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**Stakeholders' influence on MNE's CSR strategy  
for subsidiaries in emerging markets**

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**ABSTRACT:**

Aiemmat tutkimukset ovat keskittyneet pääasiassa yritys vastuustrategian (CSR-strategian) sisällyttämiseen monikansallisten yritysten ulkomaisiin tytäryhtiöihin ja ovat pitkälti sivuuttaneet, valitsevatko monikansalliset yritykset globaalin vai paikallisen CSR-strategian ulkomaisille tytäryhtiöilleen. Tämän vuoksi tämä tutkielma pyrkii tarkastelemaan, miten eri sidosryhmät vaikuttavat monikansallisten yritysten CSR-strategian valintaan (globaali vs. paikallinen) niiden tytäryhtiöissä kehittyvillä markkinoilla.

Tutkielman käsitteellinen viitekehys on rakennettu tarkastelemalla olemassa olevaa kirjallisuutta ulkomaisten tytäryhtiöiden motiiveista ja tyypeistä, CSR-strategioiden elementeistä ja tyypeistä kansainvälisissä tytäryhtiöissä, monikansallisten yritysten sosiaalisista ja ympäristöllisistä kestävästä käytännöstä kansainvälisissä tytäryhtiöissä, sekä eri sidosryhmien vaikutuksesta CSR-strategian valintaan kansainvälisissä tytäryhtiöissä. Tulokset viittaavat siihen, että kuluttajat, ylin johto ja työntekijät, paikallishallinnot, paikalliset yhteisöt, tavarantoimittajat sekä kansalaisjärjestöt vaikuttavat siihen, että monikansalliset yritykset valitsevat paikallisen CSR-strategian kehittyvien markkinoiden tytäryhtiöilleen. Lisäksi tulokset osoittavat, että yrityksen pääkonttori, osakkeenomistajat, kilpailijat ja media vaikuttavat siihen, että monikansalliset yritykset valitsevat globaalin CSR-strategian kehittyvien markkinoiden tytäryhtiöilleen. Näillä havainnoilla on merkittäviä käytännön vaikutuksia monikansallisten yritysten johdolle, kun pyritään ymmärtämään eri sidosryhmien vaihtelevaa vaikutusta tytäryhtiöiden CSR-strategian valintaan.

Prior research has mainly focused on the implementation of CSR strategy in MNE's foreign subsidiaries and largely ignored the MNE's choice of global vs. local CSR strategy for their foreign subsidiaries. Hence, this thesis aims to examine how different stakeholders influence the MNE's CSR strategy (global vs. local) for their subsidiaries in emerging markets.

The conceptual framework of this thesis is developed by reviewing the existing literature on motives and types of foreign subsidiaries, elements and types of MNE's CSR strategy for their international subsidiaries, social and environmental sustainable practices of MNEs for their international subsidiaries, and influence of different stakeholders on MNE's choice of CSR strategy for their international subsidiaries. The findings suggest that consumers, top managers and employees, local governments, local communities, suppliers, and NGOs influence MNEs to choose local CSR strategy for their emerging markets' subsidiaries. Findings further suggest that MNE headquarter, MNE shareholders, competitors, and Media influence MNEs to choose global CSR strategy for their emerging markets' subsidiaries. These findings have important implications for MNE managers to understand the varying influence of different stakeholders in choice of subsidiary's CSR strategy.

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**KEYWORDS:** MNE, subsidiary, emerging markets, CSR, stakeholders.

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# 1 Introduction

This chapter introduces the topic and provides the necessary context to support the reader. It outlines the background of the study, defines the research gap, and presents the research question and objectives. It also sets the delimitations of the thesis, explains its structure, and clarifies key terms and relevant studies.

## 1.1 Background of the study

Over the years ethical, social and environmental elements of business have faced growing attention, often under the corporate social responsibility (CSR) heading (Kolk, 2016, p. 23). This growth of interest can be seen not only in the increase of amount invested in CSR, particularly by multinational enterprises (MNEs), but also in the increase of public concern (Asmussen & Fosfuri, 2019, p. 895; Muller, 2006, p. 1). Satisfying the expectations of local communities when it comes to CSR is particularly important for MNEs in emerging markets, due to local communities often associating MNEs with the exploiting of the host country's resources (Park & Ghauri, 2015, pp. 192–193).

MNEs operate in multiple countries, most often through their subsidiaries (Dunning, 1993a, pp. 56–57), with widely varying laws, regulations and social norms (Kolk, 2016, p. 24). They are therefore embedded in multiple different institutional environments all of which pressure the MNE differently (Figueira et al., 2023, p. 3). Different pressures force MNEs to account for CSR related problems occurring in multitude of different locations (Kolk, 2016, p. 24). It has been argued that it is the job of the MNE to anticipate and respond to such challenges (Meyer & Li, 2022, p. 559). However, the trouble is often not from the lack of will or effort to handle these challenges (Figueira et al., 2023, p. 4). Seeing as it is already challenging for organizations to handle non-market issues, like CSR problems in a national setting. For MNEs this challenge becomes even greater due to the added dynamics of institutional differences. (Figueira et al., 2023, p. 4; Kolk, 2016, p. 25).

With multiple cases of CSR issues arising for MNEs in foreign countries, organizations have started to shift their focus into a more strategic approach to CSR (Husted & Allen, 2006, pp. 838–839). MNEs opting for strategic CSR practices are required to find a CSR strategy coherent with the values of salient local and global stakeholders (Husted & Allen, 2006, p. 839), as MNEs are expected to meet the expectations of their stakeholders in all aspects of their operations, including in CSR issues (Park & Ghauri, 2015, p. 194). It has even been argued that firms are morally obliged to consider the interests of all its stakeholders (Mahajan et al., 2023, p. 2). Therefore, as Park and Ghauri (2015, p. 194) note, stakeholders can be identified as crucial influencers of the MNE CSR strategy. For MNE headquarters and their subsidiaries it is important to have a clear understanding on whether the pressures on the MNE subsidiary CSR strategy from different stakeholders comes locally, meaning from within the host country, or internationally from global pressures or firm headquarters (Figueira et al., 2023, p. 2). With multiple pressures coming from different stakeholders, perspectives differ on whether MNEs should steer toward centralized global CSR strategies or decentralized local CSR strategies with both sides having their unique challenges (Muller, 2006, p. 1).

Prior research has mainly focused on the implementation of CSR in MNE foreign subsidiaries (Figueira et al., 2023; Park & Ghauri, 2015; Reimann et al., 2012), instead of investigating the choice of global vs. local CSR strategy for MNE subsidiaries in emerging markets. Therefore, there is limited understanding about the role of different stakeholders in determining the MNE's choice of global vs. local CSR strategy for their subsidiaries in emerging markets. Therefore, this thesis focuses on exploring the role of different stakeholders in determining the MNE CSR strategy (i.e. local vs. global) for their subsidiaries in emerging markets.

