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

Gideon Jojo Amos
Abstract

The overall purpose of this thesis is to explore why and how institutional distance and contextual differences influence MNCs’ CSR-related behavior in African developing-countries. In order to achieve the purpose stated above, the thesis seeks to answer the overarching research question:

How do institutional distance and contextual differences influence MNCs’ CSR-related behavior in African developing countries?

To answer the research question this thesis employed an interpretive methodological approach in order to increase my understanding of the CSR phenomenon in a specific contextual environment characterized by different institutional distance through different theoretical and empirical perspectives (Guba and Lincoln, 1994; Lincoln and Guba, 2000). The thesis consists of two qualitative case studies, a systematic literature review, a conceptual paper focused on analyzing distance and MNC foreign subsidiaries’ CSR-related behaviour, and a longitudinal content analysis of annual CSR reports. The literature on CSR is growing and becoming multifaceted. In reaction to this various reviews of CSR scholarship have been published over the last decade with a view to mapping 'what we know and don't know about CSR' (Aguinis and Glavas, 2012, p. 932). From this general understanding of the state of CSR knowledge, I chose to conduct a review of the CSR literature focused on developing-countries in order to identify methodological approaches, key theories, and geographical contexts that extant research has focused on (Article 1).

There are various issues explored in international business (IB) research that have been explained in terms of “foreignness”, “unfamiliarity”, “institutional gaps”, and related concepts. Nonetheless, the need for focused CSR research in developing-countries is crucial particularly with the concern that the principles and practices of CSR are “neither universal nor absolute in their meaning; they are time- and culture-bound” to the extent that CSR and related concepts are often “defined variously by relevant stakeholder groups, that is, according to their own values” (Wood, 1991, p. 700). The purpose of the conceptual paper (Article 2) is guided by these insights drawn from the extant literature. Third, Article 3 and 4 were used to explore host-communities' and MNC subsidiaries' managers' understanding of the CSR phenomenon and their reporting practices.
in a developing-country context. Fourth, Article 5, proposes a 60-item CSR disclosure index and used pragmatic and moral legitimacy arguments to explain multinational mining companies' CSR reporting practices.

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

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

**Keywords:** multinational enterprises (MNEs), corporate social responsibility (CSR), corporate social responsibility reporting (CSRR), African developing-countries, legitimacy, stakeholders, institutional theories, organizational learning.
In memory of my Dear parents John Kwesi Amos and Susanna Abban. I wish you were here to share my happiness.
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Halmstad, April, 2018
Gideon Jojo Amos
This doctoral thesis is based on the five papers listed below and an introductory text consisting of 5 chapters.

The five appended papers are the following:


Accepted with minor revision to: Corporate Governance: The International Journal of Business in Society.


Accepted with minor revision to: Multinational Business Review.


Under the review process in: Sustainability Accounting, Management and Policy Journal.
# Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tr>
<td>MNCs</td>
<td>Multinational Corporations</td>
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<td>MNEs</td>
<td>Multinational Enterprises</td>
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<td>MMCs</td>
<td>Multinational Mining Companies</td>
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<td>CSR</td>
<td>Corporate Social Responsibility</td>
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<td>CSRR</td>
<td>Corporate Social Responsibility Reporting</td>
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<td>SAER</td>
<td>Social and Environmental Reporting</td>
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<td>NGOs</td>
<td>Non-Governmental Organisations</td>
</tr>
</tbody>
</table>
# Table of Contents

1. Introduction..................................................................................................................... 1  
   1.1 Motivation for the study.............................................................................................. 1  
   1.2 Emergence of CSR as an academic field.................................................................... 2  
   1.3 Problem setting: Emergence of CSR in developing-countries as an academic field.................................................................................................................................................................................. 5  
   1.4 The context of African developing-countries and MNCs’ CSR-related behaviour... 6  
   1.5 Purpose of the study.................................................................................................... 7  
   1.6 Outline of the study..................................................................................................... 8

3. Theoretical framework ..................................................................................................... 9  
   2.1 Institutional theories..................................................................................................... 9  
       2.1.1 Institutional determinants of corporate social responsibility......................... 11  
       2.1.2 Normative (social) elements.............................................................................. 11  
       2.1.3 Cognitive (cultural) elements............................................................................ 12  
   2.2 Theory of legitimacy ................................................................................................. 12  
   2.3 Stakeholder theory.................................................................................................... 15  
   2.4 CSR development and Organisational Learning......................................................... 17  
   2.5 The basis for proposing an African perspective to Carroll’s CSR pyramid..19  
   2.6 A synthesis of the theoretical framework.................................................................... 21  
       2.6.1 Complementarity and compatibility between different theoretical perspectives............................................................................................................................... 22  
   2.7 Generation of research questions................................................................................. 23

3. Methodology .................................................................................................................... 28  
   3.1 Research approach and context................................................................................... 28  
   3.2 Abductive approach to theory building using case studies......................................... 31  
   3.3 Data generation........................................................................................................... 33  
   3.4 Data analysis............................................................................................................... 35  
   3.5 Assessing research quality for qualitative research...................................................... 38  
       3.5.1 Credibility............................................................................................................ 38  
       3.5.2 Transferability ................................................................................................... 38  
       3.5.3 Dependability..................................................................................................... 39  
       3.5.4 Confirmability................................................................................................... 39
1. Introduction

This thesis explores how institutional distance and contextual differences influence the corporate social responsibility (CSR)-related behaviour of multinational companies (MNCs) operating in African developing-countries. This introductory chapter starts by briefly explaining the importance of studying this empirical field, followed by how the empirical contexts of developed-countries have informed current theories/approaches to studying the CSR-related behaviour of MNCs when operating in their home markets, finally leading to the problem discussion: the emergence of CSR in developing-countries as an academic field. The context of African developing-countries and MNCs’ CSR-related behaviour is presented before the introduction of the purpose of the study. The section ends with the outline of the thesis.

1.1 Motivation for the study

There has been a growing interest in corporate social responsibility (CSR) research focused on developing-countries in recent years, in recognition of the fact that contextual realities make a difference in CSR research. This is confirmed by a number of recent special (journal) issues, such as those in Journal of Corporate Citizenship (Winter 2006) and Journal of Business Ethics (2007), which were dedicated to dealing with the topic from a more general perspective. Aside of these, three special issues of Journal of Corporate Citizenship focused on Asia, Africa, and Latin America (Spring 2004, Summer 2005 and Spring 2006 respectively) have also made substantial contributions to our knowledge of CSR in the context of developing-countries. In researching CSR in developing-countries, the role and capacity of MNCs has received specific attention, as these are often confronted with the rather different and peculiar institutional realities of their home-countries, usually in North America or Europe and the host-countries in which they have their foreign operations. This is what Hillman and Wan (2005) call “institutional duality” of MNCs; therefore, suggesting that MNCs operating in African developing-countries are confronted with the challenge of how to balance the
desire for global integration, i.e., in order to secure corporate reputational issues with the need for local adaptation, and in order to respond to societal expectations (Hillman and Wan, 2005; Rodriguez et al., 2006; Gugler and Shi, 2009).

Despite the overwhelming emphasis on one-country studies in the literature on CSR in developing-countries, only about one-fifth of all developing-countries have had any CSR journal articles published on them (Visser, 2008, p. 476). Even though at a regional level of analysis Africa ranks second in terms of research focused on developing-countries, research focused on the corporate and/or industry contexts remain scarce, with few exceptions (see Egels, 2005; Eweje, 2006a, 2006b, 2007; Idemudia, 2011; Kapelus, 2002; Muthuri and Gilbert, 2011). A review of the CSR literature on Africa between 1995 and 2005 found that only 12 out of Africa’s 53 countries have had CSR research published on them in core CSR journals (Visser, 2008). In addition, the CSR literature on African developing-countries is a reflection of highly skewed production, with 57% of all articles focused on South Africa and 16% on Nigeria (Visser 2008, p. 479). While these are consistent with the concern that despite the importance of contexts in CSR research, “context remains poorly represented in much of CSR research” (Athanasopoulou and Selsky, 2015, p. 323), it may also be an indication for setting new research agendas that “can be a catalyst for identifying, designing, and testing new CSR frameworks” to allow for a more context-specific understanding of CSR in African developing-countries (Visser, 2008, p. 493). This thesis responds to Visser’s (2006, 2008) call for more studies on Africa, and in particular on other topics and other countries than those that have received attention so far.

1.2 Emergence of CSR as an academic field

CSR has been a topic of academic study for several decades, and the concept itself (and its variants of terminologies) has been used in many North American and European corporate agendas since the mid-1970s (Wood, 1991). The notion that business has responsibilities to society is not contemporary in relevance and applicability. In 1953, Bowen (1953) wrote the seminal book Social Responsibilities of the Businessman. Since then there has primarily been a shift in emphasis and terminology from the social responsibility of business to CSR. In addition, this academic field has grown
significantly over the past decades to the extent that, currently, there is a
great proliferation of terminologies, approaches, and theoretical lenses that
may assist in explaining firms’ CSR-related behaviour. Stakeholder manage-
ment, social issues management, corporate accountability, corporate social
performance, business and society relations, business in the community, cor-
porate accountability are just some of the popular terms used to describe the
phenomena related to corporate responsibility in wider society. In recent
times, renewed interest in CSR as an academic field has led to the emergence
of new alternative concepts, including the “triple bottom line of economic,
social, and environmental performance” (Aguinis, 2011, p.855) and corpo-
rate citizenship. Some scholars have analysed the alternative concepts used
in defining the social responsibility of business or CSR for that matter (see
Dahlsrud, 2008 for how CSR is defined; Van Marrewijk, 2003 for corporate
sustainability; Matten et al., 2003 for corporate citizenship). Dahlsrud (2008,
p. 1), for example, concluded that “the confusion is not so much about how
CSR is defined, as about how CSR is socially constructed in a specific con-
text”.

