSR reports of MNCs). For analysis purposes, Miles and Huberman (1994) a guidelines for data reduction, data display and verification were capitalised on this research.

At the fourth stage, this thesis examines the empirical evidence collected from the fieldwork. The comprehensive examination of the empirical data included:

- The presentation of relevant power quotes from interviews and documents.
- A discussion on the findings related to all three research questions in the light of the existing literature.
- Revisiting and extending the discussion on the findings related to the research questions from a theoretical framework perspective.
- To flesh out the theoretical, empirical and practical implications of this thesis.

The empirical results of this study provided a deeper understanding of CSR practices of MNCs in the context of a developing country. The findings of this study reinforced the argument made in the theoretical framework that it is vital to understand the behaviour of companies due

to the unique institutional environment of each country. The findings of this research reflected that subsidiaries of foreign MNCs are involved in philanthropic activities in Pakistan. The scope of philanthropic CSR initiatives is diversified from cash donations to health, sports, and education and skill development. In addition, MNCs have been actively involved in the case of disasters. This suggests that companies are involved in these philanthropic activities to maintain legitimacy and meet the urgency of the situation. These results are consistent with the findings of previous work in the context of developing countries; that CSR is still narrowly understood and only exercised to a limited extent (Ite, 2004, Jamali, 2007, Jamali and Mirshak, 2007, Lund-Thomsen, 2004, Meyer, 2004, Visser, 2006, Welford, 2004).

Nevertheless, this research agrees with the fact that in the last few years the academic literature focusing on the developing countries has increased and international agencies are increasingly making efforts to extend the benefit of CSR in emerging and developing countries (Blowfield, 2005, Jamali and Sidani, 2011, Jenkins, 2005). However, the results of this research suggest that there is no paradigm shift in the CSR agenda in developing countries. This research presents a clear difference between what CSR is in the west and how it manifests in a developing country context. In the developed world, the contemporary CSR agenda focuses on climate change, energy conservation and sustainable development. On the other hand, in developing countries like Pakistan, companies and society are still dealing with issues of corruption, exploitation, and basic human and consumer rights. However, this research also suggests that MNCs have brought some positive changes such as a better working environment for employees, good governance and helping local communities in the context of Pakistan.

This research provides empirical evidence of the institutional environment in which subsidiaries of MNCs in Pakistan influence (both positively and negatively) corporate behaviour, CSR strategies and practices. More precisely, three institutional conditions – the regulatory environment, the role of NGOs and the social and cultural environment collectively influence the notion of CSR. These findings partially agree with the contention of Matten and Moon (2008), Muthuri and Gilbert (2011) and Visser (2006); however, certainly some institutional conditions have more influence than others, and the level of influence differs country to country. For instance, Visser's (2006) argument and Muthuri and Gilbert's (2011) empirical study shows that due to a weak economic situation in Africa and Kenya, economic responsibility is considered more important. Pakistan faces similar economic problems; however, social and cultural (particularly religious beliefs) have more influence on the landscape of CSR and against this backdrop, philanthropic responsibility gains more value and consideration.

In addition, the findings of this research are consistent with the contention that the limited CSR activities of MNCs are due to the absence of an enabling institutional environment (Ite, 2004, Fox, 2004). This research reveals that the failures of the state to implement laws, the weak security situation (due to ongoing war on terrorism) and red-tapism are key reasons which limit the MNCs' CSR agenda. Similarly, institutional corruption in the governmental organisations allows some MNCs to exploit laws. All these factors not only decrease the power of government to guide the behaviour of MNCs, but also portray a negative image of the government's restrictions on MNCs having partnerships and collaboration with one another.

Historically, NGOs are one of the driving forces of CSR in the context of Pakistan. Particularly, in the past, NGOs have played a critical role in addressing CSR issues (such as the elimination of child labour from

the football manufacturing industry in Sialkot) in Pakistan. However, recently it appears that NGOs have started changing their focus. NGOs give more preference to international donor agencies to solve social problems and it appears that they are relatively less interested in working with MNCs. As discussed previously, NGOs can perform an important role in bringing the local community and MNCs together. However, in the context of Pakistan, NGOs shape CSR predominantly as a pressure group with limited partnership with MNCs. This limited collaboration of MNCs with government /NGOs reduced the benefit generated of collective efforts and also provided MNCs with an opportunity to implement their own agenda.

Based on its findings, this research concludes that the parent company has a limited influence on the corporate behaviour, particularly when related to external environmental issues. This allows subsidiaries of MNCs to practice CSR from local perspectives; however, local expectations of developing countries are generally limited to philanthropic or economic aspects which results in a narrow scale of CSR practices. The above discussion allows us to draw a conclusion that is consistent with Jamali and Neville (2011); that at best subsidiaries of MNCs introduced some best CSR practices in the context of developing countries focusing on internal stakeholders, and at worst they are engaged in 'symbolic conformity' to maintain legitimacy in the external environment.

On a concluding note, this research acknowledges that subsidiaries of foreign MNCs in Pakistan are operating in a unique, difficult and challenging economic, political, and regulatory environment. Nonetheless, these subsidiaries of foreign MNCs operating in Pakistan are involved in some CSR initiatives. However, there is a huge potential to improve CSR practices of MNCs to embrace a broader scope. Society expects MNCs to play an effective role in solving

economic issues (such as poverty alleviation and job creation). Therefore, through systematic efforts MNCs need to broaden their CSR agenda and raise it to the strategic level. MNCs should transfer best universal CSR practices ensuring careful integration of local understanding and expectations. It is notable that dealing with local expectations can be tricky, particularly if CSR projects target the rural areas. It not only raises the question of legitimacy, but also of a security risk. Hence, this study suggests that MNCs should be very attentive and implement a systemic way of interpreting local stakeholder expectations.