## **1.2 Research question and objective of the study**

The primary objective of this thesis is to **examine the role of different stakeholders in shaping the multinational enterprise (MNE) corporate social responsibility (CSR) strategy (i.e. global vs. local) for their subsidiaries in emerging markets.**

Accordingly, the main research question is:

**How do different stakeholders influence the MNE CSR strategy for their subsidiaries in emerging markets?**

To comprehensively address the research question, the following sub-objectives are established:

1. To study the conceptualization, types and motives of international subsidiaries
2. To increase understanding about the elements and types of MNE CSR strategy for their international subsidiaries
3. To explore different stakeholders influencing the MNE CSR strategy for their subsidiaries in emerging markets

## **1.3 Delimitations of the study**

Some delimitations are set due to limitations in the length of this thesis. Firstly, country specific stakeholder influences will not be studied. Rather, the study will focus on stakeholder influences on MNE subsidiary CSR strategies in emerging markets. This thesis will also generalize different CSR strategies into two groups: local and global CSR strategies. Similar groups are commonly used by researchers when studying CSR strategies in MNEs and their foreign subsidiaries (Figueira et al., 2023; Husted & Allen, 2006; Jamali, 2010; Muller, 2006). Furthermore, this study will exclusively focus on MNE subsidiaries. Other

possible operation modes for MNEs, such as joint ventures, are ignored. Finally, every stakeholder that might have an influence on the CSR strategies of MNE subsidiaries is not considered. The stakeholders chosen for inspection in this thesis reflect those which are prominent in existing studies and are deemed to be the most influential (Figueira et al., 2023; Park & Ghauri, 2015; Roh et al., 2025). Lastly, in this thesis it is assumed that each stakeholder exerts approximately the same amount of pressure on subsidiaries.

#### 1.4 Definitions of key terms

On Table 1. key terms will be defined to provide clear conceptual definitions, which help the reader better understand concepts covered in this thesis.

**Table 1.** Definition of key terms.

MNE	A multinational enterprise (MNE) is an enterprise that makes foreign direct investments (FDIs) and owns or controls value-creating operations in multiple countries. (Dunning, 1993a, p. 3). MNEs are often identified as facing pressures for both global integration and local responsiveness. (Rosenzweig & Singh, 1991, p. 5) Therefore, it is an important task of the MNE to understand local perceptions, laws and regulations, to adjust its corporate culture accordingly, instead of just focusing on global strategy (Dunning, 1993b, pp. 38–39).
Subsidiary	An organizational unit in which foreign firm has greater than 95% equity (Mani et al., 2007, p. 859) operating in a country different from its headquarters to leverage country specific advantages. From a local perspective subsidiaries are foreign companies competing and collaborating with local organizations. (Meyer et al., 2020, pp. 539–540). Like MNEs, subsidiaries are also often identified by facing dual pressures. They are pressured to adapt to the institutional demands of the host country, while attempting to keep consistency

	within the MNE (Rosenzweig & Singh, 1991, p. 6).
Emerging markets	Emerging markets (EMs) consist of countries that have industrialized, modernized and achieved rapid economic growth in the last decades. They can also be distinguished by their rapid increase in quality of life and growing middle class. These aspects make EMs an attractive location for investment (Cavusgil et al., 2021, p. 17). According to Getachew and Beamish (2017, pp. 58–59), EMs often have higher potential for future growth compared to developed markets due to them getting saturated.
CSR	Corporate social responsibility (CSR) means to conduct business in an economically profitable, law abiding, ethical and socially supportive way (Carroll, 1999, p. 286).
Stakeholders	A stakeholder is any entity such as a group or an individual person, which exists either internally or externally to the organization. They can affect or be affected by decisions and actions done by the organization and have ownership rights or interests in the organization in the past, present or the future (e.g. local communities, governments, customers, shareholders). (Clarkson, 1995, p. 106; Freeman, 2004, p. 2; Mahajan et al., 2023, pp. 1–2).

## 1.5 Previous studies

In this section relevant research on the topic has been collected to give the reader an overlook on existing key research on the topic. In **Table 2**, findings, methods and theoretical roots of key studies on the topic are summarized. Furthermore, short summaries of the studies are also provided.

Figueira et al. (2023) study how different stakeholders pressure MNE subsidiaries in emerging markets to develop CSR strategies. Their results indicate that only stakeholders with power (government power or voting power) can pressure the subsidiaries into engaging in CSR practices

Park and Ghauri (2015) investigate key drivers motivating CSR practices in small and medium sized foreign subsidiaries. They conclude that consumers, managers and employees, competitors, and non-governmental organizations are the primary determinants pushing CSR practices to subsidiaries, especially in emerging markets.

Reimann et al. (2012) study how MNEs' social conduct in their emerging market subsidiaries relates to their relationship with local stakeholders. They find that mid-level employees drive corporate social efforts and positively respond to CSR practices of their employer. Furthermore, they find that local governments do not have a significant influence on MNE social strategies.

Roh et al. (2025) analyzed how MNEs respond to primary and secondary stakeholder pressures when engaging in CSR in foreign markets. They find that both primary and secondary stakeholder pressures positively impact the MNE CSR engagement. However, they add that the host country's institutional context (i.e. democratic distance, institutional voids) might weaken or strengthen the pressure applied by different stakeholders.

**Table 2.** Stakeholders driving the MNE CSR strategy for their subsidiaries.

Studies	Sample location	Theoretical roots	Methodology and sample size	Findings
Figueira, Gauthier & Torres De Oliveira (2023)	MNE subsidiaries in Shanghai, China	Stakeholder salience theory & institutional theory	Quantitative, 155 cases	Different stakeholders apply significant pressure for both local and global CSR strategy
Park & Ghauri (2015)	Small and medium sized MNE subsidiaries in South Korea	Stakeholder theory & regression analysis	Quantitative, 311 cases	Multiple stakeholders strongly enforce MNE subsidiaries to undertake CSR activities in emerging markets

Reimann, Ehr-gott, Kaufmann & Carter (2012)	MNE subsidiar-ies in Asia, East-ern Europe & Latin America	Stakeholder the-ory & institu-tional theory	Quantitative, 213 cases	MNE social initi-atives positively influence perfor-mance of em-ployees in emerging mar-kets
Roh, Xiao, Park & Ghauri (2025)	MNE subsidiar-ies in South Ko-reas manufac-turing sector	Stakeholder the-ory & institu-tional theory	Quantitative, 216 cases	CSR practices of sample subsidi-aries are shaped by both local and global stake-holders

## 1.6 Structure of the thesis

This thesis consists of two main chapters and their respective sub-sections.

The first chapter presents the introduction. It establishes the research question and objectives, provides the relevant background for the study, and defines its delimitations. The chapter also defines key concepts and summarizes some of the existing research on the topic. This allows the reader to obtain relevant knowledge and background on the topic.

The second chapter contains the literature review. The chapter begins by examining the definitions, types and motives of MNE international subsidiaries. Following that, the thesis then analyses the different elements and types of CSR strategies adopted by MNEs for their international subsidiaries. Finally, the chapter evaluates the role of various stakeholders influencing the CSR strategy of MNE subsidiaries, particularly in emerging market context. The chapter and therefore the thesis is concluded by summarizing the main findings and presenting suggestions for future research.

## **2 Literature review**

This chapter presents the literature review. It begins by examining subsidiary types, definitions, and motives. Following, it analyzes MNE CSR strategies focusing on their types and elements. The literature review concludes by assessing how different stakeholders influence MNE CSR strategies in emerging markets. Finally, the thesis concludes by providing a summary of the findings and giving suggestions for future research.

