Influences of ownership structure on CSR performance in emerging markets

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Title: Influences of ownership structure on CSR performance in emerging markets

Year: 2022

Version: Accepted version

Please cite the original version:

Nguyen, H. T. T. & Appiah, E. K. (2022). Influences of ownership structure on CSR performance in emerging markets. In: Khare, A., Ojala, A. & Baber, W. W. (eds.) *Sustainable International Business Models in a Digitally Transforming World*, 83-102. Oxon: Routledge. https://doi.org/10.4324/9781003195986-7

Abstract

We study a timely and important business phenomenon: corporate social responsibility (CSR) performance in emerging markets. Emerging markets constitute an interesting context in which to analyze CSR performance, due to their institutional voids and the upsurge of social media usage. Our research brings together the literature on ownership structure, institutional voids, social media, and CSR performance to develop a conceptual framework. The framework comprehensively demonstrates that (1) state-owned enterprises (SOEs) and multinational enterprises (MNEs) pursue different CSR strategies depending on levels of state ownership, (2) institutional voids bring difficulties due to unclear statements on how firms carry out CSR activities, and (3) social media increases the speed of CSR communication. We argue that institutional voids and social media are characterized differently between emerging markets and advanced ones. Therefore, we propose that MNEs perform CSR activities better than do SOEs, while institutional voids and social media influence firm CSR performance differently in the two structures. Furthermore, depending on the levels of voids and how social media is developed, the influence of ownership structure on CSR performance is modified. Our research encourages SOEs and MNEs in emerging markets to review their CSR strategies and switch from the conventional focus on market expansion and profit growth.

Keywords: CSR performance, ownership structures, institutional voids, social media, emerging markets.

Running Head Right-hand: Ownership structure and CSR performance
Running Head Left-hand: Nguyen, Appiah

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Influences of ownership structure on CSR performance in emerging markets

Ha Thi Thu Nguyen* and Emmanuel Kusi Appiah

1.0 Introduction

Corporate social responsibility (CSR) has attracted increasing research interest among international business and management scholars over the years. Multinational enterprises (MNEs) have made numerous efforts to take more responsibility for environmental, social, and developmental impacts, and to integrate the social perspective into corporate growth and profits to sustain their long-term survival (Alshbili et al., 2020; Kourula et al., 2017; Nawaz & Koç, 2018; Sharma, 2019). This has resulted in a growing wave of commitment to corporate social responsibility on the part of organizations. CSR is the fundamental policies, business strategies, programs, and social initiatives enacted by firms to improve the welfare of stakeholders and the society at large (Cheung et al., 2015). CSR performance indicates the firm's contribution to environmental protection and social development (Wagner, 2010). CSR encompasses the concept of the triple bottom line introduced by Elkington (1998), which delineates the need for a proper balance between the environmental, social, and economic needs of stakeholders to achieve sustainability in organizations. Business organizations are expected to be a "better citizen" by behaving responsibly (Orsato, 2006). Despite these efforts, there is sparse research on how firms with different ownership structures perform CSR activities, especially under different situations, particularly in the context of institutional voids and the recent upsurge of social media usage as specific characteristics of emerging markets. According to von Abram (2019), there will be more than three billion social media users in 2020, and their number is growing faster in emerging markets than advanced economies. Social media has become an important tool for the mobilization of protest movements in emerging markets such as Brazil, Egypt, Turkey, and more.

Research suggests that firms with different ownership structures and geographical locations may have different perceptions of their responsibility for sustainability (Johnson & Greening, 1999; Zhang et al., 2014). Accordingly, these firms will probably have different strategies to comply with local CSR requirements. The extant studies and theories have discussed state-owned enterprises (SOEs) and non-state-owned enterprises (non-SOEs) (Cheung et al., 2015; Zheng & Zhang, 2016). For instance, Han and Zheng (2016) found that ownership structure (SOE vs. non-SOE) has an important role in enhancing CSR performance. We focus on SOEs and non-SOEs because of their differential strategies and structures that lead to significant differences in CSR performance. By definition, SOEs are either fully state run or subject to mixed ownership, where the state represents either the primary or secondary owner (Peng et al., 2016). While SOEs may operate in domestic and in international markets, our research focuses on the former. Non-SOEs are private enterprises, in our context local firms in the host market or MNEs. We focus here mainly on MNEs as a key representative of non-SOEs in our research, although we acknowledge that there are local private firms and other forms of non-SOE, such as business groups, family-owned firms, and sole entrepreneurs (Sahasranamam et al., 2020) operating in emerging markets. The main reason for our particular focus is to highlight how foreign operations perform their CSR activities in emerging markets, compared with local state-owned firms. Accordingly, the only form of non-SOE we discuss is the MNE, instead of non-SOEs in general.