6.3 Limitations of the Study

An attempt has been made to have, methodologically a systematic and robust design as discussed in chapter 4. Nevertheless, like any other research, there are some potential limitations in this thesis that need to be highlighted and acknowledged.

- This interpretive qualitative case study of subsidiaries of foreign MNCs operating in Pakistan is rooted in a very unique social, cultural, political and economic setting of Pakistan. Therefore, the findings derived from this study offer insights and lessons exclusively relevant to the context and the realities of Pakistan. Although some of the findings may offer meaningful suggestions for contexts outside of Pakistan, the contextual boundary represents a significant limitation to the use of the data and the findings of this study.
- As justified in the chapter 3, a self-styled collective interpretive qualitative case study approach has been used in this thesis. This methodology is considered very relevant and useful for this research but it can also be criticised for some limitations, as is

the case in any research approach. For instance, a collective and holistic analysis has presented an overall picture of CSR of MNCs operating in Pakistan in this thesis. However, this research approach does not compare cases like a traditional multiple case study approach. Generally, a cross-case analysis in the multiple case study approach helps to achieve internal validity in the case study research. Therefore, absence of the cross-case analysis and a collective /holistic approach (instead of a multiple case study) in this thesis can apparently limit the internal validity of the case study approach used here. In addition, as argued in chapter 3 (methodology and methods) this collective case study approach is very close to Yin's (2003) single case study approach as it collected 10 MNCs as a single case. The collective case study in this thesis can carry associated limitations of a single case study approach. Therefore, one of the key limitations of this research relates to the generalisation of the findings, or external validity. However, this research is context-oriented (Pakistan) and the findings cannot be generalised to another context. As a result, generalisation is not a major concern of this study. One more possible criticism of this kind of collective qualitative case study can be its limited scope and relevance to the specific unique situation. For instance, this methodology is not useful if the intention is to acquire in-depth information from a small sample size, neither is it useful to match and compare emerging themes between cases. In addition, due to the collective nature of the analysis in this approach it is possible to ignore individual characteristics (in term of products, technologies, knowledge base, processes and demand) of sub-cases or units of analysis. So it can be concluded that if this approach is adopted in future research, it is important to understand these limitations.

- From a reader's perspective one potential limitation can be raised about the nature of reality, truth, and knowledge in this thesis. One can argue that reality is not a product of the social world; rather it already exists (positivistic perspective). This research acknowledges that data collection through interviews provides a subjective perspective (truth) of respondents, who might have intentional or unintentional bias in their responses. Therefore, the validity of this study depends on the honest reflection and interpretation of respondents' ideas and views on the research topic. To minimise this problem, in this research, the confidentiality issues were discussed with the respondents in advance; they were assured that their name and organisation would not be appear anywhere and that the information they provided would be used solely for the purpose of the research. In addition, multiple perspectives and multiple sources of data collection helped to minimise this limitation. However, this research acknowledges potential bias in respondents' views which is beyond the researcher's control.

- One of the limitations was issue around accessibility to the data. For instance, documentary evidence in this study was only available from MNCs in the form of annual CSR reports. External stakeholders (except regulatory authorities) could not provide documentary evidence, which could have been useful for this study and data triangulation. In addition, empirical evidence could have been further strengthened with data collected from head offices of foreign subsidiaries operating in Pakistan. However, this was neither practical nor feasible because the main data collection approach in this study is the face-to-face interview due to underpinning interpretive philosophical assumptions of this research. In addition, as mentioned in the chapter 3, due to security reasons most foreign

MNCs have relocated their offices from the capital city of Islamabad to Karachi. Islamabad is the researcher's home city so it was relatively easy to gain access to the respondents and organise interview times. Therefore, there are more samples collected from Islamabad than any from any other city (Lahore and Karachi). It is important to highlight that this is not a major concern of this thesis as sampling is not based on probability sampling (geographic base) and the intention is not to generalise or understand the difference in CSR practices in different Pakistan geographic locations. However, due to this accessibility issue, interview data were collected from 10 subsidiaries of foreign MNCs operating in Pakistan. The researcher believes if there had been more, and easier access to MNCs' subsidiaries in Karachi, perhaps the sample would have increased to 15-20 MNCs. In addition, ideally, (or at least theoretically) the study should have included the perspectives of other stakeholders such as customers, community, suppliers and retailers; however, limited time and resources meant, it was not possible to extend the sample to those stakeholders. In addition, the existing sample includes some NGOs who (arguably) claimed to represent the customers and voice of the local community.

- One more potential limitation in this thesis can be possible use of other qualitative data collection methods (such as focus group and observation) in addition to interview and documentary evidence. Both tools could have provided additional insights about the CSR of subsidiaries of foreign MNCs operating in Pakistan. Focus group discussion, in particular, that included representatives from MNCs and regulatory authorities would have been really useful. One of the reasons why a focus group would have been interesting is that, in some of semi-structured

interviews, respondents (MNCs managers) blamed others respondents (government authorities) in a few cases. For example, MNCs managers directly and explicitly blamed government authorities for corruption and red-tapism. On the other hand, representatives of governmental authorities blamed MNCs for irresponsible business practices. In addition, participatory observation would have given the researcher a chance to see what respondents claim they do (in interview) and what they actually do (through observation). However, these methods (group discussion and observations) were avoided due to practical problems and constraints (time and financial) associated with these methods.