### **2.1 The definition and types of MNE international subsidiaries**

A subsidiary is an organizational unit, controlled by the MNE, which operates outside of the MNE's home country (Birkinshaw et al., 1998, p. 224; Meyer et al., 2020, p. 540). Subsidiaries, like joint ventures are established through foreign direct investment (FDI), whether the result of a FDI is a joint venture or a subsidiary depends on the equity level which the MNE acquires of the foreign unit (Mani et al., 2007, pp. 857–858). Most studies use 95 percent ownership as the cutoff point to differentiate joint ventures and subsidiaries, with subsidiaries being units with ownership higher than the 95 percent threshold (Mani et al., 2007, p. 859; Yiu & Makino, 2002, p. 673). However, Yiu and Makino (2002, p. 673) add that there is some variance, with some researchers using an 80 percent cutoff point. Subsidiaries combine firm specific advantages of the MNE with country specific advantages of the local environment, and are therefore often identified by their multiple embeddedness, as they are part of both the MNE and the local community (Meyer et al., 2020, p. 540). Furthermore, Meyer et al. (2020, p. 540) add that from a local perspective subsidiaries are foreign companies that collaborate and compete with local companies.

MNE subsidiaries vary greatly in their strategy, objectives, and roles within the MNE, and it is a challenging task for both the subsidiaries and the MNE to manage these varying types in different subsidiaries, while being a coherent global organization (Meyer et al., 2020, p. 542). There are various frameworks and typologies from over the years that

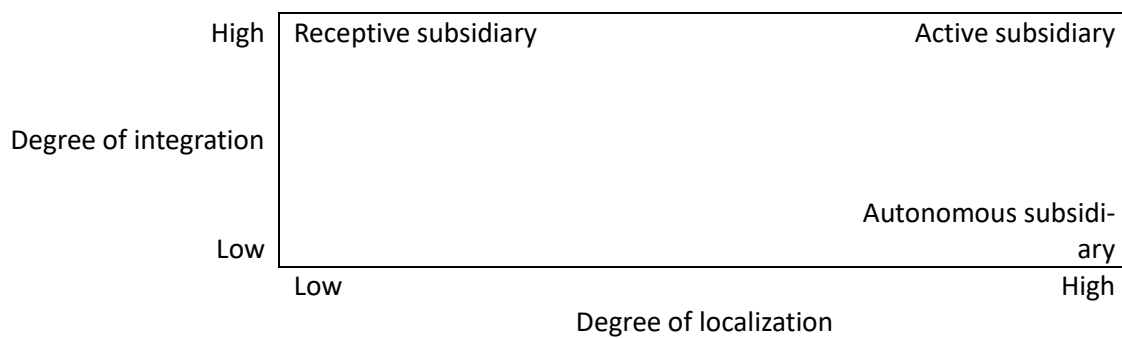
present and help distinguish different subsidiary types, which Meyer et al. (2020, p. 541) discuss in their research (**Table 3.**). The most notable frameworks and typologies will be covered in the following section.

**Table 3.** Typologies for distinguishing subsidiary types

Author	Subsidiary types	Notes
Jarillo & Martinez (1990)	Receptive subsidiary, active subsidiary, autonomous subsidiary	Subsidiaries are analyzed on a framework which measures their degree of integration and degree of localization
Gupta & Govindarajan (1991)	Global innovator, integrated player, local innovator, implementor	A 2x2 matrix which measures knowledge outflows and inflows of the subsidiary
Cantwell & Mudambi (2005), Frost et al. (2002)	Competence-creating & competence-exploiting subsidiaries, center of excellence subsidiaries	Subsidiaries are divided into two groups based on the way R&D is conducted in the subsidiary. Similarly, centers of excellence can be identified from value-creating operations of subsidiaries.
Birkinshaw & Morrison (1995)	Local implementer, specialized contributor, world mandate	A typology which divides subsidiaries into three different categories
Bartlett & Ghoshal (1986), Rugman et al. (2011)	Strategic leader, implementer, contributor, black hole	A classical framework identifying four different types of subsidiaries based on strategic importance of local market and competence of local unit; Later re-conceptualized so that subsidiaries can be seen as different types in different parts of the MNE value chain.

In their research Jarillo and Martinez (1990, pp. 2–3) establish a framework for identifying different types of subsidiary strategies (**Figure 1.**). With the framework they distinguish three different types of subsidiary strategies, which can also be understood as different types of subsidiaries: receptive subsidiaries, active subsidiaries, and autonomous subsidiaries. The two basic dimensions of the framework are the degree of integration and the degree of localization. The degree of localization measures how much of the

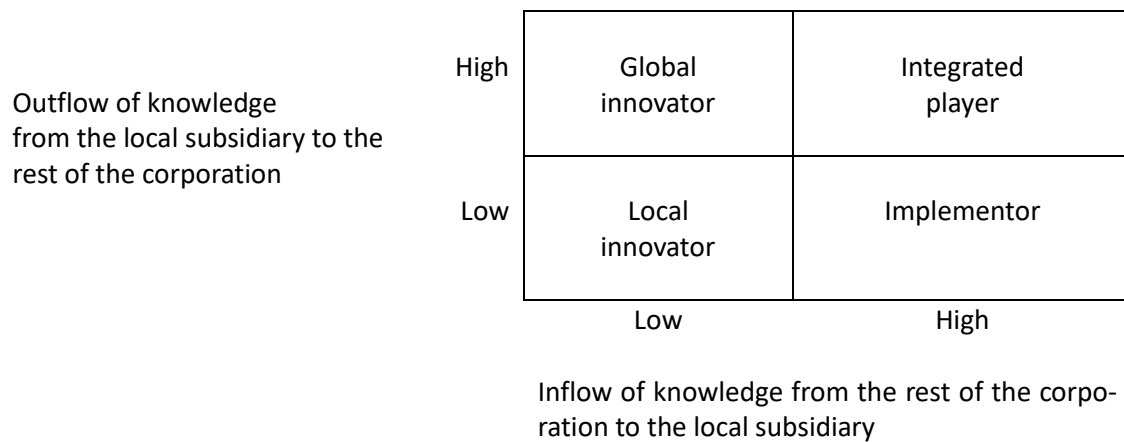
subsidiary's activities such as purchasing, manufacturing, and marketing are performed in the host country, whereas the degree of integration measures the integration of those activities which are conducted in the host country with the same activities in other subsidiaries of the MNE (Jarillo & Martinez, 1990, p. 3). In the article, following definitions are given to the different subsidiary types: An autonomous subsidiary is one that carries out most of its functions in a relatively independent manner relative to its parent organization and other subsidiaries. A receptive subsidiary performs some of its functions in the host country, typically marketing and sales, while being highly integrated with the parent organization. Finally, in an active subsidiary most of the processes are done in the host country, while maintaining close coordination with the rest of the organization (Jarillo & Martinez, 1990, p. 3).



**Figure 1.** Different types of subsidiary strategy (Jarillo & Martinez, 1990, p. 3).

Gupta and Govindarajan (1991, p. 6) propose a framework focused on subsidiary knowledge flows (**Figure 2.**) which, similarly to the one developed by Jarillo and Martinez (1990) analyzes differences between subsidiaries in two dimensions: The extent to which subsidiaries are users of knowledge from the MNE and the extent to which subsidiaries are providers of knowledge to the MNE. The flow of knowledge within the MNE is defined as transfer of either expertise or market data (Gupta & Govindarajan, 1991, p. 6). From the framework four types of subsidiaries can be identified: Global innovator, integrated player, local innovator, and implementor, which Gupta and Govindarajan (1991, pp. 6–8) define as follows: The global innovator subsidiaries serve as fountainheads of knowledge for other units of the MNE, with their high outflow and low inflow of

knowledge. The integrated player is like the global innovator, as it also has a responsibility for sharing knowledge within the MNE. However, unlike the global innovator, the integrated player is not fully self-sufficient, meaning it requires also high inflow of knowledge. Subsidiaries deemed as implementors engage little in knowledge creation of their own and are reliant on high amounts of knowledge inflows from either the parent company or other subsidiaries. Finally, the local innovator is almost fully responsible for its local knowledge creation and operates quite independently, as it has both low outflow and inflow of knowledge.