The problem with the definitional construct of CSR is not contemporary. It
was four-and-a-half decades ago that Votaw wrote:“Corporate social re-
sponsibility means something, but not always the same thing to everybody.
To some it conveys the idea of legal responsibility or liability; to others, it
means socially responsible behaviour in the ethical sense; to still others, the
meaning transmitted is that of ‘responsible for’ in a causal mode; many
simply equate it with a charitable contribution; some take it to mean socially
conscious; many of those who embrace it most fervently see it as a mere
synonym for legitimacy in the context of belonging or being proper or valid;
a few see a sort of fiduciary duty imposing higher standards of behaviour on
businessmen than on citizens at large” (Votaw, 1972, p.25). Carroll, one of
the most acclaimed scholars in the field of CSR research, once characterised
the apparently confused state in which the definitional construct of CSR is
situated as “an eclectic field with loose boundaries, multiple memberships,
and differing training/perspectives; broadly rather than focused, multidisci-
plinary; wide breadth; brings in a wider range of literature; and interdiscipli-
nary” (Carroll, 1994, p.14). It is, therefore, not surprising that Carroll em-
phasised that the map of the overall field of CSR is quite poor and called for
mapping of the field to know “what research is being conducted, on what topics, and what research is expected to be forthcoming in the future” (1994, p.6). However, some attempts have been made to address this apparent confusion. In a more systematic way, for example, Carroll made a landmark contribution in the development of CSR concept as he proposed a four-part definition of CSR that was embedded in a conceptual model as follows: “the social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1979, p. 500). Further, Carroll (1999) has offered a historical sequence of the main development in respect to how the responsibilities of business in society have been understood.

Despite the deficiency in the conceptualisation of CSR, it has been walking its way steadily onto many European and North American corporate agendas. In these regions, it is often conceptualised as a firm’s “actions that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams and Siegel, 2001, p.117). In developed economies, these societal obligations are increasingly seen as the pursuit of the “triple bottom line of economic, social, and environmental performance” (Aguinis, 2011, p.855). The publication of various reviews of the CSR literature over the last decade (see Aguinis and Glaves, 2012; De Bakker et al., 2005; Egri and Ralston, 2008; Lockett et al., 2006), and the insights and conclusions drawn have been helpful when it comes to mapping ‘what we know and don’t know about CSR’ (Aguinis and Glavas, 2012, p. 932). Moreover, organisations such as the 2002 World Summit on Sustainable Development (WSSD) have called for closer attention to the need to understand CSR from a broader perspective; with a focus on poverty reduction and social development (see Beckman et al., 2009). According to Moon and Vogel (2008), managers of business corporations are challenged to tailor their CSR activities in conformance with regulations that are national in character and “rooted in distinct patterns of business-government-society relations” in order to be trusted by society (p. 306). For those managers who can endorse and facilitate effective CSR practices, including partnering with supply chain, governmental, and non-governmental organisations (NGOs) (Moon and Vogel, 2008), increased efficiency and profits may result. These challenges and opportunities often arise when firms with their origin in
developed countries internationalise (expand) and enter markets in developing-countries.

1.3 Problem setting: Emergence of CSR in developing-countries as an academic field

Despite the evidence that context-specific realities matter in CSR research (Aguinis and Glavas, 2012; Matten and Moon, 2008), most of our knowledge of CSR practice has come from western-centric research mainly focused on developed (e.g., Europe and North America) and increasingly more emerging market (e.g., Brazil, Russia, India, China) economies (Dobers and Halme, 2009; Egri and Ralston, 2008; Lockett et al., 2006; Visser, 2008). While research focusing on developing-countries remains scarce with few exceptions (e.g., Dobers and Halmne, 2009; Jamali and Mirshak, 2007; Jamali and Karam, 2018; Muthuri and Gilbert, 2011); there is an overwhelming dominance of the region of Asia (e.g., China, India, Indonesia, Malaysia, Pakistan, and Thailand), and it is still primarily focused on issues driven by the specialised industries-context (e.g., extractive industries and the textile and garment industry (see Jamali and Karam, 2018; Visser, 2006, 2008).

Nonetheless, the need for CSR research focused on developing-countries is crucial in light of evidence and criticism that current orientations to CSR, with their origin in developed-countries, “may not sufficiently relate or respond to the context and circumstances encountered in developing economies” (Hamann 2006, p. 179). As we know it, developing-countries do not share the same social, economic, cultural, and geo-political realities that underpin CSR in developed-countries (Blowfield and Frynas, 2005; Dobers and Halme, 2009; Visser, 2008). Visser notes, for example, that “CSR in developing-countries draws strongly on deep-rooted indigenous cultural traditions of philanthropy, business ethics, and community embeddedness” (Visser, 2008, p. 481).

Given that CSR has been working its way steadily onto the international business agendas of many North American and European firms (Matten and Moon, 2008; Moon and Vogel, 2008; Levy and Kaplan, 2008), there is a certain level of anxiety that it continues to “legitimize and reproduce values and
perspectives that are not in the interests of developing economies or the poor and marginalized” (Blowfield and Frynas, 2005, p.510). At a practical level, the importance of exploring the context-dependence of CSR has been emphasised in recent years with the concern that MNCs operating in developing countries are confronted with the challenge of how to balance the desire for global integration with the need for local responsiveness (Hillman and Wan, 2005; Rodriguez et al., 2006; Gugler and Shi, 2009).

1.4 The context of African developing-countries and MNCs’ CSR-related behaviour

There is little doubt that CSR expressions and applicability vary across different country contexts (Matten and Moon, 2008; Scherer et al., 2009; Levy and Kaplan, 2008), and that CSR agendas of MNCs are a reflection of a variety of CSR frameworks, policies, and practices (Levy and Kaplan, 2008; Muthuri and Gilbert, 2011), with varying levels of intensity (Lindgreen et al., 2009; Muthuri and Gilbert, 2011; Scherer et al., 2009). Surprisingly, in the extant CSR literature focused on developing-countries, several key assumptions, insights, and conclusions are drawn that are relatively unexplored in reference to developing-countries in an African context: that most scholarly work on CSR in developing-countries focuses on social issues; that there is a strong emphasis on the philanthropic tradition (i.e., CSR is focused on community development); that it (CSR) is believed in (to varying extent) by firms, communities, governments, civil society organisations (CSOs), traditional/cultural institutions (Visser, 2008); and that it is used in a variety of ways and contexts by many organisations.

It is important that we must first understand the contextual differences and the institutional environment that are driving CSR in various African countries. A contextually dependent CSR agenda in relation to developing-countries in Africa is important if we are to explore the role and capacity of CSR to address the continent’s societal challenges (Visser, 2006, 2008; Muthuri and Gilbert, 2011; Idemudia, 2011; Frynas, 2005). Having a better understanding of the factors that determine CSR in the African context will help managers of MNCs, policy makers, and CSR advocates better focus their resources and design relevant (i.e., context-dependent) programmes that can be
successfully implemented. Building on Egri and Ralston (2008); in a literature review (forthcoming) - *International Journal of Law and Management*, which is included in its entirety in Article 1 of this thesis, - I found that during the 10 years spanning from 2004 to 2014; 50% (44 articles) out of 88 empirical papers focused on CSR research in developing-countries drawn their empirical evidence from the ‘regional-context’ of Asia, while Africa was placed a distant second with 25% (22 articles) drawing their empirical evidence from the ‘regional-context’ of Africa. In terms of the relative balance of countries on which the 88 empirical studies focused, 73% (65 articles) were one-country studies.

Of particular interest to this thesis is the increasing reliance on one-country studies which mirrors findings by Egri and Ralston (2008), i.e., 56% (137 out of 242 articles) in relation to CSR and in the context of international management research from 1998 to 2007 (Egri and Ralston, 2008). These findings lend credence to the notion that “CSR performance varies greatly between countries” owing to its peculiar mode of evolution (Visser, 2008, p. 478), therefore; suggesting that differences in institutional environments and contextual realities of developing-countries in Africa may be more receptive to social responsibility and stakeholder concerns than the extant (empirical) literature has sought to portray, i.e., “Most research on CSR in developing-countries [have tended to generalize] about all developing-countries” (Visser, 2008, p. 476). Clearly, one of the indications of these findings is that there is a need to widen the geographical and cultural scope of CSR research focused on developing-countries in Africa (see Visser, 2006, 2008), and, in recognition of variations in cultural, economic, and institutional contexts across developing-countries (Jamali, 2010; Muthuri and Gilbert, 2011).

1.5 Purpose of the study

Based on the reasoning so far, it is expected that when firms with their origin in developed-countries internationalise (expand) and enter markets in African developing-countries, their approach to CSR-related practices would vary across different country contexts and circumstances. These assumptions lead
me to present the overall purpose of this thesis, which is to explore why and how institutional distance and contextual differences influence MNCs’ CSR-related behaviour in African developing-countries. The overarching research question addressed by this thesis, therefore, is: How do institutional distance and contextual differences influence MNCs’ CSR-related behaviour in African developing countries? I use an abductive research approach that specifically acknowledges the interplay between theory and (contextually-determined) empirical phenomenon. The thesis is based on five articles; the insights and conclusions drawn from these five appended articles in the thesis advance our understanding with regards to how the different institutional contexts of African developing-countries influence firms’ CSR-related behaviour, which often arise when firms with their origin in developed-countries internationalise (expand) and enter markets in African developing-countries.

1.6 Outline of the study

The remainder of the thesis is structured as follows. Chapter 2 presents the overall theoretical framework, which is structured into the following main sections: institutional theories; theory of legitimacy; stakeholder theory; and CSR development and organizational learning (firms’ internationalisation). The theoretical framework then ends with a synthesis, discussing complementarities and compatibility between the different theoretical schools and the generation of research questions anchoring the five appended articles in the thesis. Chapter 3 covers the thesis’ research approach and ends by discussing quality criteria in a qualitative research design. Chapter 4 summarises the five appended articles, their main results and intended contributions. Finally, chapter 5 first synthesises the different findings from the appended articles and then concludes the thesis’ theoretical contributions, discusses managerial implications, and suggests avenues for further research.
3. Theoretical framework

My research aims to explore how contextual differences and institutional environments influence MNC subsidiaries’ CSR-related behaviour in African developing-countries. I have, therefore, included concepts from different theoretical lenses, to create a platform towards achieving this aim. In selecting theoretical lenses that I draw on in the thesis, I believe it is imperative that the theories harmonise well with each other. Working towards this end, I have made a conscious choice to draw on theories that complement one other in their explanatory power. In addition, I have made use of concepts from theoretical imperatives that treat organisations as surrounded by and connected to actors that operate from differing interests.