6.4 Scholastic Implications

6.4.1 Theoretical Implications

This research provides a theoretical contribution into the contemporary debate on CSR literature related to MNCs and developing countries. The overall theoretical contribution is represented in the shape of a theoretical framework presented in chapter 2. The proposed framework fleshed out various relevant theoretical perspectives. The theoretical framework served as a valuable tool to structure the data collection and analysis of the study. Table 6.1 presents a summary of gaps in the literature and contributions of this thesis in the contemporary CSR debate.

Table 6-1 Summary of theoretical contributions in this thesis

Gap in literature	Relevance in this thesis	Contribution(s)	Contribution level
Stakeholder salience is managerial centric	All three research questions and theoretical lens	Putting stakeholder attributes into national and institutional contexts	<u>Partial addition to the existing literature</u> Recently, a few studies proposed embeddedness of stakeholder attributes in the institutional context. This thesis added further contribution by linking stakeholder attributes with the national institutional context and the international institutional context (due to focus on MNCs)
Relevancy of Carroll's (2004) work in other contexts	First research question and theoretical lens	Use of institutionally embedded stakeholder attributes to understand Carroll's work	<u>Novel addition to the existing literature</u> Explanation of Carroll's 2004 work the help of national and international regulatory, normative and cognitive institutions. Additionally, linking stakeholder attributes with these environmental factors to understand Carroll's perspective
Literature focus on managerial focus of CSR motivation and less concentration on institutional drivers of CSR	Second research question and theoretical lens	Use of national institutional context as a driver/barrier to CSR practices with the help of stakeholder attributes	<u>Partial addition to the existing literature</u> Addition to contemporary literature through exploring the institutional drivers/barriers (cognitive, normative and regulatory) with the help of power, legitimacy and urgency attributes.
Limited theoretical focus on CSR strategic orientation of MNCs	Third research question and theoretical lens	Use of institutional theory (institutional duality) with the help of stakeholder attributes	<u>Novel addition to the existing literature</u> Explanation of local, global and mixed CSR orientation of MNCs in the host countries with the help of power, legitimacy and urgency attributes embedded in cognitive, normative and regulatory institutions.

The above table helps us to understand how this thesis through a theoretical framework contributes to the nascent scholastic literature to

explore CSR (conceptualisation RQ1, motivation RQ2 and strategic orientation RQ3) in the national and international institutional context by focusing on the institutional perspective of stakeholder salience (power, legitimacy and urgency). The theoretical framework in this thesis complements the managerial aspect of stakeholder salience by leveraging the institutional theory lens. In other words, this thesis draws specific attention to the fact that stakeholder salience patterns are not only a managerial activity; they are also embedded in the institutional context. In addition, further novelty in the academic debate on stakeholder salience is introduced by integrating it with institutional duality in the case of subsidiaries of foreign MNCs. Stakeholder salience from an institutional perspective further helps to explain the CSR-specific concept, and contributes to the contemporary debate. For instance, one of the major criticisms on the Carroll's work is that it is a US based CSR conception and is not relevant to the unique context of developing countries. In addition, although Carroll's work helps us to understand *how* responsibility can be conceptualised in the fourth component (economic, legal, ethical and discretionary), it does not help us to answer *why* in a specific context managers and stakeholders focus on the specific components of the four domains of CSR and why one domain is more important than others. This argument poses a relevant and critical point: that the four responsibility components proposed by Carroll can appropriately explain CSR in other contexts (particularly in the developing countries context).

For instance, combining institutional theory with Carroll's (2004) concept and stakeholder salience theory helped the researchers to examine the CSR conception of MNCs (RQ1) in depth. It was argued, based on existing literature, that most of the stakeholders' perceptions gave the least reference to Carroll's legal domain of CSR in the developing countries context. The perspective from an institutional theory explained (least focus on the legal responsibility) explained this

in further detail since the regulatory environment tends to be weak in the context of developing countries. Similarly, stakeholder salience theory (power, legitimacy and urgency) also provided a useful insight. Extending the previous example that the legal domain of responsibility is the least concern of stakeholders because regulatory conditions are weak also suggests the weak 'power' attribute of the state and regulatory authorities. Hence, a combination of stakeholder salience and institutional conditions can help us to understand the legal domain of Carroll's pyramid. Similar logic can be applied to other domains of Carroll's pyramid. Hence, it can be concluded that an understanding of CSR conceptualisation (Carroll's pyramid) with the help of the institutional perspective of stakeholder salience can be extended from 'how' CSR is conceptualised to 'why' it is conceptualised in the context of developing countries.

Similarly, companies' CSR practices are considered managerial initiatives and institutional drivers (barriers) are often under-emphasised (see, for example Campbell 2006, 2007). This thesis contributes further to the theory by looking at institutional motivations/drivers (RQ2) through stakeholder salience. This thesis argued that stakeholder attributes of power, legitimacy and urgency can offer further give detailed insight of how the local institutional context works as a motivational factor to the adoption of CSR practices. For instance, it was proposed in the theoretical framework that strong normative institutions (for example NGOs, professional bodies, media and CSR advocacy groups) have the 'power' to influence the CSR practices of the host country. Therefore, if normative institutions are well established, managers will view them as a stakeholder group with the 'power' attributes, and these institutions can also raise the issue of 'legitimacy'. As a result, the business adopts the practices expected by these normative institutions in a given context. The same logic can be applied to the cognitive institutions in relations to stakeholder attributes.

For instance, there is plenty of empirical evidence (see, for example Jamali and Mirshak 2007) from developing countries that religion (cognitive institutional) is a key motivation force for philanthropic activities. By using stakeholder attributes it can be argued that these religious cognitive institutions are drivers of specific kind of CSR practice (for example philanthropic CSR). In the context of developing countries (such as in this research) cognitive institutions are so strong that MNCs with a broader CSR agenda have to focus on the narrow philanthropic agenda to acquire 'legitimacy' in the host developing country context.