**Figure 2.** Variations in Subsidiary Strategic Contexts: A Knowledge Flows-Based Framework (Gupta & Govindarajan, 1991, p. 7)

Cantwell and Mudambi (2005, pp. 1109–1110) define two types of subsidiaries based on R&D conducted in the subsidiary. The two distinguished subsidiary types are: competence-creating subsidiaries and competence-exploiting subsidiaries. Competence-exploiting subsidiaries simply take advantage of the R&D conducted in other units of the MNE (global integration), while competence-creating subsidiaries conduct their R&D in a way which helps them generate advantages specific to the country they operate in (local adaptation) (Cantwell & Mudambi, 2005, p. 1109). Similarly to the competence-creating subsidiaries, some subsidiaries can be identified as centers of excellence (Frost et al., 2002, p. 997). They are organizational units, which embody capabilities that the MNE has deemed as important sources of value creation, which the MNE intends to leverage in its other units (Frost et al., 2002, p. 997).

A simple typology of three subsidiary types is suggested by Birkinshaw and Morrison (1995, pp. 733–734), which introduces the concept of world mandate subsidiaries. According to their typology subsidiaries are either local implementers, specialized contributors or world mandates. The local implementer subsidiaries are trying to adapt global products into the local markets where they operate and often have limited geographic scope. The specialized contributor subsidiaries have considerable expertise in specific operations, and they are in close coordination with other units of the MNE. They are often present when pressure for local adaptation is low and high for global integration. Finally, the world mandate subsidiaries have worldwide responsibility for specific operations within the MNE, and their global operations are managed from the subsidiary, instead of the MNE headquarters (Birkinshaw & Morrison, 1995, pp. 733–734).

A classical framework created by Bartlett and Ghoshal (1986) suggests four types of subsidiaries: strategic leaders, contributors, implementers, and black holes (**Figure 3.**). The framework is based on two dimensions: Strategic importance of local environment and competence of local organization. The strategic importance of the local environment is strongly influenced by its potential significance to the overall strategy and performance of the MNE, whereas the competence of local organization (subsidiary) can be in any area such as technology, production, or marketing (Bartlett & Ghoshal, 1986, p. 90; Rugman et al., 2011, p. 254). The four subsidiary types are defined by Bartlett and Ghoshal (1986, pp. 90–92) as follows: The strategic leader subsidiaries are often highly competent subsidiaries located in strategically important markets. Strategic leader subsidiaries work as partners of the MNE headquarters in developing and implementing strategy. The contributor subsidiaries usually operate in small or strategically unimportant markets but have a distinct capability, which the MNE leverages. The implementers are subsidiaries in strategically less important markets with just enough competence to maintain their local operations. Their market potential is also limited, which is evident from the lack of investment from the MNE. Their main task is generating revenue for the MNE. Finally, the black hole subsidiaries. Bartlett and Ghoshal (1986, p. 91) explain, that the

black hole is not an acceptable form for a subsidiary to take, and that any black hole subsidiary should aim to manage their way out of being one. Black hole subsidiaries are units located in crucial markets, where local presence is essential to maintain the MNEs global position, but in those markets the subsidiaries as Bartlett and Ghoshal (1986, p. 91) put it: “hardly make a dent” referring to the low competence of those subsidiaries.

Strategic importance of local environment	High	Black hole	Strategic leader
	Low	Implementer	Contributor
		Low	High
		Competence of local organization	

**Figure 3.** The generic roles of foreign subsidiaries (Bartlett & Ghoshal, 1986; A. Rugman et al., 2011)

Rugman et al. (2011) suggest that, despite the popularity and applicability of the framework created by Bartlett and Ghoshal (1986) some major changes in the field of international business have caused a need to revise the framework. A major point in which the original framework lacks is that it does not allow a situation where a subsidiary possesses different characteristics in different parts of its value chain (Rugman et al., 2011, p. 255). Therefore, Rugman et al. (2011) set out to re-conceptualize the framework. Their version of the framework consists of the same four types of subsidiaries (strategic leader, contributor, implementer, and black hole) as the original created by Bartlett and Ghoshal (1986). What is new in their version of the framework is that the established subsidiary types can be unbundled and differentiated to the different parts of the value chain of the MNE (Rugman et al., 2011, pp. 259–260). The four value chain activities considered in the revised framework are: Innovation, production, sales, and administrative support (Rugman et al., 2011, p. 260). The revised framework has been visualized in **Figure 4.** where an exemplary *Subsidiary A* can be seen possessing three different types in different parts of the value chain. **Figure 4.** identifies *Subsidiary A* as a strategic

leader in both innovation and production, a contributor in sales, and an implementer in administrative support.

Value chain activities	Innovation			Subsidiary A	
	Production			Subsidiary A	
	Sales				Subsidiary A
	Administrative support		Subsidiary A.		
	Black hole	Implementer	Strategic leader	Contributor	

Subsidiary types in (Bartlett & Ghoshal, 1986)

**Figure 4.** Unbundling subsidiary types by Bartlett & Ghoshal (1986) (A. Rugman et al., 2011)

The vast amount of typologies and frameworks for distinguishing different subsidiary types makes it clear that subsidiaries are complex units, which can be understood and studied in many ways.

## 2.2 Motives of MNE international subsidiaries

International subsidiaries are increasingly important contributors in generating firm-specific advantages for the MNE parent company (Birkinshaw et al. 1998, p. 221). Earliest studies identified the international subsidiaries' main motive as providing access to new markets for the MNE (Birkinshaw et al., 1998, p. 221). Dunning (1993a, p. 56) distinguishes four motives for MNEs to establish international subsidiaries: Market seeking, efficiency improvements, resource seeking, and strategic asset seeking. It is common especially for larger MNEs to combine these motives when establishing foreign subsidiaries (Dunning, 1993a, p. 56; Meyer et al., 2020, p. 540). The four motives are then defined by Getachew and Beamish (2017, p. 63): The market seeking motive is the MNE looking for new markets to serve. The efficiency motive entails the MNE looking to reduce operation costs by moving its operations in the target country and producing for regional or

global market. The resource seeking motive explains the establishment of international subsidiaries as a strategy to access resources that are either unavailable in the home country, or relatively less expensive in the host country. Finally, the strategic asset seeking motive often means acquiring new technological assets from other countries.

According to transaction cost theory, the form and competitiveness of the international operations of MNEs are highly dependent on three elements: Firm-specific advantages, country-specific advantages, and internalization advantages (Rugman & Verbeke, 1992, p. 762). The internalization advantages refer to advantages of different entry modes for MNEs (Rugman & Verbeke, 1992, p. 762), but since this thesis is only considering subsidiaries, it can be ignored. That leaves firm-specific advantages and country-specific advantages, which can both be seen as crucial motives for the operations of MNE subsidiaries (Birkinshaw et al., 1998, p. 222; Rugman & Verbeke, 1992, p. 762).