2.1 Institutional theories

According to institutional theories, society is built on multiple institutional logics that may be widely shared among actors (Friedland and Alford, 1991). Institutional logics may also be deemed appropriate in a more confined context; for example, institutions serve as the logics of instrumentality for implementing and evaluating firms’ social responsibility (Sethi, 1979). Institutional theories conceptualise the relational spaces in which organisations involve themselves with one another for developing collective understandings of reality as ‘organisational fields’ (DiMaggio and Powell, 1983; Wooten and Hoffman, 2008). In separate studies, Hoffman found that organisational fields may be defined by reference to a common issue that lies across the context of different industry sectors (Hoffman, 1996); to specific professions (e.g., Suddaby and Greenwood, 2005); and to specific industry sector (e.g., Munir, 2005). Institutional theories have been drawn on in numerous studies in CRS research (e.g. Campbell, 2006, 2007; Matten and Moon, 2008; Muthuri and Gilbert, 2011). Campbell’s (2006) study, for example, investigates the conditions under which firms are likely to act in socially responsible ways, as
defined by a standard of minimally acceptable corporate behaviour. Another study by Matten and Moon (2008) explores why CSR differs among countries, and how and why it changes. Yet, in another study, Muthuri and Gilbert (2011) examine the focus and form of CSR in the context of Kenya.

The question of why firms act in socially responsible ways in differing contexts remains a puzzle to ‘business and society’ scholars (see Campbell, 2006; Matten and Moon, 2008). In unravelling this puzzle, institutional theories have proved to be helpful theoretical lenses for understanding how institutional context influences firms’ CSR-related behaviour (Aguilera and Jackson, 2003; Campbell, 2006). Institutional theories indicate that firms are influenced by the institutional context in which they operate, and as a result, economic justifications alone are insufficient to fully explain firms’ CSR-related behaviour (Marquis et al., 2007). Institutional theories see organisations of all forms as being embedded in a nexus of formal and informal rules that are typically defined as the “rules of the game in a society” (North, 1990, p.3), and which take into account formal rules (laws and regulations) and informal constraints (customs, social norms, and cultures). In particular, ‘new institutionalism’ or ‘neo-institutional theory’ is deemed appropriate for this thesis as it looks beyond the organisational boundary and focuses instead on the interaction between institutions (DiMaggio and Powell, 1983; Scott, 1995).

From the perspectives of new institutionalism, organisations adopt institutionalised forms of behaviour to increase their internal and external legitimacy. Scott argues the notion of legitimacy from an institutional theoretical lens and defines legitimacy as “a condition reflecting perceived consonance with relevant rules and laws, normative support, or alignment with cultural-cognitive framework” (Scott, 2008, p. 59). New institutionalism is thus “informed by the homogenization of institutional environments across national boundaries [that leads to] increasingly standardized and rationalized practices in organizations across industries and national boundaries” (Matten and Moon, 2008, p. 411; Meyer and Rowan, 1977). Such understanding implies that new institutionalism draws not only on the notion of legitimacy but also seeks to explain how institutions adopt similar practices in response to external pressures and thereby gain legitimacy (Deegan, 2002: DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Scott, 2008).
Indeed, institutions promote orderly behaviour that is required for stability in society in which organisations are key players. In this regard, organisations do not make decisions regarding CSR-related behaviour solely on the basis of instrumental motives; but rather, such decisions are framed vis-à-vis a broader social context. Campbell argues that “most of the literature on corporate social responsibility does not explore whether institutional conditions affect the tendency for firms to behave in socially responsible ways” (Campbell, 2007, p. 984). In respect to this, institutional avenues that foster the uptake of CSR among organisations include the following: industrial self-regulatory associative agreements to ensure socially acceptable behaviour; well-formalised dialogues involving companies and their stakeholders; and, the presence of non-governmental organizations (NGOs) that monitor and push for CSR-related behaviour on the part of organisation such as MNCs (Campbell, 2007; Matten and Moon, 2008).

2.1.1 Institutional determinants of corporate social responsibility

Scott (2008) explores three processes of institutions - regulative, normative and cognitive dimensions. Regulative mechanisms, which include sanctions, rules, and regulations manifest through coercive political regulation and/or isomorphism, tend to codify socially acceptable behaviours. Thus, governments create and enforce ‘hard’ regulations which act as coercive isomorphism (DiMaggio and Powell, 1983; Matten and Moon, 2008) for the uptake of CSR by firms, whilst industry-wide characteristics - motivate the establishment of ‘soft’, i.e., self-regulatory voluntary standards for member organisations (Campbell, 2007; Matten and Moon, 2008). Matten and Moon (2008) point out that the capacity of regulators to monitor firms’ CSR-related behaviour and enforce compliance with regulations is essential, as institutions per se do not guarantee the effective enforcement of regulations.

2.1.2 Normative (social) elements

Normative mechanisms refer to social norms and values that “directly or indirectly set standards for ‘legitimate’ organizational practices” (Matten and Moon, 2008, p. 412), and thereby define “what is right to do around here” (Marquis et al., 2007, p. 934). Following this, organisations increasingly become ‘socialised’ through change in behaviour “that may reflect a strategic
response by corporate decision-makers to external concerns over corporate social responsibility” in order to maintain their “visibility” in society (Brammer and Millington, 2004, p. 1411). The resulting normative pressures for organisations to adopt socially acceptable behaviour are set in motion by a variety of social actors, including NGOs and professional bodies. In defining the “rules of the game in a society” (North, 1990, p. 3), a variety of social actors validate socially acceptable behaviour in line with existing normative frameworks, exert pressure on organisations to practice socially acceptable behaviour, and also influence the adoption of socially acceptable practices (Campbell, 2007).

2.1.3 Cognitive (cultural) elements

Cognitive mechanisms refer to cultural values, identity and ideology that managers consider as ‘legitimate’ as long as they are deemed to be ‘best practices’ in their own fields (Matten and Moon, 2008). Cognitive frameworks are embodiments of shared beliefs that constitute acceptable business practices. It follows also that organisations that conform to established cognitive frameworks will behave in a culturally acceptable manner that is consistent with the particular institutional contexts in which they operate (Kostova and Zaheer, 1999). Peer pressure represents another effective mechanism through which organisations adopt socially acceptable behaviour. Matten and Moon (2008) note that isomorphism may lead to socially responsible behaviour when managers “consider practices as legitimate if they are regarded as ‘best practices’ in their organisational fields”, and thereby mimic those practices (Matten and Moon, 2008, p. 412).

2.2 Theory of legitimacy

The theory of legitimacy explains that organisations are seen to be ‘legitimate’ to the extent that there is “congruence between the social values associated with or implied by their activities and the norms of acceptable behaviour in the larger social system of which they are part” (Dowling and Pfeffer, 1975, p. 122). Prior research (e.g., Azizul Islam and Deegan, 2008; Deegan, 2002; Kamal and Deegan, 2013; Neu et al., 1998) has shown that it is imperative for organisations to manage changes in their institutional environments
in order to survive in the long-run. The theory of legitimacy is, by far, one of the most widely used theoretical lenses to explain CSR-related behaviour of organisations such as MNCs. Suchman defines legitimacy as: “a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman, 1995, p. 574).

According to Lindblom (1994, p. 2) legitimacy is: “[...] a condition or status which exists when an entity’s value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity’s legitimacy”. Thus, the organisation is said to be unable to prosper or even survive if it is not seen to espouse outputs, goals, and methods that society finds acceptable (Dowling and Pfeffer, 1975). In order that organisations are seen as legitimate, they “continually seek to ensure that they are perceived as operating within the bounds and norms of their respective societies” by ensuring that their business practices are judged by parties, outside the firm, as being legitimate (Azizul Islam and Deegan, 2008, p. 853).

In line with the theory of legitimacy, organisations are expected to adjust to broader societal norms and values in order to be seen as ‘legitimate’. Although merely living up to demands for efficiency and effectiveness is necessary, it is not sufficient according to the theory of legitimacy in the organisation’s quest for survival in the long-run. Organisations are equally valued on how well they live up to normative pressures; i.e., how they respond to the question: “what is right to do around here”, that summarises societal expectations (DiMaggio and Powell, 1983; Marquis et al., 2007, p. 934; Meyer and Rowan, 1977). According to Campbell (2006), firms’ CSR-related behaviours are manifestations of normative prescriptions and models in relation to how organisations, should, and should not, act in certain ways. Hence, CSR is ‘just’ and ‘rational’ in that it influences societal perception of the organisation (Matten and Moon, 2008). These norms, rules, standards, and bounds are considered not static, but change over time, therefore, suggesting that organisations have to be responsive to the moral and ethical values which are context-dependent. Firms derive benefits by complying with societal expectations, such as increased prestige, internal
and external commitment, and attraction of resources (Dowling and Pfeffer, 1975).

Organisations that tune their practices, routines, and structures to generally held societal norms, increase their legitimacy, and hence, their ability to survive (DiMaggio and Powell, 1983; Dowling and Pfeffer, 1975; Meyer and Rowan, 1977). Research has shown that the quest for legitimacy is a motive for organisations desiring to change their behaviour (Meyer and Rowan, 1977; DiMaggio and Powell, 1983). Indeed, how ideas about socially responsible behaviours are adopted depends not only on generally held norms, values, standards and bounds that are “forced” on organisations (DiMaggio and Powell, 1983), but also on the entity’s perceived track record of past actions (Dowling and Pfeffer, 1975). Further, research has shown that, when faced with perceived legitimacy ‘threats’, managers of organisations “will endeavour to minimize the impacts of such legitimacy threats” (Azizul Islam and Deegan, 2008, p. 853). Legitimacy has further been shown to be conferred on organisations by society, and for that reason, it constitutes something that is sought by the organisation.