The last theoretical contribution is related to RQ3 and addresses the limited theoretical focus on the CSR strategic orientation of MNCs in the host country context. Indeed, existing literature on CSR informs how MNCs have localised or globalised their CSR strategies. However, it does not make reference to the reasons why MNCs have specific CSR orientation in term of localisation/globalisation. This thesis contributes to this knowledge gap by explaining the local and global (or mixed) CSR orientation of MNCs in the host countries with the help of (cognitive, normative and regulatory institution) and stakeholder attributes (power, legitimacy and urgency). For instance, if the parent company of a foreign subsidiary of MNCs operating in the host country has a centralised control, this can result in a global orientation of its CSR strategy. It also implies that the parent company may have a strong stakeholder attribute of 'power', which it uses to direct the CSR strategic orientation of its subsidiaries. Similarly, local CSR orientation can be the result of strong stakeholder attributes embedded in the local host country context.

Overall, the proposed theoretical framework in this thesis redirects the attention the fact that subsidiaries of foreign MNCs operating in a developing country face a unique and complex institutional context.

Therefore, multiple theoretical perspectives are necessary against which to examine their behaviour. As a result, this thesis combined relevant theories and concepts to explore the CSR behaviour of MNCs in Pakistan. This research suggests that this theoretical framework can be utilised in a similar research context as a guiding principle for further qualitative exploratory research. It can be very useful in the developing countries context in particular where the institutional context is unique and there is a need to contextualise CSR in the local context. In addition, this framework provides an opportunity to further elaborate on the relationship of these concepts from an explanatory perspective.

6.4.2 Empirical implications

The second contribution at the scholastic level entailed an accentuation of the need to integrate theoretical understandings into empirical examinations of CSR in MNCs in a developing country context. As discussed previously (chapters 2), in the context of developing countries, there is limited evidence of CSR particularly related to subsidiaries of MNCs. The empirical evidence of this study is an effort to fill this gap. As far as the researcher is aware, this is the first exploratory study of CSR practices of subsidiaries of foreign MNCs in Pakistan.

Table 6-2 summary of empirical contributions of this thesis

Summary of findings	Relation to question(s)	Presence in prior literature ³¹	Impact of on the literature
Consensus from all respondents on the philanthropic domain of CSR	RQ 1	Mix views	Added
CSR is a short term, <i>ad hoc</i> and voluntary actions	RQ1	Yes	Supported
Philanthropic activities of MNCs in Pakistan are either due to religious reasons or responses to natural disasters and crises situations	RQ1, RQ2	Yes	Supported
Stakeholders expect short-term philanthropic activities	RQ1 RQ2	None	Added
Ethical responsibility is the second most important perceived responsibility	RQ1	None	Added
Economic domain is the third most referred to domain	RQ1	None ³²	Added
Legal responsibility emerged as the least referred to CSR domain	RQ1	Yes	Supported
Ethical responsibility is 'desired' and philanthropic responsibility is expected	RQ1 RQ2	None	Added
Unfavourable CSR regulatory conditions	RQ2	Yes	Supported
Limited access to communities in conflict area	RQ2	Limited	Added
Problems in implementing rules and regulations (including corporate and CSR related laws and regulations)	RQ2	Yes	Supported
Lack of resources, corruption and red-tapism within state institutions are key hurdles in the implementation of rules and regulations	RQ2	Yes	Supported
State institutions and regulatory authorities were not fully aware of the potential benefits of CSR	RQ2	Yes	Supported
Existing culture of corruption and kickbacks allows MNCs to get off lightly after breaking laws and regulations	RQ2	Yes	Supported
Governments in developing countries often develop favourable policies to encourage FDI and MNCs might take advantage of, and exploit this situation	RQ2	Yes	Supported
Government bureaucratic procedures are barriers in government and MNC collaborations	RQ2	Yes	Supported

³¹ Especial reference to developing countries

³² In other developing countries economic responsibility is most referred domain.

Respondents are not in favour of the introduction of new corporate or CSR - related laws	RQ2	Mix	Added
There is no substantial evidence of existing incentives or rewards from the government for the CSR practices	RQ2	Yes	Supported
There is some evidence (but limited) of a positive role of NGOs to increase CSR agenda	RQ2	Mix	Added
The findings also suggest that instead of a collaborate relationship, NGOs predominantly act as pressure groups.	RQ2	Yes	Supported
Small local NGOs are not compatible with MNCs due to their size, limited resources and lack of expertise	RQ2	Limited	Added
MNCs obtain influence of cognitive institutions from local employees and managers working in the local context	RQ2	Yes	Supported
Urgency attribute is related with community crises, emergency and disaster	RQ2	None	Added
Poor economic conditions in a country do not provide the best grounds for the CSR agenda to flourish	RQ2	Yes	Supported
Generally, local CSR managers are autonomous in formulation and implementation of CSR strategies	RQ3	None	Added
Despite the fact that subsidiaries of MNCs operating in Pakistan get strategic guidance from global CSR visions, there is substantial evidence that MNCs tailor CSR strategies according to the local expectations	RQ3	Limited	Added
Where local expectations are different from global guidelines they show flexibility so subsidiaries can maintain legitimacy in the local context.	RQ3	Limited	Added
MNCs Non -western CSR agenda in the developing countries	RQ3	Limited	Added
One of the reasons for localisation of CSR is the presences of strong local cognitive institutions	RQ3	None	Added
Element of localisation does not come from a systematic engagement with local stakeholders; rather it is reflected in the CSR strategy because CSR managers of the whole sample of MNCs are from the local context (Pakistan)	RQ3	Limited	Added