Researchers have for a long time recognized the creation of firm-specific advantages as one of the most important operations of MNEs (Birkinshaw et al., 1998, p. 222). It is therefore also crucial for subsidiaries to be involved in it. As Dunning (1988, p. 2) states, firms engaging in foreign production (i.e. through foreign subsidiaries) must have some form of advantage they gain from the subsidiaries to compensate for the inherent disadvantage of competing with established firms in foreign markets. Dunning (1988, p. 2) categorizes those advantages into asset advantages and transaction advantages. Asset advantages are those that stem from having exclusive access to or possession of specific income generating assets; transaction advantages reflect the MNEs ability to capture transactional benefits arising from assets from different countries (Dunning, 1988, p. 2). An issue highlighted by Rugman and Verbeke (1992, p. 763) on research about firm-specific advantages in MNEs is that it is often assumed that the advantages originate from the MNE, whereas in reality, as they state subsidiaries can play an important part in creating such advantages. Birkinshaw et al. (1998, p. 222) follow a similar sentiment and note that the motives of subsidiaries don't necessarily have to be limited to contributing

to the development of the MNEs firm-specific advantages, but that subsidiaries can also take initiative and drive the development themselves.

As established earlier, country-specific advantages are also a crucial motive for MNEs to engage in foreign production. Rugman and Verbeke (1992, p. 762) define country-specific advantages as advantages that emerge from locating certain activities in specific countries. Those benefits may arise, for example from variance in government regulation in relation to the home country of the MNE or from potential local opportunities, such as low labor costs (Rugman & Verbeke, 1992, pp. 762–763). However, the impact of country-specific advantages on the MNE should not be limited to direct benefits gained from them, as they may also contribute to the development of new firm-specific advantages (Rugman & Verbeke, 1992, p. 766).

Looking at the subsidiary types covered in the last section and the thoughts of Birkinshaw et al. (1998, p. 222), and Rugman and Verbeke (1992, p. 768), we can distinguish some subsidiary types, which contribute in different ways to both the country-, and firm-specific advantages of the MNE. Subsidiary types which contribute substantially to the creation of firm-specific advantages and provide crucial country-specific advantages to the MNE are for example, strategic leaders, specialized contributors, and active subsidiaries. Some types that do not contribute significantly to either are implementers and local implementers. Finally, some that have high potential on one with lower contributions on the other are contributors or black holes.

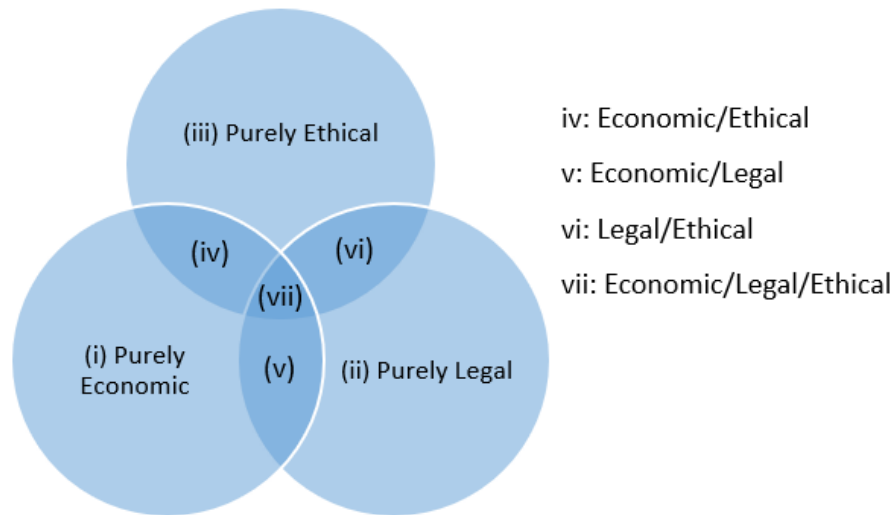
### **2.3 MNE CSR strategy for their international subsidiaries**

There is no consensus on a single definition for corporate social responsibility (CSR) (Husted & Allen, 2006, p. 839), but it can be broadly defined as conducting business in a law abiding, economically profitable, ethical, and socially supportive way (Carroll, 1999, p. 286). Lately, MNEs have started to shift toward a more strategic approach to CSR as

a result of multiple CSR related issues arising globally (Husted & Allen, 2006, p. 839). Just as firms select an organizational strategy (e.g., multidomestic, global, or transnational) fit for their local and global demands, they should also select a contingent CSR strategy to answer demands of their stakeholders, as the failure to do so can have serious economic consequences for the firm (Husted & Allen, 2006, p. 839). Perspectives differ on whether MNEs should aim toward centralized global CSR strategies, or decentralized local CSR strategies (Muller, 2006, p. 189). However, the decision is often difficult, as the diverse stakeholders of MNEs require them to adapt complex CSR strategies (Husted & Allen, 2006, p. 839). There are two main pressures that drive MNEs toward different types of CSR strategies. On one hand there are strong pressures for integration between the host-country subsidiaries and the home-country headquarters. On the other hand, there are pressures for local responsiveness (Husted & Allen, 2006, p. 841).

### **2.3.1 The elements of MNE CSR strategy for their international subsidiaries**

Schwartz and Carroll (2003) present a three-domain model of corporate social responsibility (**Figure 5.**), which defines the three key elements of CSR (economic, ethical, and legal) in a Venn diagram. The economic domain contains all activities which are intended to have either a direct or indirect positive economic impact on the corporation. The legal domain of CSR relates to the firm's responsiveness to legal expectations mandated by society, governments, etc. Lastly, the ethical domain refers to the ethical responsibilities of companies, as expected by the general population and relevant stakeholders (Schwartz & Carroll, 2003, pp. 509–511). A major feature of the diagram, according to Schwartz and Carroll (2003, p. 513), is the way in which the three domains overlap with each other. They state that the mutuality between the domains is an integral characteristic to CSR. The ideal overlap, where all companies should aim for with CSR related decisions, lies at the center of the diagram, where economic, ethical, and legal elements are all fulfilled simultaneously (Schwartz & Carroll, 2003, p. 513).



**Figure 5.** The Three-Domain Model of Corporate Social Responsibility (Schwartz & Carroll, 2003, p. 509)

### 2.3.2 Social and environmental CSR practices of MNEs for their international subsidiaries

MNEs have been repeatedly accused of being the cause of many environmental and social problems societies are facing nowadays, due to their irresponsible business practices (Leonidou et al., 2024, p. 760) For example, western MNEs operating in emerging markets are often perceived as exploiters of the poor working standards and low labor costs of those markets, further developing the issue. However, Leonidou et al. (2024, p. 760) state that due to their large scale of operations and extensive geographic scope, MNEs can play a key role in solving these issues through adequate CSR practices. Hence, MNEs have started to take initiative in the form of CSR practices to bring forth positive change in society (Reimann et al., 2012, p. 2).

Two social CSR practices, which many MNEs operating in emerging markets have adopted are the improvement of work conditions and the development of surrounding communities (Reimann et al., 2012, p. 2). The improvement of work conditions refers to social aspects of employment within the MNE, such as providing employees with proper

healthcare, retirement security, and adequate rest hours (Reimann et al., 2012, p. 2). On the other hand, community development considers social aspects beyond the MNE. It includes the MNE partaking in charitable causes or active improvement of local infrastructure. (Reimann et al., 2012, p. 2) In western context, it is rarer to see MNEs including community development in their CSR practices. However, according to Frynas (2006, p. 17), in emerging markets it can be a crucial part of CSR. Since emerging markets often lack on social standards and community structures compared to developed countries (Frynas, 2006, p. 17), MNEs are often required to take an active role in the improvement of those aspects when operating in emerging markets (Reimann et al., 2012, p. 2).