Comparatively, SOEs share some similarities with MNEs, such as their responsibility for the environment and to stakeholders (Buehler & Wey, 2014). More so, they are regulated by country-specific laws and regulations. However, SOEs deviate from MNEs in terms of ownership, purposes of establishment, and in some aspects, their operations. Notably, the difference in how SOEs and MNEs influence sustainable performance is not fully addressed in the literature.

Recent studies further highlight a need to explore how institutional voids and social media influence CSR performance (Du et al., 2016; Reilly & Hynan, 2014; Tseng, 2017). International business scholars argue that institutional voids, the absence or underdevelopment of institutions that enable and support market activity (Khanna & Palepu, 1997), bring challenges and hamper firm outcomes. Hence, firms need to substitute for the lack of effective formal institutions and develop internal survival mechanisms or follow other strategies to adapt their business model to local conditions (Doh et al., 2017; Pinkham & Peng, 2017). In this regard, institutional voids could also modify how firms with different ownership structures react toward sustainability.

In the same fashion, social media, referring to platforms that people use to build networks and share information and sentiments (Kaplan & Haenlein, 2010; Li et al., 2020), is an important tool for firms to communicate their CSR activities (Reilly & Hynan, 2014). Using proper social media judiciously is crucial to delivering digital messages on sustainability and other CSR issues (Kietzmann et al., 2011; Li et al., 2020; Reilly & Hynan, 2014). Because social media helps deliver information quickly, irrespective of national borders, it may challenge firm strategies and responses to CSR requirements. Despite widespread understanding among corporations of the need to communicate with outside stakeholders, such as customers, political agents, and suppliers, there is scant research on the roles of social media therein (Li et al., 2020).

Importantly, emerging markets, which are characterized by weak institutions and the dominant control of local authorities (Sartor & Beamish, 2020; Sharma, 2019), differ from developed markets: for example, with respect to political and institutional structures (Grewal et al., 2015). So institutional voids become more challenging for business operations, and social media may not function as well as in developed countries. Hence, emerging markets provide a good research setting in which to develop our knowledge on how ownership structures, institutional voids, and social media influence CSR performance.

Our research contributes to the international business (IB) and CSR literatures in three ways. Firstly, we incorporate insights from stakeholder theory (Freeman, 1984), and institutional theory (Kostova & Zaheer, 1999; Scott, 2001), to stress how firms engage in socially and environmentally responsible activities in the interests of stakeholders. Both stakeholder theory and institutional theory are employed in emerging market contexts as important drivers of CSR performance (Sahasranamam et al., 2020). The combination of the two theories in the present paper provides a holistic view of how ownership structure and institutional voids influence CSR performance. Second, by also focusing on social media studies, our proposal highlights the influence of social media in defining CSR performance as well as moderating how SOEs and MNEs perform their CSR activities. Third, we develop our nuanced knowledge on CSR activities and performance in emerging markets, which, as of late, has garnered research attention (Sánchez-Flores et al., 2020).

2.0 Emerging market as a research context

The extant studies on CSR have provided rich knowledge on how firms deal with and improve their CSR performance. Scholars often utilize developed market contexts to propose their hypotheses on CSR performance, because of the dominance of MNEs from advanced countries (Cuervo-Cazurra, 2012; Shirodkar & Konara, 2017). We argue that due to the differences between emerging markets and advanced countries, the previous findings may not be valid in emerging market contexts (Cuervo-Cazurra, 2012; Husted & Allen, 2006; Sharma, 2019; Shirodkar & Konara, 2017). Thus, we focus on emerging markets as a research venue for our studies on CSR performance.

We acknowledge that not all emerging markets are similar. For example, studies show that there exists heterogeneity within many large emerging economies such as China and India

(Singh & Gaur, 2009). However, there are several unique characteristics common to all emerging markets that may influence firm operations and CSR activities. Firstly, they are characterized by weak institutions, both formal and informal, and rapid institutional changes, leading to higher levels of uncertainty for firms to deal with (Cuervo-Cazurra, 2012; Pattnaik & Lee, 2014; Sartor & Beamish, 2018; Shirodkar & Konara, 2017). Bhattacharyya and Rahman (2003) show that operating in emerging markets, firms often face bribery, lobbying, and corruption. For instance, a coup d'état and increased violence in Thailand in 2014 led to concerns amongst firms about their survival and future outcomes in the country (Yueh, 2014).