Unlike most other resources in the possession of organisations, legitimacy “may be withdrawn if organizations are seen not to be doing the ‘right’ things” (Woodward et al., 1996, p. 329); therefore, suggesting that firms can manipulate or impact their legitimacy through CSR-related practices. In his much-cited article, Deegan argues that “different managers will adopt different legitimizing strategies” depending on the contextual variables they face (Deegan, 2002, p. 298). This suggests that contextual differences and peculiar institutional realities influence what and how much of CSR related information to disclose in the annual reporting practices. In relation to this, Lindblom (1994) remarks that: “Legitimacy is dynamic in that the relevant publics continuously evaluate corporate output, methods, and goals against an ever-evolving expectation. The legitimacy gap will fluctuate without any changes in action on the part of the corporation. Indeed, as expectations of the relevant publics change the corporation must make changes or the legitimacy gap will grow as the level of conflict increases and the levels of positive and passive support decreases” (Lindblom, 1994, p. 3).
2.3 Stakeholder theory

In his oft-quoted essay in the *New York Times Magazine*, “The Social Responsibility of Business is to Increase its Profits”, Friedman drew the distinction between the responsibilities of business managers and those of government (Friedman, 1970). This view is shared by many sceptics of CSR who argue that accepting its legitimacy by firms would compromise the pursuit of shareholders’ value maximisation. Although Friedman’s distinction was driven by utilitarian and accountability motives, it has been called into question, as the debate around the CSR concept intensified in the past decades (see Jensen, 2001; Prior et al., 2008). The stakeholder theory holds that effective management requires that managers balance consideration of and attention to the legitimate interests of all stakeholders. Freeman (1984) introduced the stakeholder perspective, arguing which part of society organisations should focus on in terms of CSR. Freeman defines a *stakeholder* as “any group or individual who can affect or is affected by the achievement of the organisation’s objectives” (Freeman, 1984, p. 46).

In the CSR and the stakeholder literatures, it is perhaps more familiar in its narrow sense to limit stakeholder groups to shareholders, customers, employees, suppliers, management, and local community in which firms operate. The stakeholder theory positions the organisation in a constellation of interests or ‘stakes’ which may lie within or outside the organisation and which may have competing and/or conflicting demands. Thus, the stakeholder theory makes the assertion that a firm’s financial success can best be achieved by giving the interests of the firm’s shareholders, customers, customers, employees, suppliers, management, and local community due consideration, and adopting policies and initiatives that produce the optimal balance among their competing ‘stakes’ (Eweje, 2006b; Whetten et al., 2002). Similarly, Welcomer et al. (2003) contend that firms and their stakeholders actively work together in the hope that mutual benefits can have a significant impact on the firm. Working from this perspective, it is perhaps more familiar to explain the firm’s current CSR-related behaviour rather than argue a moral position on the part of competing stakeholders’ claims on the firm.

Mitchell et al. (1997) extended Freeman’s (1984) work by arguing how stakeholders that matter are prioritised on the basis of possessing certain attributes.
According to Mitchell *et al.*, “Managers who want to achieve certain ends pay particular kinds of attention to various classes of stakeholders” and that “managers’ perceptions dictate stakeholder salience” to the extent that “various classes of stakeholders might be identified based upon the possession of power, legitimacy, and urgency” (Mitchell *et al.*, 1997, p. 872). As Mitchell *et al* (1997) acknowledge, the role of stakeholder is highly situational and dependent on a range of variables related to the perception of stakeholders by managers and other socially-constructed variables. Mitchell *et al.* assert that a *highly salient* (definitive) stakeholder possesses all three attributes and for that reason, managers of firms have a clear mandate to prioritise that stakeholder’s claims. Conversely, stakeholders who possess two of the attributes are *expectant* stakeholders who either lack urgency or legitimacy to demand change or power to enforce change. The *low salience* group of stakeholders only possess one of the three attributes and have least power to bring about change (Mitchell *et al.*, 1997). I suggest that institutional variation in African developing-countries has resulted in different perceptions of the relevance and acceptance of stakeholders into the policy-making process and development of attitudes towards and implementation of CSR activities by firms.

The literature discusses two variants of stakeholder theory: a managerial (instrumental) and a normative (ethical) branch (Donaldson and Preston, 1995). Of the two, while the ethical branch can be deemed as a tool for accountability in that it reflects the duty of the organisation to account for its actions, it is the managerial (instrumental) branch that has attracted considerable attention from the CSR research community. The managerial branch discusses the need to control stakeholders who are deemed to have critical impact because they have more direct relations with the organization (Mitchell *et al.*, 1997). These stakeholders can withdraw resources on which the organization is dependent and thereby endanger its ‘survival’. Hence, stakeholders are to be managed to ensure not only their continued support, but ultimately, that the objectives of the organisation are met. From this perspective, organisations’ CSR-related behaviour is deemed part of the tools of accountability, whose role is to placate any action, actual or potential that may be detrimental to the organisation (Donaldson and Preston, 1995).
2.4 CSR development and Organisational Learning

Organisational learning refers to a change in the organisation’s knowledge base; including the range of potential organisational behaviour (Holan and Phillip, 2004; Huber, 1991). In recent years, research has shown that the underlying processes of organisational learning are central to improving the ability of organisations to integrate CSR-related practices into their business and to address societal expectations (Calton and Payne, 2003; Castro Laszlo and Laszlo, 2002). Despite the acknowledged importance of organisational learning in CSR research, its role has been given only implicit attention (Lindgreen et al., 2009), and as a result, fails to offer “adequate ways of thinking about how firms learn to work with diverse stakeholders and to define and fulfil multiple kinds of goals and responsibilities” (Antal and Sobczak, 2004, p. 80). Cyert and March (1963) framed organisational learning as a process by which organisations, as collectives, learn through interaction with their internal and external environments. In the organisational learning literature, two main perspectives are given, namely: (1) behavioural explanation that sees organisational learning in terms of developing routines and habits, operating procedures, and new assets (Cyert and March, 1963), and (2) a cognitive perspective in which organisational learning is related to changes in the cognitions and shared mental models that explain individual and collective action (Weick, 1979). Despite the apparent disagreements “both schools of thought pay considerable attention to the modifications in the knowledge base of an organisation induced by experience” (Holan and Phillips, 2004, p. 1604), therefore, suggesting that the knowledge base of firms and the range of potential behaviours they develop result in learning behaviour similar to findings by Huber (1991).

Given that knowledge is embedded in the social relationships that exist in organisations, it is imperative that knowledge emerges out of the interaction of actors with varying interests in the organization (March, 1991; Nelson and Winter, 1982). An examination of Huber’s (1991) taxonomic framework provides insights relating to the processes of organisational learning that could be applied to the thesis, as this has been found helpful in prior research in the fields of business and organisation (see De Clercq et al., 2012; Mena and Chabowski, 2015). Huber’s influential framework distinguishes “four
learning-related constructs” that contribute to organisational learning (Huber, 1991, p. 90): (1) knowledge acquisition, (i.e., focusing on how knowledge is obtained); (2) information distribution, (i.e., relating to how information is shared); (3) information interpretation, (i.e., focusing on the way information is given meaning or sense to; and (4) knowledge storing, (i.e., addressing how knowledge is implanted in the organisational memory).

In recent years some researchers (see Aguinis and Glaves, 2012) have explored ‘embedded’ and ‘peripheral’ CSR. Much attention has focused on the distinction between the two constructs. While ‘embedded’ CSR applies the firm’s core competencies and business processes to interpret CSR-related practices, ‘peripheral’ CSR relies on activities that are beyond the firm’s core competencies. For example, by addressing philanthropic responsibilities the firm could make its CSR-related practices visible to society. However, it is argued that peripheral CSR does not fit with the firm’s core business and results in “a distraction and hindrance to business purpose and objectives, rather than a help” (Grayson and Hodges, 2004, p. 8).

The extant literature suggests (see Antal and Sobczak, 2004; Siebenhuner and Arnold, 2007) that when it comes to firms’ internationalisation and CSR development, managers face obstacles that are related to organisational learning. These challenges relate to, for example: achieving effective use of the firm’s internal- and external-knowledge base (Siltaoja, 2014); interpreting the contradictions that often arise in terms of societal expectations and demands from stakeholders (Basu and Palazzo, 2008); adopting new ways of engaging with stakeholders to strengthen the firm’s knowledge relating to CSR decision-making (Preuss and Cordoba-Pachon, 2009); and, acknowledging that stakeholders are preoccupied with multifaceted concerns that the firm could make use of to its advantage (Polonsky and Jevons, 2006). In relation to integrating CSR development and organisational learning, Siebenhuner and Arnold (2007, p. 351), for instance, remarked that “external support for sustainability-related learning […] through mandatory reporting schemes” are necessary in light of wide variations across corporate behaviour as a result of the varying ‘contexts’ in which firms operate.

However, other scholars are more sceptical about how organisational learning relates to CSR development. Burchell and Cook (2008), for example, showed
that dialogue processes between firms and non-governmental organisations (NGOs) lead to “increased trust and understanding between organisations and individuals” (Burchell and Cook, 2008, p. 44), while Heugens et al. (2002) observed that “the benefits of legitimation and learning potentially accrue to all firms” when firms employ their “network-level interdependencies” to enrich their perspectives that would not have accrued to a single firm, operating in isolation (Heugens et al., 2002, p. 56). In sum, firms would strengthen their knowledge base when they learn from their particular institutional environments and thereby be in a position to address the context-dependence of CSR. This may ultimately lead to different CSR orientations, relevance, and applicability, which often arise when firms with their origin in developed-countries internationalise (expand) and enter markets in developing-countries with the expected variations in societal expectations. Knowledge acquired from the firm’s past practices constitutes vital input for developing CSR-related behaviour. Halme (2002) contends that application of firms’ in-house knowledge relating to CSR development has increased because of the quest to relate CSR initiatives to firm-specific values, vision, and belief systems. From this perspective, Blomquist and Sandstrom (2004), in turn, observed that firms might be more efficient in their approach to social performance if they follow a strategy of automorphism, i.e., developing CSR strategy based on re-using their own prior knowledge, as opposed to the more conventional response to isomorphism pressures exerted by external constituents.