MNEs are also encouraged to adapt environmental CSR practices due to environmental preservation and natural resource conservation concerns (Bux et al., 2024, p. 4551) Green innovation is a key CSR practice for MNEs to enhance their environmental performance (Bux et al., 2024, p. 4553). It entails MNEs creating and implementing sustainable operations, products, and innovation to lessen negative environmental effects, and to address customer environmental concerns (Bux et al., 2024, pp. 4553–4554). Typical practices through which green innovation is often conducted include adopting sustainable manufacturing practices, waste reduction, emission control, and increasing renewable energy usage (Bux et al., 2024, p. 4553). These practices enable MNEs to reduce their negative environmental impact and address forementioned concerns (Bux et al., 2024, p. 4548).

### **2.3.3 The types of MNE CSR strategy for their international subsidiaries**

When exploring the CSR strategies of MNE subsidiaries it is likely the case that the subsidiaries are following either a local CSR strategy or a global CSR strategy (Muller, 2006, p. 190). Thus, those are the two types of CSR strategies this study will be concerned with.

When MNEs follow a global CSR strategy, it means that their CSR practices are standardized throughout all of their operations worldwide (Christmann, 2004, p. 747). Therefore,

MNEs engaging in global CSR deal with their CSR responsibilities based on universal standards to which all societies can be held (Husted & Allen, 2006, p. 840). A global CSR strategy is often characterized by efficient transmission of CSR practices throughout the MNEs units worldwide, centralization, and high integration within the MNE. (Muller, 2006, p. 189). Also, centralized global CSR strategies are often more efficient and easier to implement, as Muller (2006, p. 189) states. He continues by arguing that MNEs who follow a global CSR strategy and successfully transfer their CSR practices to their foreign subsidiaries can be a part of “upward harmonization” of CSR standards internationally. A global CSR strategy reduces the risk of the MNE exploiting the lower CSR standards of emerging economies compared to developed countries (Christmann, 2004, p. 747). However, global CSR strategies also face some challenges, the greatest one being that they often lack legitimacy and ownership at the local level, which can cause tensions in the host countries (Muller, 2006, p. 189).

To have a local CSR strategy means, that the MNE adopts its CSR practices and policies to match the local environment, instead of trying to stay coherent with the rest of the organization (Christmann, 2004, p. 747). A local CSR strategy is a decentralized locally developed CSR strategy, which develops in close consultation with local stakeholders. The main characteristic of a local CSR strategy is its local responsiveness, as it is tailored to match the local context (Muller, 2006, p. 189). MNEs targeting a local CSR strategy through dialogue with local stakeholders and responsiveness to local institutions have a chance for a truly responsive CSR strategy (Muller, 2006, p. 190). Muller (2006, p. 190) argues that developing a mutually beneficial relationship with local stakeholders requires active local involvement, which pushes for locally responsive CSR practices. For MNEs that would mean that the most effective CSR practices are likely to emerge from decentralized subsidiaries, which develop CSR strategies highly responsive to the local context (Muller, 2006, p. 190). The risk of a local CSR strategy for MNEs is that, in case of the MNE having multiple local CSR strategies in different countries, the MNE might be subject to internal tensions and criticism for lack of consistency within the organization. Moreover, managing multiple subsidiaries with their own local CSR strategies drastically

raises the complexity of managing the MNE as a whole, and requires a considerable level of coordination and control (Muller, 2006, p. 190). Another risk posed by locally adapted CSR strategies is that when the local context is an emerging market with lower CSR standards and less public scrutiny, there is concern that MNEs may try to exploit this difference by targeting the lower CSR standards of the host country, rather than the higher standards usually expected from them in their home countries (Christmann, 2004, p. 747; Muller, 2006, p. 189).

While MNEs might in principle choose either a local or a global CSR strategy, often the mixed pressures for global and local strategies will force them to answer both demands. That implies the need for hybrid CSR strategies, which combine both global integration and local responsiveness (Miska et al., 2016, p. 320).

#### **2.4 Different stakeholders influencing the MNE CSR strategy for their subsidiaries in emerging markets**

According to (Dunning, 1993a, p. 54) MNEs are primarily motivated by what they perceive to be in the best interest of their stakeholders. Freeman (2004, p. 2) defines stakeholders simply as any group or individual that can affect or is affected by the operations of a business. Traditionally, stakeholders have played a crucial part on the choice of the MNE CSR strategy, as stakeholder theory frames CSR strategies as ongoing interactions between the MNE and its stakeholders (Muller, 2006, p. 190). Increasing internationalization means that MNEs are encountering broader and potentially conflicting sets of stakeholders, exposing them to differing pressures between home and host countries, especially when those countries vary in their level of development (Kolk & Van Tulder, 2002, p. 263). Differing pressures result in competing views on what type of CSR strategies the MNEs should choose (Muller, 2006, p. 189).

This section will examine how different global and local stakeholders influence MNE subsidiary CSR strategies. Each stakeholder is analyzed individually to determine whether it

pressures the MNE toward global or local CSR strategy, followed by a proposition summarizing its effect.

### **Consumers in emerging markets**

Consumers are often seen as one of the most crucial stakeholders of MNEs (Figueira et al., 2023, p. 4; Park et al., 2014, p. 968). Therefore, addressing consumer pressures in CSR practices is equally crucial. Emerging markets tend to face greater social, economic, and humanitarian issues than developed markets (Figueira et al., 2023, p. 4). As a result, consumers in emerging markets often have lower purchasing power, which reduces pressure on firms to engage in CSR, as consumers in emerging market context typically prioritize affordability over other dimensions (McWilliams & Siegel, 2001, p. 121; Tang & Tang, 2012, p. 440). However, this does not mean a lack of interest in CSR. For example, Zuo et al. (2017, p. 730) find that Chinese customers are highly supportive of CSR activities, even more so than consumers in developed markets in some cases. Therefore, while economic constraints limit pressure, there is still clear interest for CSR by emerging market customers (Figueira et al., 2023, p. 4). Since satisfaction of local consumers is vital for MNEs' success in foreign markets, MNEs often need to have differentiated CSR practices for the full range of consumers, to address varying emerging market contexts (Park et al., 2014, pp. 968–969). Based on above discussion, following proposition one is developed.

*Proposition 1: Consumers pressure the MNE to choose local CSR strategy for their emerging market subsidiaries.*

### **Multinational enterprise headquarters**

CSR in MNE subsidiaries is often implemented and guided by global guidelines set by MNE headquarters, which leads to there being little room for maneuver at the local level (Jamali, 2010, pp. 192–193). This is caused by the professionalization of CSR, which has prompted MNEs to create dedicated CSR departments, commonly located in MNE headquarters, to overlook all CSR related decisions (Barkemeyer & Figge, 2014, p. 136). The emergence of CSR departments at the headquarters shifts CSR related decision-making

away from the host countries, forcing local managers to follow guidelines set by the headquarters (Barkemeyer & Figge, 2014, p. 136). Headquarters managers often assume that weak CSR-related institutions in emerging markets cause the host managers to engage in wrong practices, causing important losses to the whole MNE (Figueira et al., 2023, p. 4). Based on above discussion, following proposition two is developed.

*Proposition 2: Multinational enterprise headquarters pressure the MNE to choose global CSR strategy for their emerging market subsidiaries*

### **Multinational enterprise shareholders**

As many other stakeholders, shareholders are also gaining interest in investing in companies that are socially responsible and financially sustainable (Figueira et al., 2023, p. 4). Shareholders prefer cooperating with firms that attempt to improve their image through CSR, as those kinds of firms are often perceived to be less risky (Park et al., 2014, p. 969). According to Figueira et al. (2023, p. 4), there is a positive relationship between shareholders' investments, and CSR activities in emerging markets, which aligns with the long-term perspectives of shareholders on MNE performance. Shareholders often view MNEs on a global scale, and therefore pressure subsidiaries to adopt global CSR to maintain global legitimacy (Figueira et al., 2023, p. 4). Based on above discussion, following proposition three is developed.