Secondly, despite the uncertainty in emerging markets, institutions are easier to negotiate than in advanced markets, because local governments may decide to loosen their constraints in exchange for other benefits. Zhao et al. (2014) argue that local governments in emerging countries may reduce tax rates or local resource prices to attract more foreign direct investment (FDI), improve infrastructures, and create more jobs. Furthermore, Cuervo-Cazurra (2012) argues that operating in emerging markets may involve firms in inappropriate actions (that is, bribery, lobbying, or corruption) to deal with local requirements. Importantly, local governments are found to engage in those actions at certain levels, which means firms receive some kinds of acceptance to behave illegally (Tan, 2009; Zhao et al., 2014). Bhattacharyya and Rahman (2003) further show that local authorities exert higher influence when meddling in business transactions in emerging markets, in comparison with advanced markets. Emerging markets are also characterized by lower levels of social development (that is, lower levels of income, healthcare support and education opportunities, literacy, or a lack of good business schools) leading to lower skills in the workforce (Bhattacharyya & Rahman, 2003; Cuervo-Cazurra, 2012). The extant literature also shows that firms tend to focus on maximizing their current business profits rather than long-term sustainable growth.

Thirdly, due to the "flattening" of the world (Friedman, 2005), studies show that emerging markets are characterized by high technology penetration. For example, von Abrams (2019) reports that there would be more than three billion social media users in 2020, and their number is growing faster in emerging markets than advanced economies. Unlike in the United States, which leads the world in household computer ownership and usage, in emerging markets, mobile devices are the predominant means for users to access social media and the Internet as a whole (Coleman et al., 2016). Users are increasingly using social media to communicate, share information, build their social networks, and engage in micro-blogging.

Researchers highlight on the positive side that emerging markets are promising for substantial future growth due to, for instance, rising consumption and lower labor and local resource costs (Bhattacharyya & Rahman, 2003; Cuervo-Cazurra, 2012; Shirodkar & Konara, 2017). Especially, many emerging markets are working harder to minimize bureaucracy in attracting FDI, to improve intellectual property protection, and decrease corruption in business transactions (UNCTAD, 2015).

The extant literature on CSR activities and performance further shows that firms operating in emerging markets may find CSR requirements easily negotiable (Alshbili et al., 2020; Zhao et al., 2014). In most cases, when investing in emerging markets, firms tend to donate money or involve themselves in philanthropic actions to support local groups, fulfilling their CSR. In this regard, researchers claim that the firms focus donations only on how to improve their brand recognition, instead of carrying out CSR activities, which referred to several activities, and requirements to meet societal and environmental responsibilities (Alshbili et al., 2020). Nevertheless, given the higher levels of institutional voids, as well as the increasing influence of social media in sharing information from emerging markets, we propose that SOEs and MNEs may perform their CSR activities differently, thus elaborating the value of this topic in developing our nuanced knowledge.

3.0 Theoretical background and conceptual framework

3.1 Ownership structure and CSR performance

According to the stakeholder theory (Freeman, 1984), which has provided the foundation of CSR performance, stakeholders have diverse CSR needs including economic, environmental, and social, to be incorporated into firm operating policies. In general, stakeholder theory explains how managers need to balance needs from different stakeholders that may influence their business strategies and behaviors, particularly on firm strategies toward CSR performance (Arora & De, 2020). For instance, customers want the company to take an interest in their satisfaction and social issues, while local interest groups demand attention to community-related activities and issues (Cheung et al., 2015). Meeting such needs may engender positive CSR performance. A lower premium is placed on CSR activities in emerging economies than in advanced markets, but institutional pressures, pressure from western partners and environmental activists, and the quest to achieve organizational legitimacy mean that governments in emerging economies are enacting policies to compel SOEs and MNEs to take local CSR activities seriously (Bowen, 2007; Branco & Rodriges, 2006; Cheung et al., 2015). For example, the Chinese government has embarked on green policies that oblige an MNE operating in China to adopt the same environmental policies there as determined by its headquarters' operation, while local companies, transacting business with foreign partners, must adopt environmental and social standards (Cheung et al., 2015). Similarly, the Indian government requires large companies to spend at least 2% of their local profits every year on CSR activities (Guha & Roychowdhury, 2020).