The above table summarises the empirical contributions of this thesis; specifically, the findings of this research in relation to empirical findings in the other developing countries (already discussed in detail in the previous chapters). The empirical contribution supports existing literature, adds novel empirical evidence or adds to the existing mixed views. The empirical evidence of this research confirms the contention that CSR is a context-oriented phenomenon. For instance, the focus on the CSR domain in the context of Pakistan is different from Carroll's (2004) Western perspective of the pyramid and Visser's (2006) perspective of developing countries. However, the empirical evidence of this research confirms that, like other developing countries, regulatory conditions are weak and pose hurdles for CSR initiatives. The results of this study also confirm that - as is the case in other developing countries - companies respond to cognitive expectations to maintain legitimacy and empirical evidence suggests the importance of urgency. This finding is potentially useful for the future research agenda in a developing country context because empirical evidence regarding stakeholders mainly supports legitimacy and power attributes. In the context of Pakistan, the focus of companies on the urgency attribute call for further empirical investigation of this stakeholder attribute in the context of developing countries.

The literature suggests that through the integrated CSR strategy (combination of local and global CSR strategies - see details in chapter 2), communities in host countries and MNCs can enjoy the advantages of local and global orientation of CSR. However, in the context of Pakistan, the empirical data suggest that MNCs and society cannot get benefits from an integrated CSR strategy; rather the findings suggested a few drawbacks of integrated CSR strategies. For future research, it has been suggested that there is a need to collect further, more detailed and empirical data from developing countries. Researchers need to explore how integrated CSR strategies can be effectively

employed in developing countries. In addition, more research is needed to find out the ways that MNCs can effectively extend benefits of home practices to developing countries and how effectively MNCs can localise CSR strategies.

6.4.3 Methodological implications

This thesis contributes to knowledge not only theoretically but also from a methodological perspective. As reflected in chapter 3, the *paradigm* provides the philosophical assumptions for conducting any research. To give the reader a clear understanding of how this research sees the reality and how knowledge is created, an attempt has been made to link the philosophical assumptions with the research questions and the theoretical framework of the study. In addition, a unique self-styled collective interpretive case study adopted in this thesis can offer guidelines for similar types of study. However, this kind of collective case study approach is only relevant for those future studies that have similar aims and objective to this study. For instance, a) this methodology is relevant if any future research focuses on the macro level and aims to generate collective understanding of firms or groups of firms; b) when sample organisations operate in the same institutional environment and stakeholder expectations are the same (reference can be made to the MNCs' organisation field concept); c) when future studies are based on qualitative data collections method; d) when it is not possible to obtain in-depth data from a small number of cases and consequently cross-case analysis is not possible; e) when the individual cases are different (in term of products, technologies, knowledgebase, learning processes, demand,) and cross-case analysis is not useful; and f) when there is the potential for a social desirability issue and respondents are reluctant to provide information and through small number of cases their identity can be revealed can be identified. As there is only limited CSR research that presents an overall picture of MNCs under their unique institutions, these above

conditions become very relevant and hence can help in the carrying out of similar research but at the macro level in other developing countries contexts. Therefore, the case study protocol presented in this thesis, the justification of the data collection methods, the description of the fieldwork, and the explanations of analysis can help future researcher with the same or similar research aims and objectives.

6.5 Implications for Practitioners

The CSR agenda cannot be left alone on the MNCs. To achieve maximum benefits of CSR there is a need for a holistic approach and meaningful partnerships between government, MNCs and NGOs. The following section provides some suggestions on the basis of the empirical data collected from the context of Pakistan.

6.5.1 Implications for MNCs Managers

The findings of this research suggest that stakeholders expect MNCs to address issues like poverty alleviation, job creation and help for the community in difficult times. The limited capacity of the Pakistan state, and its failure to address socio-economic issues, has increased societal expectations towards subsidiaries of MNCs. This research acknowledged the philanthropic contribution of MNCs in dealing with these issues. However, MNCs need to adopt more systematic, coordinated and long-term CSR approaches. In addition, this research suggests an expansion of the CSR agenda towards contemporary issues like sustainable development, energy conservation and the environment; it also suggests that, due to a weak regulatory institutional environment, some of the subsidiaries of MNCs have been involved in kickbacks, corruption and exploitation. The findings also suggest that the parent companies need to give strong and effective guidelines to subsidiaries to include transparency and accountability agendas in CSR strategies. Lastly, this research proposed that in order

to understand the localised CSR strategy effectively, the subsidiaries of MNCs should expand collaborations with local NGOs.

6.5.2 Implications for the state authorities and regulatory agencies

One of the key findings this research highlights is the empirical evidence on the regulatory conditions related to the CSR of subsidiaries of foreign MNCs operating in Pakistan. The findings of this research can potentially be very useful for state authorities and regulatory agencies. In particular, the empirical perspective from MNCs and other stakeholders (such as NGOs) provides some useful information on how the current regulatory environment affects CSR and how the state can improve the regulatory conditions to facilitate CSR practices. The government in particular needs to seriously realise the importance of CSR and the potential of MNCs to contribute to the social and economic development of a country. At this stage this research does not propose that governments should establish more CSR legislation. In fact, the role of new legislation becomes irrelevant if existing rules and regulations are not effectively implemented. In the first stage, this research suggests that governments should improve security situations, and establish a clean and corruption-free environment for business operation. In addition, the Pakistani state should take concrete steps to improve their own image through transparency; this will allow governments to exercise their power and also build the trust of those companies who are reluctant to enter into partnership with the government.

