# (Investigating) MNCs' CSR-related behaviour and impacts in institutionally and culturally distant markets: African developing-countries in focus

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# Abstract

The overall purpose of this thesis is to explore why and how institutional distance and contextual differences influence MNCs' CSR-related behavior in African developing-countries. In order to achieve the purpose stated above, the thesis seeks to answer the overarching research question: How do institutional distance and contextual differences influence MNCs' CSR-related behavior in African developing countries? To answer the research question this thesis employed an interpretive methodological approach in order to increase my understanding of the CSR phenomenon in a specific contextual environment characterized by different institutional distance through different theoretical and empirical perspectives (Guba and Lincoln, 1994; Lincoln and Guba, 2000). The thesis consists of two qualitative case studies, a systematic literature review, a conceptual paper focused on analyzing distance and MNC foreign subsidiaries' CSR-related behaviour, and a longitudinal content analysis of annual CSR reports.

The thesis found that the most prevalent CSR themes addressed in journal articles focused on developing-countries have been social issues, followed by environmental issues as a distant second, with ethics-related issues receiving the least attention. The findings further indicate that CSR rhetoric plays a more positive and significant role than so far explored in CSR research, as it incentivises the host-communities to push for the fulfilment of their CSR expectations or CSR initiatives proposed by the mining companies. Soft' regulations to which members of industry associations voluntarily adhere mitigate the absence of enforcement of more stringent hard regulations by the state for companies. In doing business in distant or different institutional contexts, institutional duality of MNC subsidiaries renders business activities complex and even conflicting when it comes to seeking internal and external legitimacy. This finding and the proposed model extend Hillman and Wan's (2005) argument of the existence of 'institutional duality' of MNC subsidiaries. The 60-item disclosure index is in itself a contribution to research as it provides a measure of 'disclosure quality' in relation to the disclosures of CSR-related performance information and CSR-related governance information.

The main theoretical contribution of the thesis is that CSR expectations in developing-countries are distinct and may be more important to know how these empirical realities are taken into account when firms with their origin in developed-countries internationalize and enter markets in developing-countries. Second, an extended model is proposed which illustrates the roles of organizational fields, institutional pressures, legitimating environments, and legitimating strategies for MNC subsidiaries' voluntary disclosure of CSR performance information. The overall contribution of the thesis is that it deepens our understanding of the CSR phenomenon, and of the role of host-communities and MNC subsidiaries' managers from the context of developing-countries.

Key words: multinational enterprises (MNEs), corporate social responsibility (CSR), corporate social responsibility reporting (CSRR), African developing-countries, legitimacy, stakeholders, institutional theories, organizational learning.