SOEs often operate in environmentally sensitive sectors, such as mining, petroleum, or lumber, which suggests they must actively engage more deeply in social and environmental responsibilities to gain social legitimacy (Wang & Zhang, 2020). However, SOEs from emerging markets often demonstrate a lack of engagement in CSR activities due to a lack of managerial commitment (Cordeiro et al., 2018). This is evidenced by the oil leak incident at ConocoPhillips China, Inc., and the leak and explosion at Sinopec (Cheung et al., 2015). Cordeiro et al. (2018) showed a similar influence of SOEs on CSR engagement in India.

Institutional theorists propose that SOEs are exposed to pressures from diverse stakeholders in emerging markets, such as suppliers, customers, and local authorities. In responding to these pressures, governments in emerging economies have implemented policies to compel SOEs to sacrifice economic gains for the social needs of the citizenry: that is, creating jobs for redundant workers, implementing unemployment tax to prevent lay-offs, providing flexible working conditions, and other social services (Cheung et al., 2015). Despite these governmental efforts, SOEs are still accused of CSR malpractices. Chinese SOEs are accused of maltreating surplus workers, which weakens CSR performance. Thus, redundant workers are treated as second-class citizens, where they are denied healthcare benefits, and, for instance, experience delays in repair work for a broken window at their company-provided apartment; the absence of governmental monitoring is claimed as the major cause (Bai et al., 2000). Cordeiro et al. (2018) enumerated the absence of dedicated CSR teams, lack of active involvement on the part of key stakeholders, lack of managerial commitment, and the inability to identify appropriate CSR projects and beneficiaries, along with budgetary issues that may hinder SOEs' implementation of CSR. Given the aforementioned institutional lapses, we argue that SOEs will demonstrate poor CSR performance. Therefore, we propose the following:

> Proposition 1: Despite the institutional pressure in emerging markets, SOEs are less likely to execute their CSR activities effectively than MNEs.

Zhang et al. (2021) propose that MNEs engage in CSR activities based on two motives: namely, strategy and legitimacy. Strategic motives make MNEs more likely to depart from their host country's normative practices and adopt localized CSR practices, or even adopt global standards and policies that provide legitimacy across multi-country institutional domains. For example, the prevalence of government subsidies to support corporate spending compels MNEs to attach greater importance to corporate social environmental activities (Zhang et al., 2021). Wang and Zhang (2020) reported that MNEs are more environmentally responsible because they are likely to lose governmental subsidies when lapses are discovered in their CSR activities. Furthermore, the exposure of companies in emerging countries to scrutiny resulting from low CSR standards has caused MNEs to parade their attention to CSR activities. For example, Cheung et al. (2015) found that MNEs are compelled to improve their CSR activities to address requests from their outsourcers and suppliers. Thus, the sustainability of contracts for MNEs and their outsourcers and suppliers depend wholly on how the MNEs address CSR issues.

With regard to legitimacy requirements, MNEs need to behave in a socially responsible manner to garner a positive reputation, despite the laxity of CSR requirements in emerging markets (Cheung et al., 2015; Gugler & Shi, 2009). Studies have shown that MNEs embark on CSR activities, such as the provision of employment to the citizenry, flexible working hours, reasonable payment structures, avoidance of child labor, or more sustainable public value creation, to attract recognition and improve stakeholder relations (Caves, 1996; Cheung et al., 2015). For example, Apple has been commended for introducing a new policy outlining its commitment to human rights and free speech (McGregor, 2020). The company was criticized by stakeholders for its ties with the Chinese government and its role in censoring content. On another occasion, Apple was chastised for its unfair treatment of workers at one of its supplier hubs (run by Taiwanese company Foxconn) in China (Gurman, 2019). Responding to stakeholder pressure and concerns, Apple joined the Fair Labor Association (FLA), committing to uphold the FLA Workplace Code of Conduct, and obligated Foxconn to improve its working conditions. Based on the premise of strategic and legitimacy motives for CSR activities among MNEs in emerging markets, and in line with a solid body of accumulated evidence in the prior literature (e.g., Cheung et al., 2015; Cordeiro et al., 2018; Wang & Zhang, 2020), we propose the following:

> Proposition 2: The institutional pressure in emerging markets makes MNEs more likely to execute their CSR activities effectively than SOEs.