6.5.3 Implications for NGOs/pressure groups /CSR advocacy groups

This research provides rich information to NGOs (particularly those working on the CSR agenda) about the level of CSR commitment of MNCs in Pakistan. The findings of this research explore the areas

where NGOs can play their part. This research provides an insight into what MNCs expect from the NGOs, particularly issues related to the collaboration between NGOs and MNCs. This research suggests that NGOs need to revisit their role and strategies to achieve social goals in Pakistan. Particularly, NGOs can help to change the charity-based misconception of CSR through awareness programmes, and focus on broader CSR issues which include community development, the environment, better governance, anti-corruption and sustainable development. In addition, the international NGOs operating in Pakistan can help to raise a voice on global CSR issues while local NGOs can assist MNCs to understand the local needs and expectations of society.

6.6 Future research

As this research was exploratory in nature, it identified a range of areas for future studies that can build on the framework and findings of this thesis in the following ways.

- A further study can be conducted by using the theoretical framework of this thesis. This framework is relevant to future studies that aim to explore the CSR behaviour of foreign MNCs in the host country context. Particularly, this theoretical framework is more useful in the context of host developing countries because this framework redirects the attention towards the importance of regulatory, cognitive and normative institutions. In addition, stakeholder attributes (power, legitimacy and urgency) can help to examine the further influence of these institutional realities on CSR practices of MNCs in the developing countries.
- One of the findings of this thesis draws attention to one limitation of Carroll's work in the context of developing countries. Carroll

suggested ethical responsibilities as 'expected' and discretionary responsibilities as 'desired' corporate behaviour. However, the empirical evidence from this thesis reveals that in the context of Pakistan, ethical responsibilities are 'desired' and discretionary responsibilities are 'expected' corporate behaviour. This is a novel explanation explored by this thesis to understand the reason for philanthropic CSR activities. Therefore, it is suggested that CSR scholars reconfirm the same findings in the context of other developing countries.

- The stakeholder attribute of urgency is generally under-emphasised in the literature and for some scholars it is not a relevant stakeholder attribute. One of the findings of this research suggests that urgency is an important stakeholder attribute and that managers of sample companies relate urgency attributes to the 'disaster', 'emergency' and 'conflict' situations. In these situations, power and legitimacy attributes become somewhat irrelevant and the focus of CSR practices shifts to these contingencies. Therefore, it is suggested that the stakeholder urgency attribute is very relevant particularly in countries where nature is not friendly and where they often face natural disaster and emergencies. This empirical evidence collected from Pakistan needs more attention from scholars to reconfirm these research findings and further explore and explain the urgency role in shaping CSR practices.
- One of the findings suggests that different stakeholders have different views on the role of the business in society. One of the potential limitations of this research is that it does not compare perception differences on the CSR policy and practices. Therefore, future research could investigate the differences in the perceptions of stakeholders in relation to the CSR policies of

MNCs and their impact on actual CSR practices in Pakistan and other developing countries.

- One of the findings of this thesis suggests that there is an under-emphasis on the soft regulations (industry codes) and the roles of trade and labour unions in shaping the CSR agenda in Pakistan. Therefore, investigation is suggested on why these stakeholders are under emphasised and what their existing role is in shaping the current CSR agenda in Pakistan. In addition, in the case that industrial codes are not sufficient and labour unions are not active, it is crucial to examine their role, and suggest improvements to enhance CSR practices in Pakistan.
- One of the limitations related to the scope of the research is that this thesis only examined the discourse of CSR from a host country stakeholder perspective, and the perspective of subsidiaries operating in the host country context. For future research (if feasible) it is suggested to collect views from the host country (including head offices of subsidiaries and other international stakeholders) to generate more in-depth data on the CSR strategic orientation of MNCs.
- This research could not get perspective of one of the important contemporary stakeholders and watchdogs, i.e. the media. Free electronic media expansion of social media in particular is playing an important role in driving public opinion and awareness in Pakistan. Therefore, it is increasingly important to understand the role of these media institutions in shaping the CSR agenda in Pakistan.
- A collective interpretive case study adopted in this thesis can give guidelines for similar types of studies in other developing

countries, particularly, if future research intends to explore an overall picture of CSR practices in the host country context. In addition, this collective case study would be appropriate if future studies are based on qualitative data collections since there is a limited CSR research in the developing countries that presents an overall picture of MNCs within unique institutions. Therefore, these above conditions become very relevant and can help similar, macro-level research in other contexts. The case study protocol presented in this thesis, the justification of the data collection methods, the description of the fieldwork, and the explanation of the analysis can assist future researchers with the same or similar research aims and objectives.

6.7 Conclusion

This chapter has set out the overall values of this research. It has shown in detail how the research thesis has fulfilled its aim to understand the CSR of MNCs operating in a developing country. This thesis has contributed to CSR research in a numbers of ways: three broad contributions it has made are at the theoretical, empirical and methodological levels. First, at the *theoretical* level, this research has contributed to the development of a theoretical framework based on institutional embeddedness of stakeholder salience to understand CSR conception, motivation and strategic orientation. Second, at the *empirical* level this thesis utilised the proposed framework and provided new empirical insight on all three RQs in the context of Pakistan. Third, at the *methodological* level this thesis has undertaken an interpretive case study employing collective analysis of unit of analysis. In addition, findings of this research represent useful suggestions for regulatory authorities, NGOs and business managers. Finally, this chapter also reflected on the few potential limitations of this research and suggested directions to overcome these issues in the future research.