*Proposition 3: Multinational enterprise shareholders pressure the MNE to choose global CSR strategy for their emerging market subsidiaries*

### **Host country top managers and employees**

Managers and employees are key stakeholders in defining the CSR strategy of MNE subsidiaries, as Park and Ghauri (2015, p. 195) indicate. They state that MNE subsidiaries cannot be socially responsible without both local managers and employees who are willing to push for development of subsidiary CSR activities. CSR activities are particularly important for managers and employees in foreign subsidiaries, as by applying CSR

practices there, local talent is easier to attract and keep committed to the firm (Park et al., 2014, p. 969).

Local managers who are sensitive to the existing social and environmental issues in the host country, are the key to pressuring the MNE to address those local concerns in their CSR (Figueira et al., 2023, p. 5). Furthermore, by observing local conditions and understanding the parent company's stance on CSR, local managers are able to undertake specific CSR strategies curated for the local environment (Hah & Freeman, 2014, p. 135), as most of the time local managers are more concerned with local matters compared to global ones, since local managers aim to maintain high legitimacy on a local level (Figueira et al., 2023, p. 5). MNEs can achieve an increase in employee commitment and performance, by having positive CSR activities, as that also raises employee satisfaction, which in turn leads to "normative pressure" by employees towards CSR (Figueira et al., 2023, p. 5). Similarly to local managers, employees in emerging market subsidiaries are also more concerned with local actions of the MNE, rather than global actions, as the local communities are their reality (Figueira et al., 2023, p. 5). Based on above discussion, following proposition four is developed.

*Proposition 4: Host country top managers and employees pressure the MNE to choose local CSR strategy for their emerging market subsidiaries.*

### **Local governments**

According to Reimann et al. (2012, p. 2), emerging market governments have historically been identified by weak regulatory standards and ineffective enforcement of regulations, meaning that there has not been strong pressure for any kind of CSR strategies by the governments. However, emerging market governments have shown growing interest in CSR, and with that their pressure on subsidiary CSR strategies has also increased (Reimann et al., 2012, p. 2). Nowadays governments are often argued to be one of the fundamental drivers of CSR (Figueira et al., 2023, p. 5). Government set regulations and laws can be seen as a factor pressuring MNEs to adapt their CSR practices, as they put

constant pressure on MNEs to adapt to local conditions (Lee et al., 2024, p. 245). Especially in emerging markets, where social and environmental challenges are often more severe than those in developed markets, governments tend to prioritize local activities instead of global ones (Figueira et al., 2023, p. 5). Therefore, local governments in emerging markets are often seen as demanding local responsiveness from the CSR of foreign firms (Husted & Allen, 2006, p. 841). Based on above discussion, following proposition five is developed.

*Proposition 5: Local governments pressure the MNE to choose local CSR strategy for their emerging market subsidiaries.*

### **Local communities**

The local community has a significant part in pressuring the MNE subsidiaries to help in solving local social and environmental issues through adequate CSR practices (Figueira et al., 2023, p. 5). By meeting the requirements and social standards of local communities, MNEs embed themselves into the local community and gain trust, and legitimacy (Park et al., 2014, p. 970; Park & Ghauri, 2015, p. 197). Especially in emerging markets where social differences in society are greater, local communities are ever more active in identifying societal issues, and pressuring firms to have active roles in solving those problems (Hofman et al., 2017, p. 662). Local communities are typically interested in solving problems at a local level, meaning that their pressure is directed at firms to address the specific local problems they have identified (Figueira et al., 2023, p. 5). Based on above discussion, following proposition six is developed.

*Proposition 6: Local communities pressure the MNE to choose local CSR strategy for their emerging market subsidiaries.*

### **Local suppliers**

According to Park and Ghauri (2015, p. 195), for MNE subsidiaries it is crucial to address the demands of their suppliers, as it is increasingly common to demand that responsible firms look not only at the social impact of their own operations, but also the operations of their business partners. Local suppliers expect that MNE subsidiaries operate responsibly and according to local demands in host countries (Figueira et al., 2023, p. 5). If they fail to do so the subsidiaries might not be able to establish and maintain lasting relationships with local suppliers, which would greatly hinder their local operations (Park & Ghauri, 2015, p. 195). Therefore, suppliers often play an important role in pressuring MNE subsidiaries to follow the local guidelines, as it is often the case that MNE subsidiaries in emerging markets have mostly local suppliers. (Figueira et al., 2023, p. 5). Based on above discussion, following proposition seven is developed.

*Proposition 7: Local suppliers pressure the MNE to choose local CSR strategy for their subsidiaries in emerging markets.*

### **Competitors**

MNEs who are under pressure from competitors are often faster to adopt and enhance their CSR practices (Figueira et al., 2023, p. 5). As Park and Ghauri (2015, p. 196) state, most MNEs openly track the CSR activities of their competitors to find practices to incorporate themselves, and mainly to keep up with the competition. Therefore, MNEs often try to imitate and excel on the best CSR practices of competitors to better position themselves relative to the competition (Park & Ghauri, 2015, p. 196). Due to the high pressure which competitors apply, best CSR practices often spread rapidly between competitors to become industry norms or global standards (Figueira et al., 2023, p. 6; Khan et al., 2021, p. 5). Furthermore, Khan et al. (2021, p. 5) state that the pressure from competitors is typically exerted globally. Based on above discussion, following proposition eight is developed.

*Proposition 8: Competitors pressure the MNE to choose global CSR strategy for their subsidiaries in emerging markets.*

## **Media**

Media has been emerging as a key stakeholder influencing CSR, as it ensures MNEs conduct business in a socially responsible way, by exerting ‘tremendous amount of pressure’ on MNE CSR (Park et al., 2014, p. 970). Media has a crucial part in exposing less responsible behavior of MNEs in host countries, and it can even help prevent such behavior (Tang & Tang, 2012, p. 441). A good example of media applying pressure to MNE CSR is the case of Nike. In 1996 Nike was caught using sweatshop labor in Vietnam, and due to extensive media reporting, Nike suffered major losses, and had to adapt new CSR practices (Park et al., 2014, p. 970; Park & Ghauri, 2015, p. 196). Exposure of similar unethical cases by media often has a global effect, due to the global media coverage of such cases (Figueira et al., 2023, p. 6). Specifically in the case of media in emerging markets, there are some questions regarding trustworthiness of media. Regardless, the pressure media applies is still significant, and typically global, since the media is not keen on challenging the local community (Figueira et al., 2023, p. 6). Based on above discussion, following proposition nine is developed.

*Proposition 9: Media pressures the MNE to choose global CSR strategy for their subsidiaries in emerging markets.*

## **NGOs**

In the last decades non-governmental organization (NGO) activism has become one of the main drivers of change in firm CSR behavior (Doh & Guay, 2004, p. 8). NGOs are key players in MNE CSR discussions, which they use to push for change in local markets, by connecting local issues to the actions of local MNE subsidiaries. For example, NGOs may find a causal connection between air pollution and the emissions of a certain MNE subsidiary, then use that knowledge to pressure the MNE to change their practices (Park & Ghauri, 2015, p. 197). Another example given by Park et al. (2014, p. 971) states that NGOs pressure MNEs to price drugs differently across countries, and to apply discounts to drugs in less developed countries. They continue that if MNEs fail to meet the

demands of NGOs, they might face serious consequences, like accusations of exploitation of local customers. Due to increasing amount of pressure from the NGOs, MNEs are increasingly partaking in solving local issues (Park & Ghauri, 2015, p. 197). Based on above discussion, following proposition ten is developed.