3.2 Institutional voids and CSR performance

Institutional voids, especially in emerging markets (Ghoul & Kim, 2017; Khanna & Palepu, 1997; Kingsley & Graham, 2017), provide firms higher levels of challenge and difficulty. Largely, institutional voids hamper firms' efficiency due to information voids or information asymmetry problems (Kingsley & Graham, 2017); limited access to capital resources (Kim & Song, 2017); or higher costs for procuring materials, skills, and new ideas, and for market transaction activities; and higher levels of difficulty in buyer-seller interaction (Doh et al., 2017). Institutional theorists propose that foreign firms are influenced more strenuously by institutional voids than local rivals to achieve host legitimacy (Kostova et al., 2008; Kostova & Zaheer, 1999).

The extant literature claims that institutional voids are associated with misdeeds in emerging markets (Alshbili et al., 2020; Amaeshi & Adegbite, 2016; Zhao et al., 2014). Accordingly, the voids generate problematic regulatory systems. Thus, MNEs may ignore or neglect to transfer the CSR requirements, which already have been implemented at their home countries, to their host countries (Alshbili et al., 2020; Li et al., 2018; Zhao et al., 2014). Further, Tashman et al. (2019) found a significant relationship between firms and CSR decoupling in emerging markets, where firms exaggerate their CSR activities and performance in local countries. Worse still, the weak grassroots supervision in emerging markets contributes to the low transparency and accountability of firms' CSR activities (Zhao et al., 2014). Institutional voids also hamper firms' operations, and particularly their CSR activities, because the firms need to put more effort into filling those voids. Firms cannot easily assess the right stimuli to provide accurate strategic moves or react toward host requirements (Alshbili et al., 2020). In addition, Ahen and Amankwah-Amoah (2018) argue that because firms may assume CSR activities as philanthropy, the firms are less interested in raising their CSR performance through appropriate new CSR activities in emerging markets.

In essence, we argue that institutional voids make it harder for firms to deal with local requirements for CSR activities and performance. Firms may also not obligate the requirements for CSR activities, and instead become involved in misdeeds and opportunistic behaviors in emerging markets. In addition, firms with prior experience of operating in emerging countries may negotiate with local governments on how to perform their CSR activities. We further suggest that when facing institutional voids in emerging markets, firms may not understand the host country rules or norms, leading to lower levels of CSR performance. Consequently, we propose the following:

Proposition 3: In emerging markets, institutional voids increase difficulties for SOEs and MNEs to perform CSR activities, and thus decrease CSR performance.

3.3. Institutional voids, state ownership, and CSR performance

We now turn to our proposition on the moderating effect of institutional voids on the relationship between ownership structure and CSR performance. Our tenet is that depending on the extent of institutional voids in local countries, SOEs and MNEs would likely demonstrate their CSR activities differently, yielding different levels of CSR performance. According to the institutional view, governments as societal institutions enact policies to regulate firm operations (Sahasranamam et al., 2020). Since SOEs are fully or partially state-owned, we would therefore expect them to follow local rules and norms in complying with CSR requirements. However, due to the prevailing institutional conditions reflected in the absence of governmental monitoring and corruption, absence of dedicated CSR teams, lack of key stakeholders' active involvement, lack of managerial commitment, and inability to identify appropriate CSR projects and beneficiaries, along with budgetary issues, research shows that the implementation of CSR activities in SOEs is stifled (Bai et al., 2000; Cordeiro et al., 2018). This leads us to conclude that the presence of institutional voids will weaken how an SOE's approach to CSR activities impacts CSR performance. Put differently, we propose that institutional voids strengthen the effect of SOEs on CSR performance.

In contrast, MNEs may find it more difficult and be cautious about performing their CSR activities when operating in emerging markets with higher levels of institutional voids, due to unclear statements about the rules and norms of CSR requirements. We acknowledge that MNEs may independently follow their own directives or adhere to their global directives when operating in multiple international markets without necessarily adapting to the local context. However, arguably that should not be the case when MNEs still need to keep their focus country-specific to adjust their global policies to be suitable to the local environment and achieve local legitimacy (Husted & Allen, 2006; Kostova et al., 2008; Kostova & Zaheer, 1999). For instance, Filatotchev and Stahl (2015) provided a practical example that IBM needs to adjust their "gender" policies in Asian countries due to differences in local perspectives towards gay, lesbian, and transgender about sexual orientation.