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Appendices

Case Study protocol

The main aim of this case study protocol is to increase the reliability of this research. The protocol helped as a guideline during the data collection process. In addition, this protocol can serve as a guiding principle for other researchers to conduct similar research.

A) Overview of the Study

The notion of CSR is now a 'global concept' and an important feature of international business (Muthuri and Gilbert, 2011 p.467). The massive growth of MNCs has set the platform for global ethics (Carroll, 2004). In the developed countries, MNCs are commonly (arguably) known for their best CSR practices. In the context of the developed world the notion of CSR is based on the philosophy that businesses are an essential part of society and they have the potential to make a positive contribution to societal goals and expectations (Twose and Rao, 2003). However, when MNCs function in developing countries they are accused of posing environmental and social threats to the society (Witherell, 2002), and often their social impacts fall short of international benchmarks of CSR. In the context of developing countries this negative conception of MNCs exists. Nevertheless, it is realised that the active involvement of businesses is critical to achieve poverty alleviation and sustainable development in developing countries (Ite, 2005).

More precisely, expanded operations of MNCs and their social, economic and environmental impact in both developed and developing countries expose them to public scrutiny. Different social actors in society, non-governmental organisations (NGOs), activist groups and the media have raised questions regarding the environment, child labour, corruption and bribery in developing countries (Broadhurst, 2000). This questionable nature of MNCs has left many questions unanswered and requires further investigation particularly in the context of developing countries (Koleva et al., 2010).

B) Research Aim and Research Questions

The main aim of this research is to understand the CSR of foreign MNCs in a developing country context.

The following relevant research questions will help to achieve the research aim

RQ-1: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) conceptualise the CSR of subsidiaries of foreign MNCs operating in Pakistan and why does this perception exist?

(CSR conceptualisation)

RQ-2: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the motivation for MNCs operating in Pakistan to be involved or otherwise in CSR activities and why does this perception exist?

(CSR institutional motivations and barriers)

RQ-3: How do stakeholders (MNCs CSR managers, employees, regulatory authorities, NGOs etc.) perceive the strategic orientation of foreign subsidiaries of MNCs operating in Pakistan and why does this perception exist?

(CSR strategic orientation)

C) Relevant Readings and Researcher's Experience

A detailed and systematic literature review (chapter 2) has been conducted. The review of literature resulted in the identification of knowledge gaps and helped to develop the research questions and the theoretical framework

To understand the context (Pakistan) of the research both academic and non-academic literature was studied prior to data collection. Academic literature included all prior available CSR literature in the context of Pakistan. Exemplary non- academic literature includes

- CSR reports published by the Security Exchange Commission Pakistan (2005)
- A Survey Report published by the Pakistan Centre of Philanthropy (2005-2006)

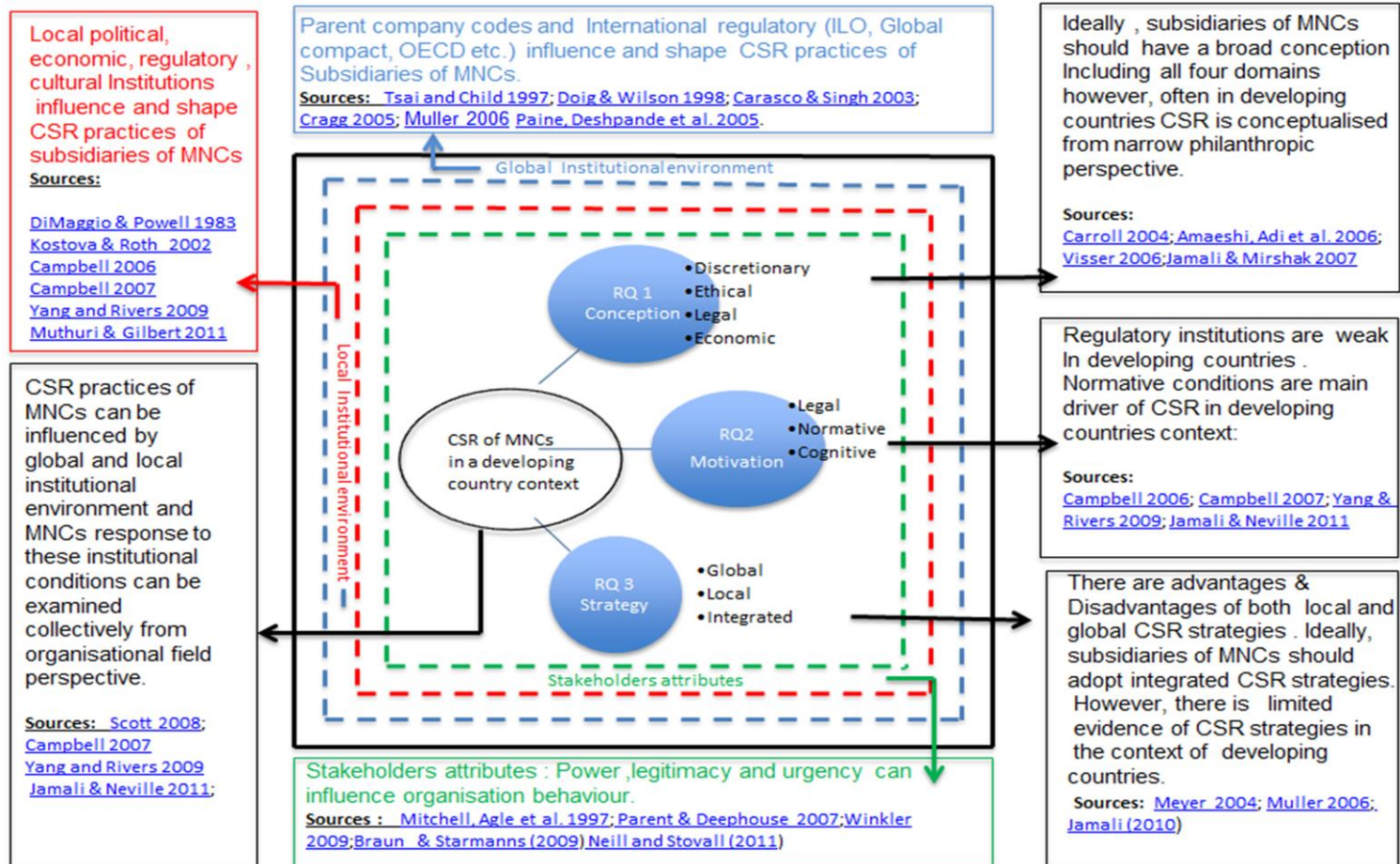
- An Economic Survey of Pakistan, Ministry of Finance, Government of Pakistan (2008-2010)
- Poverty in Pakistan: Issues, Causes and Institutional, Asian Development Bank (2002)
- The Annual report of the National Institute of Population Studies. Pakistan (2008-10)