2.5 The basis for proposing an African perspective to Carroll’s CSR pyramid

The meaning and relevance of CSR in the African context has attracted considerable attention from the research community (Egels, 2005; Hamann and Kapelus, 2004; Hamann et al., 2005; Idemudia and Ite, 2006; Visser, 2006). Most scholars are of the view that the specific context matters because CSR is rooted in local needs and expectations (Hamann et al., 2005), and is also the product of historical and cultural (societal) factors (Idemudia and Ite, 2006). As a result, the early and influential models of CSR such as Carroll’s (1979, 1991) CSR pyramid, for example, has been criticised for its lack of accuracy and relevance to CSR in the African context (Visser, 2006). The suggestion is that the less formalised and more philanthropic nature of CSR amongst companies in Africa are likely to be different from the classic, American model (ordering) that Carroll had sought to portray. The context of Africa is specific in the sense that it is a continent characterised by poverty, low levels of development, environmental degradation, and high unemployment.
rates, and for that matter, presents MNCs with the unique dilemma in terms of how and where to prioritise their overall social responsibilities (De Jongh and Prinsloo, 2005).

Visser (2006) developed an African perspective of Carroll’s (1979, 1991) CSR pyramid that could better explain the relative priorities of CSR in Africa that “sought to illustrate how CSR actually manifests itself in Africa, rather than presenting an aspirational view of what CSR in Africa should look like” (Visser, 2006, p. 49). Visser (2006) contends that while his African perspective of a CSR pyramid remains speculative and provocative, there is the need for focused CSR research on African countries, and in particular, drawing on alternative CSR theories and frameworks, than those that have received attention so far. Visser (2006) argued that the economic responsibilities of MNCs in Africa should remain the foremost of their CSR priorities, followed by philanthropic responsibilities, legal responsibilities and ethical responsibilities. The emphasis on the philanthropic nature of CSR in the African context is, to some extent, surprising in view of the criticism levelled against MNCs’ CSR activities based on the philanthropic model of CSR (Idemidia, 2009; Idemudia and Ite, 2006; Ite, 2004, 2005; Wheeler et al., 2002). Indeed, as much of foreign investments in Africa is directed at the extractive industries that are noted for negative social and environmental impacts, it may as well be important to know how these implications are taken into consideration than a mere emphasis on philanthropic efforts made by MNCs in the name of CSR (Hamann and Kapelus, 2004; Newell and Frynas, 2007).

Despite the promise of CSR initiatives, it must be noted that CSR activities undertaken by MNCs in Africa in particular has been criticised on account of failing to address issues of concern to local communities (Idemidia, 2009; Idemudia and Ite, 2006), and/or addressing the root causes of under (development) (Hamann and Kapelus, 2004; Idemidia, 2009). Visser (2008), for instance, argues that it is meaningless to agree on a single conceptualisation of CSR and questions the transferability of frameworks and conclusions drawn on developed-countries to developing-countries. Visser writes further that “developing-countries present a distinctive set of CSR agenda challenges which are collectively quite different from those faced in the developed world” (Visser, 2008, p. 474). Thus, seen from this perspective, the notion that context matters raises the question of what CSR should entail in the African context, that is characterised by the absence of rule of law, governance deficit and a general lack of regulatory pressure (as opposed to the presence
of normative and cultural-cognitive pressures in African societies) on companies for CSR efforts.

Figure 1: Model of Africa’s Corporate Social Responsibility Pyramid (Visser, 2006, p.37)

2.6 A synthesis of the theoretical framework

During the course of my research, it has become quite evident to me that stakeholder theory is both complementary to and compatible with institutional theories, theory of legitimacy, and organizational learning. Following a similar premise on which both theory of legitimacy and institutional theories are built, the stakeholder theory is grounded on the premise that organisations such as firms are constrained by the context in which they operate. Moreover, a central idea that underpins the stakeholder theory as well as the theory of legitimacy and institutional theories is that organisations such as business firms are expected to operate in accordance with “the prevailing cultural values of society or other groups”, therefore, suggesting that firms risk losing legitimacy and thereby call their own survival into question when they fail to respond to societal expectations (Freeman, 1984; Meyer and Rowan, 1977; Woodward et al., 1996, p. 330). Through well-structured
dialogues, organisations such as business firms could learn about societal values and norms, and be positioned to meet societal expectations.

From a stakeholder lens, far more agency is ascribed to individual actors than much of the premise on which institutional theories are built. Hence, it has the tendency to downplay forces that may also influence organisational behaviour, such as, coercive isomorphism, mimetic processes, and normative pressures (DiMaggio and Powell, 1983). Accordingly, when researchers draw on stakeholder theory, they typically talk about “balancing” divergent interests of stakeholder groups, “managing” stakeholder relations, and also of conflicts and priorities between firms and stakeholder groups. Thus, when stakeholder theoretical explanations are employed, individual and organisations are attributed with power, ability, and interest (see Donaldson and Preston, 1995; Freeman, 1984; Mitchell et al., 1997; Welcomer et al., 2003; Whetten et al., 2002).

2.6.1 Complementarity and compatibility between different theoretical perspectives

In drawing on stakeholder theory, I have been inspired by the fact that it complements institutional theories, in much the same way that fruitful stakeholder relationships secure legitimacy status to the organisation. Moreover, the premise that institutional forces can compel organisations to adhere to external pressures that emanate from stakeholders means that as organisations seek to gain their legitimacy, it becomes imperative that they respond to external pressures from stakeholders. As stakeholder theory considers behaviour grounded on ethics as well, it become more relevant for exploring the topic of MNCs’ CSR-related behaviour that is context-dependent and peculiar to institutional environments in which MNCs operate. In respect to CSR, the core idea is that organisations have responsibilities not only to shareholders, but to other stakeholders as well, who are affected by the activities of the firm. Empirical evidence also supports the idea that the firm, in turn, is affected by its constituents; for example, industry regulators, employees, suppliers, and customers whose endorsement of the firm is vital to secure and/or maintain its legitimacy status in the public eye.
There are numerous studies that lean on stakeholder theory in CSR research, just as there are research articles that seek to develop stakeholder theory beyond Freeman’s (1984) initial postulation that, organisations have, are impacted by, and also impact on stakeholder groups (e.g., Donaldson and Preston, 1995; Jones and Wicks, 1999; Mitchell et al., 1997). With specific relevance to this thesis, the work of Muthuri and Gilbert (2011), Kamal and Deegan (2013), Eweje (2006a), (2006b), (2007), and Jamali and Karam (2018), has provided useful insights. In particular, research that explore stakeholders’ influence on the firm, as opposed to those that focus on managing stakeholder relations; have been helpful, as this is the perspective on which I draw in my analysis.

Figure 2: Stylised model of institutions, stakeholders, organisational learning and corporate social responsibility. Adapted from Doh and Guay (2006, p. 58).

2.7 Generation of research questions

The literature on CSR is growing and becoming multifaceted. In reaction to this, various reviews of CSR scholarship have been published over the last decade with a view to mapping ‘what we know and don’t know about CSR’ (Aguinis and Glavas, 2012, p. 932). From this general understanding of the state of CSR knowledge, I chose to conduct a review of the CSR literature focused on developing-countries. The research questions for Article 1 are guided by these insights drawn from the extant literature.
In the extant literature, the notion that distance and difference are liabilities has been emphasised. In consequence, concepts such as liability of foreignness, psychic distance, institutional distance, cultural distance have guided much of the international business (IB) literature. There are various issues explored in IB research that have been explained in terms of “foreignness”, “unfamiliarity”, “institutional gaps”, and related concepts. Nonetheless, the need for focused CSR research in developing-countries is crucial, particularly with the concern that the principles and practices of CSR are “neither universal nor absolute in their meaning; they are time- and culture-bound” to the extent that “even within a specific time and culture, such concepts are defined variously by relevant stakeholder groups, that is, according to their own values” (Wood, 1991, p. 700). The research questions for Article 2 are guided by these insights drawn from the extant literature.

The role and impact of CSR by multinational mining companies (MMCs) in developing-countries remains one area within CSR research where polarised positions have prevailed in recent years (Hilson, 2012). In particular, as awareness of host-communities regarding CSR has increased in recent times, it is crucial that we understand what this awareness means in respect to the extractive industries (Eweje, 2006a, 2007; Hilson, 2012). Yet, few studies examine the perceptions and expectations of stakeholder groups when it comes to CSR practices of multinational enterprises (MNEs) in developing-countries. Research that focuses on CSR in the extractive industries and the perceptions and expectations of host-communities in developing-countries remains scarce with few exceptions (e.g., Akiwumi, 2014; Eweje, 2006a, 2007; Frynas, 2005; Garvin et al., 2009; Mzembe, 2014; Smith et al., 2012). The research questions for Article 3 are guided by these insights drawn from the extant literature.

Given the global business impacts of MNCs (Kolk and Lanfant, 2010), and the growing importance of social responsibility, it is imperative that we understand the attitudes of MNC subsidiaries in the developing world towards corporate social responsibility reporting (CSRR). Although, it is acknowledged that increased CSRR is not necessarily tantamount to better corporate responsible behaviour, CSRR, has, undoubtedly, played a role in increasing social and environmental awareness. At a practical level, the managers of MNC subsidiaries’ in developing-countries are further confronted with
challenges, including: how to align their CSRR practices with local expectations, how to respond to pressures from their headquarters and global organisations; and how to balance the desire for global integration with the need for local responsiveness (e.g., Gugler and Shi, 2009; Hillman and Wan, 2005; Hine and Preuss, 2009). Altogether, it has been noted that, the social and environmental concerns that managers of MNC subsidiaries tackle in developing-countries, and the various drivers of their CSRR programmes, remain largely unexplored in the social and environmental accounting literature (e.g., de Villiers and van Staden, 2006; Momin and Parker, 2013; van Staden and Hooks, 2007). The research questions for Article 4 are guided by these insights drawn from the extant literature.