In general, the extant CSR literature confirms that MNEs tend to pay a great deal of attention to CSR activities when operating in countries where there is an absence of market-supporting institutions, or higher levels of institutional voids; thus, they incur higher transaction costs with less ability to access resources (Doh et al., 2017; Ghoul & Kim, 2017; Marano et al., 2017). MNEs need to deal with higher levels of institutional voids in local countries, especially in emerging markets (Doh et al., 2017). Accordingly, they are less able to perform CSR activities to gain local legitimacy and success in emerging markets (Ghoul & Kim, 2017; Marano et al., 2017). For example, MNEs struggle to fill institutional voids neglected by governments in emerging markets, due to unclear statements on how they should follow or obligate CSR requirements (Doh et al., 2017; Van Dijk, 2009). Hence, we argue that when operating in emerging countries with higher levels of institutional voids, MNEs face greater challenges and difficulties to achieve higher levels of CSR performance. Given all of the aforementioned arguments, we propose the following:

Proposition 4a: In emerging markets, institutional voids intensify the lack of engagement of SOEs in CSR performance.

Proposition 4b: In emerging markets, institutional voids weaken the effect of MNEs on CSR performance.

3.4 Social media and CSR performance

Social media relates to information channels that utilize technological advancements, network platforms for sharing information and sentiments (Kaplan & Haenlein, 2010). Prior studies confirm that social media significantly changes business transactions, since it enhances connectedness between firms and stakeholders, and strengthens stakeholders' influence on firm strategic decisions and behaviors (Li et al., 2020). In addition, social media channels, such as Facebook, Twitter, and Instagram, are becoming ubiquitous in diffusing knowledge and disclosing information, outpacing traditional channels such as newspapers, magazines, and even broadcast news, especially in emerging markets (von Abrams, 2019). For instance, Kesavan et al. (2013) theorized Twitter as the most applied social media tool by companies in CSR communication, while blogs are the least.

Unlike traditional channels, social media can spread knowledge and information around the globe in a less-than-a-second click; thus, customers in a specific market would likely be aware of firm behaviors, even if the firms have not yet entered that market. Put differently, firm actions in a certain market could influence firm performance in other markets right after the "click." While social media can support connectedness and knowledge diffusion, the extant literature reveals that it can also be a "double-edged sword," since it may hamper firm performance and survival by spreading information quickly across countries, with no confirmation of the reliability or validity of the information. It also facilitates exposure of firms' unethical behavior (Falkenberg, 2004; Smith, 2003; Zhao et al., 2014).

Given the importance of social media, it has become a standard channel through which firms communicate their CSR activities (Stanislavská et al., 2020). The extant CSR literature has highlighted significant influences of social media on CSR performance (Falkenberg, 2004; Smith, 2003; Zhao et al., 2014). Indeed, there are several practical cases of firms destroying their reputation through bad CSR performance in the local countries. For example, a YouTube video showing how employees of Domino's Pizza violated health standards increased negative perceptions and destroyed the firm's reputation (Horn et al., 2015). Zhao et al. (2014) added that social media raises public attention, and urged local governments to take actions on firms' misdeeds in CSR activities among emerging markets.

Hofstede's concept of the "global village" (1980) is easily applicable to the adoption of social media in emerging markets because social media has connected such markets to the globe in ways that were once impossible (Coleman et al., 2016). However, social media in emerging markets may not be as functional as in developed markets. Local authorities in emerging countries, or giant MNEs, may control social media influence due to their political or economic power, leading to unethical behaviors like CSR decoupling (Tashman et al., 2019). However, we argue that the efficacy of social media in disseminating information in a speedy manner remains the same in both forms of market and has a greater impact than traditional methods of communication. For instance, a recent case in India shows how social media could rapidly spread information about how local authorities violate environmental protections (Pathi, 2021). Further, the ability of social media to extend the democratization of freedom of speech and participative rights are reasons for firms to focus on CSR activities. People are more vocal on social media than offline and utilize it to hold corporations and corporate communicators to account. For example, activists use social media to challenge corporate communication and CSR campaigns by highlighting instances and examples of irresponsible behaviors (Tench & Jones, 2015). Consequently, we argue that firms are compelled to stretch efforts and resources in managing their CSR activities, thus increasing CSR performance. Hence, we propose the following:

Proposition 5: In emerging markets, social media compels firms (i.e., SOEs and MNEs) to focus on their CSR activities, thus increasing their CSR performance.