In addition, background information of the MNCs and sample organisation information has been obtained from their websites prior to data collection.

The researcher is an academic and has experience in teaching qualitative research since 2004. In addition, he attended a comprehensive qualitative research course during the course of his PhD, and also attended conferences where the methodology and theoretical frameworks were discussed.

D) Theoretical Framework

This research applies a theoretical framework discussed in detail in Chapter 5.



E) Data collection Method

Semi –structured Interview:

CSR Managers of MNCs

Total of 10 managers (one manager from one MNC) responsible for CSR strategy development and implementation.

MNC Employees

20 non-managerial employees of MNCs

External Stakeholder Group

14 external Stakeholders including State regulatory agencies, NGOs and CSR advocacy and pressure groups.

Location: Islamabad,

Lahore and Karachi, Pakistan.

Supplementary Source:

Annual CSR reports of MNCs available online.

Sampling Technique:

Purposeful and Snowball sampling

G) Sample Detail

S.NO	Code	Organisation	Operations	Location	No of respondents	Data Sources	Interview durations
1	A	MNC	Tobacco and Cigarettes	Islamabad, Pakistan	3	CSR Manager	55 Minutes
						MNC Employee	40 Minutes
						MNC Employee	27 Minutes
2	B	MNC	Telecommunication Services	Islamabad, Pakistan	3	CSR Manager	45 Minutes
						MNC Employee	31 Minutes
						MNC Employee	33 Minutes
3	C	MNC	Banking and Financial Services	Karachi, Pakistan	3	CSR Manager	41 Minutes
						MNC Employee	35 Minutes
						MNC Employee	22 Minutes
4	D	MNC	Software Solution	Islamabad, Pakistan	4	CSR Manager	59 Minutes
						MNC Employee	32 Minutes
						MNC Employee	23 Minutes
						MNC Employee	30 Minutes
5	E	MNC	Mobile Hardware	Islamabad, Pakistan	3	CSR Manager	60 Minutes
						MNC Employee	22 Minutes
						MNC Employee	37 Minutes
6	F	MNC	Telecommunication Services	Islamabad, Pakistan	3	CSR Manager	45 Minutes
						MNC Employee	40 Minutes
						MNC Employee	28 Minutes
7	G	MNC	Automobile manufacturer	Lahore, Pakistan	2	CSR Manager	40 Minutes
						MNC Employee	29 Minutes
8	H	MNC	Food and Beverage	Lahore, Pakistan	3	CSR Manager	43 Minutes
						MNC Employee	31 Minutes
						MNC Employee	20 Minutes
9	I	MNC	Banking and Financial Services	Lahore, Pakistan	3	CSR Manager	50 Minutes
						MNC Employee	37 Minutes
						MNC Employee	36 Minutes
10	J	MNC	Oil and Gas exploration and Marketing	Islamabad, Pakistan	3	CSR Manager	47 Minutes
						MNC Employee	27 Minutes
						MNC Employee	37 Minutes

11	STK-1	Regulatory Agency	Consumer Rights	Islamabad, Pakistan	1		57 Minutes
12	STK-2	Foreign NGO	Health and Education	Islamabad, Pakistan	1		47 Minutes
13	STK-3	NGO	Health, Education , Women Empowerment	Islamabad, Pakistan	1		50 Minutes
14	STK-4	NGO	Education	Islamabad, Pakistan	1		48 Minutes
15	STK-5	NGO	Corporate Philanthropy	Islamabad, Pakistan	1		49 Minutes
16	STK-6	NGO	CSR Advocacy and Pressure Group	Lahore, Pakistan	1		75 Minutes
17	STK-7	NGO	CSR Advocacy and Pressure Group	Islamabad, Pakistan	1		68 Minutes
18	STK-8	Regulatory Agency	Corporate Regulator	Islamabad, Pakistan	1		59 Minutes
19	STK-9	Foreign NGO	Education, Science, Environment	Islamabad, Pakistan	1		44 Minutes
20	STK-10	Regulatory Agency	Monopoly Control	Islamabad, Pakistan	1		60 Minutes
21	STK-11	NGO	Consumer Right Protection	Islamabad, Pakistan	1		55 Minutes
22	STK-12	NGO	CSR Advocacy and Pressure group	Islamabad, Pakistan	1		42 Minutes
23	STK-13	NGO	CSR Advocacy and Pressure group	Karachi, Pakistan	1		46 Minutes
24	STK-14	NGO	Environment	Islamabad	1		50 Minutes