Multinational mining companies (MMCs) (for example, Anglo American, AngloGold Ashanti, Lonmin, etc.) operate both in developed-countries and developing-countries. Like other industries that depend on the natural environment, threats to the availability and/or depletion of reserves, and calls for responsible mining activities, are issues that have attracted considerable attention in both the global mining industry, and from the research community (e.g., Fonseca, 2010 Fonseca et al., 2014; Jenkins, 2004; Lodhia and Hess, 2014; Mutti et al., 2012). Stakeholders such as non-governmental organizations (NGOs) and the international council on mining and metals (ICMM), are sceptical about the rights of host-communities, employee health and safety, and, in general, the social and environmental effects of mining activities (e.g., Fonseca, 2010; Fonseca et al., 2014; Jenkins, 2004; Lodhia and Hess, 2014). The continued criticism implies that various stakeholders expect accountability and/or transparency pertaining to the social and environmental performance of mining companies. This study differs from the more general reviews of social and environmental reporting (SAER) practices in the mining sector (e.g., Perez and Sanchez, 2009; Lodhia and Hess, 2014) as it seeks to gain a better understanding of current disclosure practices, and trends on the basis of longitudinal study. In order to achieve this aim, and using content analysis, this study analysed a total of 27 annual CSR reports from three MMCs covering a period of nine years (2006-2014). The research questions for Article 5 are guided by these insights drawn from the extant literature.
<table>
<thead>
<tr>
<th>ARTICLE</th>
<th>RESEARCH QUESTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Article 1: Researching Corporate Social Responsibility in Developing-Countries Context: A Systematic Review of the Literature</strong></td>
<td>(1) What has been the focus of CSR knowledge in developing-countries?; (2) What has been the nature of CSR knowledge in developing-countries?; (3) What have been the influences on CSR knowledge in developing-countries?; (4) How ‘international’ in scope has CSR research in developing-countries been?</td>
</tr>
<tr>
<td><strong>Article 2: Multinational Enterprises and Distance: Exploring Opportunities and Challenges involved in Practicing CSR in Host-Countries</strong></td>
<td>Which conditions create opportunities and challenges for MNC subsidiaries to use CSR to mitigate the effects of distance in host-countries?</td>
</tr>
<tr>
<td><strong>Article 3: Corporate Social Responsibility in the Mining Industry: An Exploration of Host-Communities’ Perceptions and Expectations in a Developing-Country</strong></td>
<td>(1) How is CSR understood in mining communities in a developing-country context? (2) What factors are driving the CSR expectations of mining communities from MMCs in a developing-country context?</td>
</tr>
<tr>
<td><strong>Article 4: Motivations for Corporate Social Responsibility Reporting by MNE Subsidiaries in a Developing-Country Context</strong></td>
<td>The following three areas are at focus in the study: (1) motives behind CSR information disclosure of MNC subsidiaries in developing-countries; (2) challenges with CSR information disclosure of MNC subsidiaries in developing-countries; (3) focus/trend of CSR information disclosure of MNC subsidiaries in developing-countries.</td>
</tr>
<tr>
<td><strong>Article 5: Does the Mining Industry Report CSR Differently? An investigation through the lenses of legitimacy and stakeholder theories</strong></td>
<td>(1) How are MMCs reporting their social and environment-related performance information to satisfy stakeholders?; (2) How have these reporting practices changed and evolved over time?</td>
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3. Methodology

*This chapter first introduces the overall research approach. Thereafter I discuss the abductive approach for theory building by using a case study strategy, which is followed by case selection, data generation, and data analysis. I finally discuss how to assess research quality in a qualitative research design.*

3.1 Research approach and context

The overall purpose of this thesis is to explore ‘why’ and ‘how’ institutional distance and contextual differences influence MNCs’ CSR-related behaviour in African developing-countries. This leads to the overarching research question of the thesis: How do institutional distance and contextual differences influence MNCs’ CSR-related behaviour in African developing countries? For this reason, this thesis employed an interpretive methodological approach to increase our understanding of the CSR phenomenon in a specific contextual environment characterised by a particular institutional distance through different theoretical and empirical perspectives (Guba and Lincoln, 1994; Lincoln and Guba, 2000). This approach reflects an interpretivist epistemology (Guba and Lincoln, 1994; Lincoln and Guba, 2000) and constructivist ontology, for the reason that it acknowledges that “there are multiple viewpoints to knowledge and truth” and that “truth exists as dialogue, critique, and consensus in different communities, usable knowledge, as well as empirical evidence” (Järvensivu and Törnroos, 2010, p. 101).

From an interpretivist epistemology, knowledge is considered to be generated through socially constructed meanings and subjective interpretations (Lincoln and Guba, 2000). Researchers working with this approach seek to understand the meaning that people confer upon their own and others’ actions. More specifically, in working with this approach, I have sought to increase our understanding of the CSR phenomenon in a specific contextual setting,
therefore, indicating why a qualitative research approach is an appropriate method to employ in this thesis (Patton, 2002). Moreover, this research design fits the approach in this thesis since the study is focused on an explicit regional context (i.e., African developing-countries) where I have tried to understand ‘why’ and ‘how’ institutional distance and contextual differences influence MNCs’ CSR-related behaviour.

Recent insights and conclusions drawn from various CSR articles, including reviews (Aguinis and Glavas, 2012; De Bakker et al., 2005; Egri and Ralston, 2008; Lockett et al., 2006; Jamali and Karam, 2018) have gone a long way in terms of mapping ‘what we know and don’t know about CSR’ (Aguinis and Glavas, 2012, p.932), which has highlighted the need for a more context-focused analysis of ‘why’ and ‘how’ CSR manifests itself in developing-countries (Egri and Ralston, 2008; Kolk and Lenfant, 2010; Jamali and Karam, 2018). The importance of exploring the context-dependence of CSR in respect to African developing-countries is borne out of the expectation that the particular institutional distance and contextual differences of African developing-countries referred to in the literature (see Visser, 2008; Muthuri and Gilbert, 2011; Kolk and Lenfant, 2010) may ultimately lead to different expressions of CSR (Jamali and Neville, 2011; Jamali and Karam, 2018). Further motivation for more studies on African developing-countries arises from the various arguments against the transferability of frameworks, and conclusions drawn in developed-countries to developing-countries (Blowfield and Frynas, 2005; Idemudia, 2011; Hamann, 2006).

I posed a question in the problem discussion about whether current CSR frameworks and conclusions would hold if we study CSR in African developing-countries. My argument is that the empirical context of African developing-countries, characterised by “weak institutions and poor governance” (Matten and Moon, 2008, p. 418), would influence MNCs’ CSR-related behaviour when operating in markets in African developing-countries. The argument is, therefore, that the less formalised ways in which business makes a contribution to improving the governance, social, ethical, labour, and environmental related conditions in African developing-countries are in sharp contrast with many early and influential CSR papers focused on developed-countries (see Carroll, 1979, 1991, 1999). This probably affected our view towards a very enabling institutional environment as compared to the
particular institutional distance, and/or contextually different environment that arises when firms with their origin in developed-countries internationalise (expand) and enter markets in African developing-countries as suggested in Visser (2006, 2008). More specifically, Idemudia argues that African developing-countries often expect MNCs’ CSR-related behaviour to act as “a vehicle for development”, and thereby provide social services (e.g., housing, roads, education, electricity, health care, etc.) to local communities (Idemudia, 2011, p.7).

The early and influential models, such as Carroll’s (1979, 1991) CSR pyramid have been criticised for their lack of accuracy and relevance to CSR in the African context (Visser, 2006). It is suggested that the less formalised and more philanthropic orientation to CSR in Africa are likely to be different from the classic, American model (ordering) that Carroll had sought to portray. Visser (2006) developed an African perspective of Carroll’s (1979, 1991) CSR pyramid that could better explain the relative priorities of CSR in Africa which “sought to illustrate how CSR actually manifests itself in Africa, rather than presenting an aspirational view of what CSR in Africa should look like” (Visser, 2006, p. 49). Visser (2006) contends that while his African perspective of a CSR pyramid remains speculative and provocative, there is the need for focused CSR research on African countries, and in particular, drawing on alternative CSR theories and frameworks, than those that have received attention so far. Many authors (e.g. Egri and Ralston, 2008; Aguinis and Glavas, 2012; Muthuri and Gilbert, 2011; Kolk and Lenfant, 2010; Eweje, 2006a, 2006b) have also called for research designs that are case-based, longitudinal, and contextualised to the African setting. This thesis responds to these calls.

The significance of this research is found in developing context-dependent theoretical propositions and frameworks (see Muthuri and Gilbert, 2011; Visser, 2006, 2008; Jamali and Karam, 2018), which may lead to different expressions for understanding CSR in (African) developing-countries. Consistent with Dubois and Gadde (2002), my research starts on the premise that theory can be refined (i.e., extension and modification of existing theories by clarifying their assumptions and boundaries), for instance, when focused on a different empirical context (i.e., African developing-countries) which, in turn, can be contrasted with ‘what we know’ in a given empirical context (i.e., developed-country). For instance, many of the key articles that have shaped
our view on either the kinds of social responsibilities that comprise total CSR (e.g., Carroll, 1979, 1991) or alternative themes of CSR (e.g. Freeman, 1984; Wartick and Cochran, 1985) “legitimize and reproduce values and perspectives that are not in the interests of developing economies” (Blowfield and Fynnas, 2005, p. 510).

It can be stated that MNCs are always embedded in different institutional distance and contextual differences, which implies that they constantly face conditions of “institutional duality” that influence their CSR-related behaviour (Hillman and Wan, 2005, p. 322). These conditions, in turn, affect how we understand MNCs’ CSR-related behaviour in African developing-countries. For instance, Visser (2008) argues that it is meaningless to agree on a single conceptualisation of CSR, and questions the transferability of frameworks and conclusions drawn in developed-countries about developing-countries. He writes that “developing-countries present a distinctive set of CSR agenda challenges which are collectively quite different from those faced in the developed world” (Visser, 2008, p. 474). Hence, my research approach accounts for contextual factors when studying MNCs’ CSR-related behaviour in African developing-countries. This explains why some characteristics of an abductive approach to research are appropriate in view of the overarching research question guiding this thesis, which is to explore: how institutional distance and contextual differences influence MNCs’ CSR-related behaviour in African developing countries.