3.5 Social media, ownership structure, and CSR performance

Our research further highlights that the existence of social media in emerging markets modifies how SOEs and MNEs perform CSR activities. Generally, social media puts more pressure on firms to perform their CSR activities in a timely manner, demonstrate their focus on long-term achievement, and properly balance financial and non-financial performance. Specifically, we propose that social media can reveal unethical and irresponsible behaviors among firms, in this context SOEs and MNEs. Social media channels will likely disclose information about bad CSR activities and performance, and firms are severely punished if the public (both local and global) becomes privy to their actions. Accordingly, firms are under obligation to adhere to the local sustainability requirements, which may lead to higher CSR outcomes.

Moreover, pressure from Western partners and environmental activists on social media, and the quest to achieve local legitimacy, mean both SOEs and MNEs consider social media an important CSR communication tool. This is because CSR is a “stakeholder dialogue” and a firm’s CSR efforts will go unnoticed by stakeholders if they are not communicated (El-Bassiouny et al., 2018). Social media tools also offer stakeholders the opportunity to post comments and feedback on firms’ CSR messages, which arguably increase message credibility (Li et al., 2020). Therefore, active engagement with stakeholders on social media provides both SOEs and MNEs with more opportunities to improve their CSR activities. Based on our aforementioned arguments, we propose the following:

> Proposition 6a: In emerging markets, social media weakens the relationship between SOEs and CSR performance.
>
> Proposition 6b: In emerging markets, social media strengthens the relationship between MNEs and CSR performance.

The six propositions in this study are depicted in Figure 6.1, in which we present our proposal for the influence of ownership structure (SOEs vs. MNEs), institutional voids, and social media on CSR performance in emerging markets.

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Figure 6.1 Influences of ownership structures, institutional voids, and social media on CSR performance in emerging markets.

4.0 Discussion and conclusions

In recent years, CSR performance among firms operating in emerging markets has become increasingly visible and ignited considerable research attention (Zhang et al., 2021). We argue that emerging market context brings more uncertainties and challenges for firms, particularly in performing CSR activities. This study provides theoretical evidence on how different ownership structures influence CSR performance in emerging markets. Given the presence of institutional voids and the existence of social media, we extend our conceptual understanding by incorporating their role in CSR performance. We further examine how they modify the influences of ownership structure on CSR performance.

We show the interdependencies between the different ownership structures (of SOEs and MNEs) and CSR performance by developing a conceptual model and propositions. Our tenet is that depending on the nature of ownership involvement, firms may have different perceptions of CSR requirements, leading to different levels of performance. Specifically, we propose that SOEs, in which firms may take advantage of state involvement, show a lack of managerial commitment and the inability to identify appropriate CSR projects and beneficiaries, ultimately rendering them incapable of obligating CSR requirements. In contrast, MNEs tend to deliver better CSR performance to achieve local legitimacy (Cordeiro et al., 2018), to garner a positive reputation, despite the laxity of CSR requirements in emerging markets (Cheung et al., 2015;

Gugler & Shi, 2009); and to attract recognition and improve stakeholder relations (Caves, 1996; Cheung et al., 2015).

Our model also proposes that institutional voids bring more challenges for firms to compromise on and comprehend CSR requirements. Particularly, given the presence of institutional voids, firms may have a different mindset on how they should comply with local requirements concerning CSR activities. Weak supervision in emerging markets further instigates inefficiency and low transparency in CSR disclosure activism (Zhao et al., 2014), thus weakening CSR performance. Given this, we proposed that institutional voids weaken firms' CSR performance in emerging markets. More so, we argue that the presence of institutional voids as reflected in poor governmental monitoring, poor managerial commitment, conflicts of interest, and budgetary issues in SOEs hinder the effective implementation of CSR activities. Similarly, MNEs find it more difficult to perform their CSR activities due to greater challenges arising from institutional voids, thus leading to lower levels of CSR performance. Hence, we posit that an institutional void strengthens the relationship between SOEs and CSR performance and weakens the effect of MNEs on CSR performance.

Despite the frequent reportage on its censure by governments in emerging markets, social media efficiently diffuses knowledge and discloses information, compelling both SOEs and MNEs to behave responsibly, and thereby drives positive CSR performance. Thus, we proposed that social media positively influences the CSR performance of both SOEs and MNEs, since it increases the possibility of firms getting caught acting unethically and irresponsibly in performing CSR activities. Furthermore, we proposed that social media could modify relationships between ownership structures (of SOEs and MNEs) and CSR performance, because it puts more pressure on firms to perform their CSR activities in a timely manner, demonstrate their focus on long-term achievement, and properly balance financial and non-financial performance.