*Proposition 10: NGOs pressure the MNE to choose local CSR strategy for their subsidiaries in emerging markets.*

## **2.5 Conclusions of the study**

At the start of the thesis, the main objective of the thesis was set as examining how different stakeholders influence the MNE subsidiary CSR strategy in emerging markets. That objective was to be reached through researching three sub-objectives, which covered: Firstly, subsidiary definitions, types, and motives. Secondly, types and elements of CSR strategies, and social and environmental CSR practices in subsidiaries. And finally, different stakeholders' influence on the CSR strategy of MNE subsidiaries in emerging markets. Now, at the end of the thesis, the objective has been reached, and what remains is summarizing the findings of the study, along with providing suggestions for future research, which are both done in the following sections.

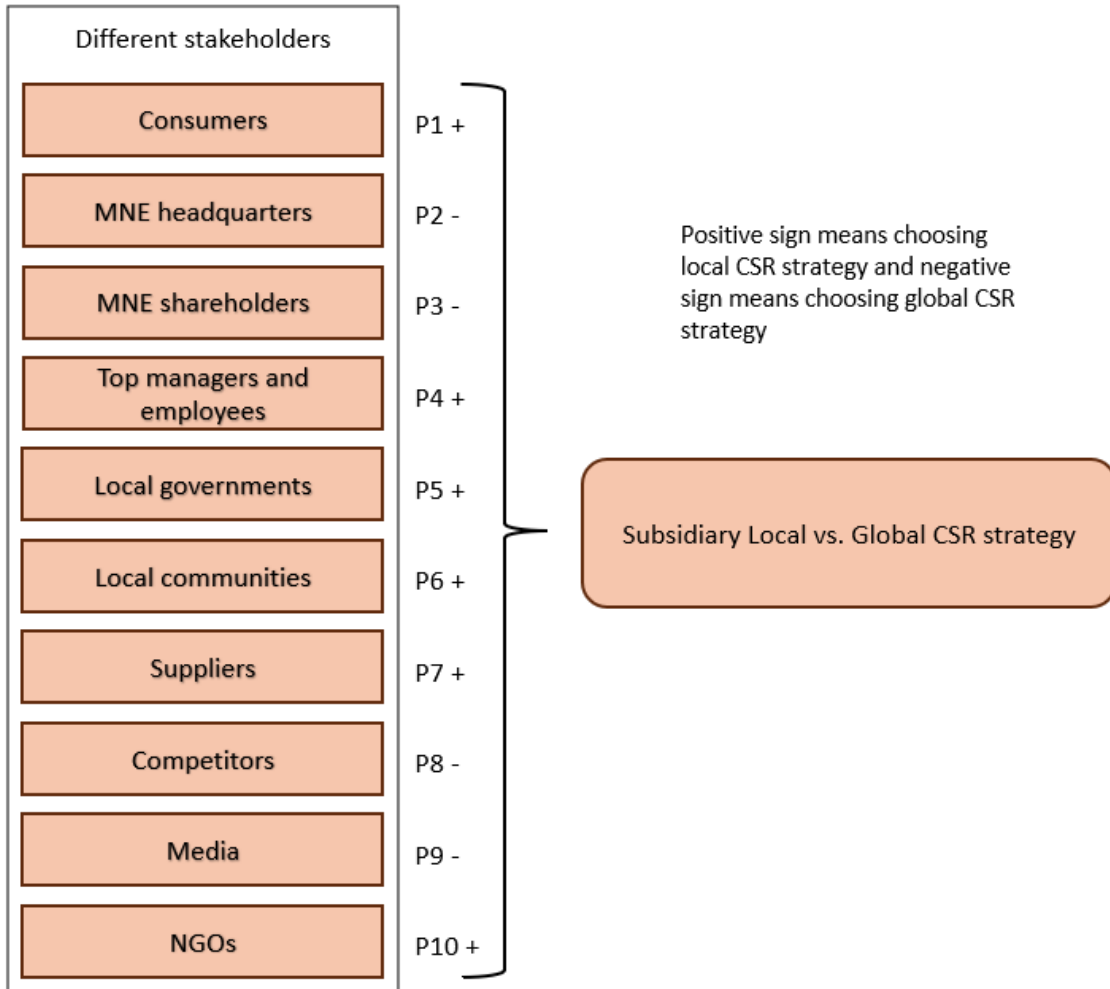
### **2.5.1 Summary of the findings**

Due to the amount of typologies to distinguish different subsidiary types, and the varying motives of those subsidiaries, studying them and reaching a valid conclusion can be complex. However, it can be assumed that most foreign subsidiaries, regardless of the type or their motives, operating in emerging markets follow some form of CSR strategy. In this thesis all CSR strategies were deemed to be either local, where strategy is adapted to local conditions to increase responsiveness in the local market, or global where strategy is integrated globally throughout the MNE to keep consistency within the organization.

As stakeholder theory states, satisfying the needs of all stakeholders is of most importance to MNEs. Therefore, pressures from different stakeholders are a crucial factor in the choice of subsidiary CSR strategy. On the discussion about different stakeholder influences, there were multiple mentions of emerging market specific phenomena, which specifically apply pressure towards local adaptation. For example, the greater societal issues of emerging markets compared to developed markets came up multiple times as reasons for stakeholders to require localization. Therefore, it is evident that emerging markets as a location plays a big part in defining what types of pressures the subsidiaries face.

Out of the ten stakeholders analyzed in this thesis, four were deemed to pressure MNE subsidiaries toward global CSR strategy (MNE headquarters, MNE shareholders, competitors, and media), and six toward local CSR strategy (consumers, top managers and employees, local governments, local communities, suppliers, and NGOs), which is visualized in the conceptual model of the study (**Figure 6.**). Findings of this study are mostly similar to other studies on similar topics, with some notable differences. For example, Figueira et al. (2023) finds mostly similar pressures from the same stakeholders, but found that competitors apply pressure toward local CSR strategy instead of a global CSR strategy proposed in this study. Park & Ghauri (2015) interestingly find that local governments do not have a strong influence on CSR of MNE subsidiaries, otherwise their findings are similar to this thesis.

According to the findings, a conclusion can be made that stakeholders influence MNE subsidiaries in emerging markets toward both global and local CSR strategies, but ultimately the pressure for local responsiveness and a local CSR strategy is stronger. Therefore, stakeholders pressure MNE subsidiaries operating in emerging markets to choose a local CSR strategy.



**Figure 6.** The conceptual model of the study

### 2.5.2 Suggestions for future research

Future research could study how stakeholder influences on MNE subsidiary CSR strategies differ across different markets by comparing emerging, developing, and developed markets. Specifically, studies could see whether local stakeholders exert different pressures in different markets. Future research could also apply a country-level focus on a similar study, by comparing stakeholder influence on subsidiary CSR strategy in specific countries in emerging markets. This way it could be determined whether variation in stakeholder pressures is driven by broad emerging market aspects or more specific country-level factors. Additionally, future studies could look beyond stakeholder pressure as

the driver of the choice of CSR strategy, and investigate other factors, which might influence the choice, like subsidiary motives. Finally, future research could examine how the choice between local and global CSR strategy varies between different subsidiary types.

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