3.2 Abductive approach to theory building using case studies

Gioia and Pitre (1990, p. 587) define theory as “any coherent description or explanation of observed or experienced phenomena”. In a recent article about theory development in relation to MNCs, Cuervo-Cazurra (2012, p. 155) suggests that the institutional distance in which MNCs operate “can contribute to the extension and modification of existing theories by clarifying their assumptions and boundaries”, and that “a good theory should be able to explain the behaviour of firms in general and not just under particular conditions” (p. 162). Corley and Gioia (2011, p. 21), in turn, suggest that “theories should be problem driven” and that they should “address significant problem domains that either require or will soon require theorizing”. Yin (2003), writes that a
match between prevailing theories and a fresh set of empirical observations can help the researcher sharpen his/her final research design.

There are three main scientific ways to approach and conduct research: deductive, inductive, and abductive studies (e.g. Dubois and Gadde, 2002; Haig, 2005; Järvensivu and Törnroos, 2010). Gioia and Pitre (1990) write that interpretative theory building is more inductive in nature. This requires that the researcher starts with the empirical phenomenon, collects empirical data, and then generates (precise) theory-based propositions. Thus, an inductive approach to research is more suitable when the researcher aims at theory generating, while a deductive approach has greater advantages when used for theory testing (Järvensivu and Törnroos, 2010, p. 101). An abductive approach lies in between inductive and deductive, and proves its qualities when working with case research that aims at theory generating and testing (Järvensivu and Törnroos, 2010). The present study (e.g., Articles 3 and 4) has many characteristics of an abductive approach, which “allows for a less theory-driven research process” and “thereby enabling data-driven theory generation” (Dubois and Gadde, 2002; Järvensivu and Törnroos, 2010, p. 102).

In working with an abductive approach, it is not problematic if the research problem is redirected or refocused in order “to discover new dimensions of the research problem” for increased understanding of the phenomenon (Dubois and Gadde, 2002, p. 556). This suggests that the researcher searches for “unanticipated data” and “complementary theoretical concepts” that could better fit a “new view of the phenomenon itself” (Dubois and Gadde, 2002, p. 557). Hence, there is a ‘back and forth’ search for complementary theoretical concepts as the researcher collects data. Dubois and Gadde (2002, p. 554) denote this type of research approach as ‘systematic combining’, which they characterised as “a continuous movement between an empirical world and a model world. During this process, the research issues and the analytical framework are successively reoriented when they are confronted with the empirical world”. Instead of viewing the evolutionary nature of ‘systematic combining’ research process as a weakness, it has increasingly been recognised as a strength and opportunity to learn from the peculiar case and its contextual environment. This is based on the reason that “discoveries, which cannot be planned in advance, force [researchers] to reconsider the prevailing framework” (Dubois and Gadde, 2002, p. 560).
3.3 Data generation

Since the phenomenon I studied in the thesis - *why and how institutional distance and contextual differences influence MNCs’ CSR-related behaviour in African developing-countries* - remains scarce, I found exploratory research to be suitable. Exploratory research does not require an anticipation of what to find through the research, but rather a need to be open-ended in seeking the opinions of respondents with the view to gain further insight (Fisher, 2007). In this way, I sought to discover what is unknown and to make it known (Fisher, 2007). The adoption of exploratory research does not suggest that my research does not lean on theoretical frameworks. I have drawn on theoretical lenses in the research design, which has influenced the questions I posed to the respondents during the interviews. The main methods of data collection have been interviews and documentary review. This has largely been accomplished through primary data collection using semi-structured interviews and secondary sources such as textual data from publicly available reports. Moreover, since the articles in the thesis were conducted one at a time, I have been able to carry along valuable insights from one study to the other. This has enriched my thoughts when it comes to each subsequent article (Creswell, 2003). During the interviews, some responses prompted me to ask follow-up questions, which were helpful in rendering the answers clearer than when they were initially given by the respondents. The face-to-face interviews were effective because they allowed the respondents to elaborate further on their answers than would have been the case, if I had interviewed them over the phone.

Conducting a documentary review has given me the opportunity to adopt longitudinal perspective to the thesis. I have been able to collect accounts that were issued years ago (from 2006 to 2014), and in so doing, I was able to access changes to report formats and contents, employing content analysis. This would certainly have been difficult to achieve if I had employed, for example, surveys or semi-structured interviews; since the answers from the respondents will, to a certain extent, be determined by the strength of their memories, and, the extent to which their memories might have changed over time (2006-2014). A limitation to a documentary review adopted for one paper in the thesis, is that, as a researcher, I do not have control over the quality
of the accounts contained in the documents used for the study. Because of the semi-structured interviews and documentary accounts that I have relied on in the thesis, I have been actively involved through insights I have gained from the respondents’ own background and contexts. In this way, I have been privileged to have had access to the studied subjects’ own constructions of CSR and their reasons for doing what they do. This has been helpful in exploring, for example, ‘how’ mining host-communities have felt when faced with unmet CSR expectations, and ‘how’ MNCs have provided ‘what’ they anticipated could be of interest to their host-communities.

On accounts of its special methodology, the literature review I have conducted builds on a different approach than the other four papers included in the thesis. I reviewed articles from searches in two electronic databases that covered a wide spectrum of management research: ABI/INFORM Global (ProQuest), and Web of Science Core Collection: Social Sciences Citation Index (SSCI), and Science Citation Index Expanded (SCI-EXPANDED). The strengths of these electronic databases are as follows: firstly, they provided quality, since the wider and also top-ranked management journals publishing on management research and specialised journals publishing on CSR research were included; and secondly, they ensured quality, since these electronic databases comprise more than one million articles in the area of management and social science research. Table 2 lists the sources of data for the individual papers included in the thesis.
3.4 Data analysis

In Article 1, *Researching Corporate Social Responsibility in Developing-Countries Context: A Systematic Review of the Literature*, I compared the empirical findings with various reviews of CSR scholarship that have been published over the last decade. The articles used in the review were helpful in analysing the following: (1) the focus of CSR knowledge in developing-countries; (2) the nature of CSR knowledge in developing-countries; (3) the influences on CSR knowledge in developing-countries; and (4) how ‘international’ in scope has CSR research in developing-countries been? I detected that the dominance of the ‘social theme’ was not surprising given our knowledge of the characteristics of developing-countries. My findings and analysis provide empirical support to Egri and Ralston’s (2008) arguments that developing-countries reflect “where the need for corporate responsibility
is most pressing due to greater poverty, environmental degradation, and institutional governance issues (e.g., Africa, Central/Eastern Europe, Central/South Asia, Latin America, and the Middle East” (p. 325).

In Article 2, Multinational Enterprise and Distance: Exploring the Opportunities and Challenges Involved in Practicing CSR in Host-Countries, I compared the (empirical) findings of various articles related to similarities and differences arising out of the institutional settings in which firms operate. These challenges and opportunities often arise when firms with their origin in developed-countries internationalise (expand) and enter institutionally distant environments such as those characterised by markets in developing-countries. In analysing the (data) extant literature, I focused on developing propositions based on constructs and (empirical) findings from various studies in relation to MNCs’ CSR-related behaviour in distant and/or proximate institutional environments. By analysing the propositions, I developed a theoretically derived conceptual framework. Future research could test and apply the proposed conceptual framework for empirical development, especially in varying institutional contexts, characterised by growing awareness of CSR by various stakeholder groups.

In Article 3, Corporate Social Responsibility in the Mining Industry: An Exploration of Host-Communities’ Perceptions and Expectations in a Developing-Country, thematic analysis (Braun and Clarke, 2006) was used to analyse the data. The essence of thematic analysis is that it guides the interpretation of data together with the application of judgement and experience in drawing out themes that help improve understanding and also generate insights (Braun and Clarke, 2006; Spiggle, 1994). Bailey (2007) notes that “thematic analysis works most effectively when you seek themes that address your research questions, frame themes conceptually, and explore links among them” (p. 155). According to Braun and Clarke (2006), research that adopts thematic analyses suggests that themes may be constructed either inductively (i.e., based on theory or previous research) or deductively (i.e., obtained directly from the phenomenon being studied). I adopted a hybrid (i.e., both inductive and deductive) method. This approach helped me to apply my knowledge of extant CSR-related practices and theory. It also allowed me to look for new insights that might emerge from the dataset I have generated. To insure face validity in relation to the themes, I reviewed all the literature that I could find.
on CSR research conducted in the mining host-communities of Ghana and other developing-countries, to establish whether the findings from this study supported or refuted what we know about CSR.

In Article 4, Motivations for Corporate Social Responsibility Reporting by MNE Subsidiaries in a Developing-Country Context, I used institutional and legitimacy theories to assist in identifying and understanding internal and external pressures on MNC subsidiaries for CSRR practices in contextually different environments. Legitimacy and institutional theories have been widely used to understand the motivations behind voluntary CSRR (Deegan, 2002; Momin and Parker, 2013). The legitimacy view is helpful for increasing understanding of why firms can only continue to thrive if they are seen as socially responsible, since they need to obtain ‘approval’ from society (Deegan, 2002). Legitimacy, therefore, is said to have been gained when an organisation’s value systems and those of the larger social system in which it operates are congruent (Lindblom, 1994; Suchman, 1995). It is evident from the analysis that CSRR practices in the Ghanaian context exceed the requirements of ‘hard’ regulations, which act as coercive isomorphism (DiMaggio and Powell, 1983). ‘Soft’ regulations take a higher priority than ‘hard’ regulations and have resulted in transformational changes in the attitudes of the MNE subsidiaries; i.e., behaviour preceded attitude change amongst the subsidiaries.