The underlying assumption of our model is that the CSR performance of SOEs and MNEs in emerging markets does not happen in a vacuum. It is driven by contingent elements such as institutional voids and social media. In sum, the normative model demonstrates how SOEs and MNEs perform their CSR activities in these markets. It also encourages researchers to consider how, in emerging markets, the influence of ownership structure on CSR performance is altered by institutional voids and social media. Next, we discuss the implications of the model for future theoretical advancement in the IB and CSR literature.

4.1 Theoretical and practical implications

Firstly, the study provides a conceptual theorization of the influence of ownership structure on CSR performance, and the interplay of institutional voids and social media, thus proving the applicability of stakeholder theory and the institutional perspective in CSR research in emerging markets. Stakeholder theory discusses how firms manage their behaviors to satisfy diverse stakeholders' needs (i.e., local communities, customers, interest groups) toward CSR activities, while institutional theory provides explanation for influences of institutional environments on a firm's operation and survival. Integrating insights from both theories, we provide a holistic conceptual model and propositions to advance theoretical development in the fields of IB and CSR research. The model generates insights on how the institutional environment and stakeholders' demands can strongly influence the CSR performance of SOEs and MNEs in an emerging market context. Practically, we postulate that MNEs and SOEs should not only focus on market expansion and profit growth, but also put a premium on the role of institutional voids and social media in the development of CSR activities in emerging markets. Furthermore, we propose the direct influence of institutional voids and social media on CSR performance, and extend the role of these two elements in moderating the relationship between ownership structure and CSR performance.

Secondly, our paper also extends and enriches social media studies as a tool to promote corporate social sustainability (Stanislavská et al., 2020). We show that social media provides advantages for both SOEs and MNEs in emerging markets. For example, pressure from stakeholders expressed on social media enables SOEs and MNEs to communicate socially responsible activities. Furthermore, the interactive nature of social media enables such firms' active online engagement with stakeholders in corporate social activities, which generates more opportunities for improving CSR activities. We postulate that our submissions could allow the management of both SOEs and MNEs to focus on the effectiveness of social media in their CSR activities, and thus differentiate their CSR communication from other firms.

Third, our research advances the IB and CSR literatures by providing nuanced knowledge on corporate sustainability in emerging markets, which has of late attracted research attention (Sánchez-Flores et al., 2020). We highlight the need for both SOEs and MNEs operating in emerging markets to consider features of both the institutional environment and the power of social media in the management of CSR activities and strategies. Theoretically incorporating features of the institutional environment can provide a better understanding of the impact of ownership structure on CSR performance in these markets. It provides a starting point for further theoretical refinement and advancement.

4.2 Limitations and suggestions for future research

Our research unveils several promising avenues for future theoretical advancement in the IB and CSR literatures. We call for future studies to utilize the conceptual framework and propositions from a qualitative as well as quantitative perspective. Specifically, researchers might empirically explore how institutional voids and social media influence CSR performance, considering different ownership structures or not. Future research could also explore a specific relationship, such as institutional voids and the CSR performance of MNEs in emerging markets, or social media and SOEs' CSR performance in emerging markets. In addition, we encourage future studies to delve into the nature of differences between institutions situated in home and host countries, that is, normative, regulative, and cognitive differences (Gaur & Lu, 2007; Shirodkar

& Konara, 2017), that may interfere with the firm's ability to deal with CSR requirements. Moreover, future research could explore how a specific combination between institutional voids and social media adoption modifies how firms carry out CSR activities in emerging markets.

Beyond testing the propositions outlined in the conceptual model, there are other critical contingent factors not considered in the model's development that merit further theoretical development and empirical inquiry. For example, how do firm size, industry type, and strategic flexibility affect the relationship between ownership structures (SOEs vs. MNEs) proposed in our model? Furthermore, because we focus mainly on MNEs as the key representative of non-SOEs, we do not consider other types of non-state ownership structure. Hence, we encourage future research to focus on other kinds of ownership structure, such as domestic business groups, family-owned companies, and sole entrepreneurs (Sahasranamam et al., 2020), to investigate how they influence CSR performance.

5.0 Acknowledgement

This work was supported by the Finnish Cultural Foundation (South Ostrobothnia Regional Fund).

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