In Article 5, Does the Mining Industry Report CSR Differently? An investigation through the lenses of legitimacy and stakeholder theories, I used content analysis to measure social and environment-related performance information across the period of the study. I used content analysis because this procedure provides researchers with a systematic approach to analyse large and unstructured dataset such as CSR reports. Content analysis has been widely used in researching CSR reporting (e.g., Azizul Islam and Deegan, 2008; Kamal and Deegan, 2013; Mahadeo et al., 2011; Perez and Sanchez, 2009; Sobhani et al., 2009). Guthrie et al. (2004) stated that content analysis aims to analyse published information systematically and objectively by “codifying qualitative and quantitative information into pre-defined categories to derive patterns in the presentation and reporting of information” (p. 287). As a technique for analysing the content of text, the importance of a particular subject is assumed to reflect in the frequency at which it is captured in a report (Krippendorff, 2004). Inspired by prior studies that used content analysis, I tackled
technical requirements in relation to content analysis, including, for example, basis of classifying items of disclosure and unit of analysis to be effective (see e.g., Guthrie et al., 2004; Guthrie and Abeyeskera, 2006; Krippendorff, 2004).

3.5 Assessing research quality for qualitative research

Different approaches to quality measurement exist when it comes to evaluating research. Lincoln and Guba (1985), for example, posit that trustworthiness of a research study is important to evaluating its worth. I base my evaluation on Lincoln and Guba’s (1985) four evaluative criteria: credibility, transferability, dependability and confirmability.

3.5.1 Credibility

*Credibility* refers to the issue that the researcher ensures that the respondents’ views fit with the inquirer’s reconstruction and representation. I have worked towards increasing the credibility of my research in various ways. First, I have complemented the two case studies (Articles 3 and 4) with secondary data (mainly annual reports, internal and external documents, and website analysis). I have minimised respondents’ bias by collecting interview data from multiple informants, and the data were also cross-checked with secondary data, including review of all the literature I could find that has been conducted in the regional context that my research focused on. Some of the different articles have been presented at academic conferences for peer feedback and also presented at internal workshops and seminars organised by the Centre for Innovation, Entrepreneurship, and Learning (CIEL) Research in recent years.

3.5.2 Transferability

*Transferability* refers to the issue that the researcher should provide the reader with sufficient case information in order that he/she could make generalisations in terms of case-to-case transfer. The emphasis here is not the ambition
to provide categorical or statistically generalisable ‘truths’ (Silverman, 1999). The ‘transferability’ of the case study prioritises the quality of the analysis over the size of the sample. It also depends on the motivations for the study, i.e., ‘why’ empirical cases are chosen, which in my case followed ‘purposive’ sampling (Patton, 2002) to identify potential participants for purposes of theory (extension) development. In working towards transferability, the ambition is to provide as much accurate and multi-faceted information as possible on the selected cases. An example of working towards transferability could be that the contextual background to the various papers is provided (an attempt towards a contextual explanation). Moreover, the context of (African) developing-countries is described to increase the understanding of different readers of the papers.

3.5.3 Dependability

**Dependability** refers to the issue that the researcher should ensure that the research process is logical, traceable and documented (in consideration of reproducibility of the results, where necessary). In this thesis, I have accounted for how data were collected and analysed as well as providing the motivation or criteria for case selection.

3.5.4 Confirmability

**Confirmability** refers to the issue that data and interpretations are not mere fabrications of the researcher’s interest, motivation, or imagination. Confirmability has been achieved by involving many respondents from varying backgrounds and by discussing the results with them and other academics. In collecting data for (Article 3), for example, the role of institutions became quite apparent to me. In consequence, I focused more on institutional theories in Article 4, paying particular attention to *regulative, normative* and *cultural-cognitive* dimensions for the studied context (motivations for voluntary reporting of CSR performance information). Moreover, in view of the dearth of research focused on the context and the phenomenon that I studied, and which has been acknowledged by several scholars (e.g., Visser, 2006, 2008; Hamann, 2006; Muthuri and Gilbert, 2011), I have gone ‘back and forth’ between theoretical literature and the empirical phenomenon. This interplay has
enabled better understanding of the empirical context, which, in turn, has helped in connecting to the theoretical framework employed in the thesis. In summary, I have been inspired by Suddaby’s (2006, p. 635) note that as researchers it is important to “constantly remind yourself that you are only human and that what you observe is a function of both who you are and what you hope to see”.
4. Summary of the articles

There are five articles in this thesis, each seeking to answer the overarching research question – to explore how extreme (institutional) distance and contextual differences influence MNCs’ CSR-related behaviour in African developing-countries. The articles broadly cover the following areas: firms’ internationalisation, distance and proximity, stakeholders, legitimacy, influence, institutional variation, and corporate social responsibilities and reporting. Below are the summaries of the five articles.

4.1 Article 1: Researching Corporate Social Responsibility in Developing-Countries Context: A Systematic Review of the Literature


Given the rising interest in CSR globally, its local expressions are as varied as they are increasingly visible in both developed-countries and developing-countries. This article presents a multi-level review of the literature on CSR in developing-countries, and highlights the key thematic differentiators and the context-dependence CSR-related characteristics that render it a distinctive field of study. This article entails a review of 101 articles spanning a decade (2004-2014). Based on this review, the author identifies the key thematic and differentiating issues of CSR in developing-countries: social issues, environmental issues and ethical issues. To explore which theme is more prevalent in the literature the author applied a variety of methods. The most prevalent themes addressed in journal articles have been social issues, followed by environmental issues as a distant second, with ethics-related issues receiving the least attention. Second, in view of the fact that CSR research in developing-
countries constitutes an emerging stream of research (Visser, 2008), an overwhelming dominance of empirical (qualitative) papers aimed at exploring CSR motivations have been confirmed. This suggests that much CSR knowledge in developing-countries reflects the unique social issues that call for firms to adopt different CSR orientations and interventions (Blowfield and Frynas, 2005; Visser, 2008). Third, the review reveals that researching CSR from developing-countries’ contexts have mainly drawn on three interrelated theoretical frameworks: institutional theories, stakeholder theory, and theory of legitimacy. This, in turn, suggests that much CSR knowledge in respect to developing-countries reflects its particular institutional context, as scholars continue to adopt the basic assumptions inherent in what I have described in this article as the ‘conventional group of theories of CSR research’. Fourth, empirical CSR research in developing-countries has mainly focused on two regions - Asia and Africa - with scholarly article production in the former spearheaded by the two most productive authors: Dima Jamali and Peter Lund-Thomsen. The review provides useful insights for future CSR research on developing-countries.

4.2 Article 2: Multinational Enterprises and Distance: Exploring Opportunities and Challenges Involved in Practicing CSR in Host-Countries


In the extant literature the notion that *distance* is a liability has been emphasised. In consequence, concepts such as *liability of foreignness, psychic distance, institutional distance, cultural distance* have influenced much of international business scholarship. There are various issues explored in international business research that have been explained in terms of “foreignness”, “unfamiliarity”, “institutional gaps”, and related concepts. International business research has increasingly analysed the effects of *distance* when firms internationalise (expand) and enter markets in different (distant) institutional environments such as developing-countries; while a parallel strand of work in economic geography investigates the dimensions of *proximity* and how it influences firms’ knowledge development in distant institutional contexts. Despite the noticeable similarities, the two literatures have so far poorly
The author proposes a theoretically-derived framework that analyses the interplay between distance and proximity, and how they influence MNCs’ CSR-related behaviour in host-countries differentiated by either similar or dissimilar institutional environments, to mitigate the effects of distance. Further, the article advances a novel concept of home-bases learning, which is argued to contribute to MNCs’ access to CSR-related knowledge that originates from current and prior business in differing institutional contexts. The concept of home-bases learning is derived from two premises: (1) there is a vast literature that treats firms’ responses to external pressures for CSR-related behaviour in differing institutional environments; and (2) the CSR-related knowledge of the MNCs’ parent company could be crucial but may not be sufficient in reducing CSR-related knowledge gaps that subsidiary firms face in differing host-countries. The contribution of the article lies in the fact that the peculiar institutional characteristics and contextual realities that provide opportunities and challenges in respect to MNCs’ CSR-related behaviour in mitigating the effects of distance has received little attention in the extant literature so far.

4.3 Article 3: Corporate Social Responsibility in the Mining Industry: An Exploration of Host-Communities’ Perceptions and Expectations in a Developing-Country

Revised (minor) and re-submitted for review to: Corporate Governance: The International Journal of Business in Society.

Little is known about how and what drives CSR in host-communities of multinational mining companies (MMCs) in developing-countries. In order to address this knowledge gap, this study used Ghana as a test case and conducted 24 semi-structured interviews with participants drawn from mining host-communities. Communities that host MNCs in the extractive industries sector in developing-countries are increasingly using their claim of ‘custodian of the land’ to pressure MMCs to provide social services (e.g., housing, roads, education, electricity, health-care, etc.). The study found that while CSR is broadly understood and encompasses six thematic categories in the mining host-communities, there are emphases on philanthropic and environmental responsibilities. Contrary to the established knowledge in other studies, I find...
that CSR rhetoric plays a more positive and significant role than so far explored in CSR research, as it incentivises the host-communities to push for the fulfilment of their CSR expectations and/or CSR initiatives proposed by the mining companies. Because developing-countries share similar socio-economic and geo-political realities, the findings in this study may be applicable not only for CSR advocates, but also policy makers in developing-countries. The study contributes to the developing-countries’ CSR literature by providing empirical evidence that the “influencers” of a firm such as the media, and stakeholder groups such as local communities in which companies operate, could be key allies characterised by dynamic stakeholder relationships, especially, in developing-countries where the voices and concerns of the poor and marginalised are rarely ever reflected in firms’ CSR-related behaviour (Idemudia, 2011). Furthermore, the findings of this study do not at all support the established knowledge that CSR rhetoric produces negative outcomes, i.e., the “self-promoters’ paradox” (Ashforth and Gibbs, 1990; Morsing and Schultz, 2006). This novel finding, if it is the right way to incentivise the host-communities into pushing for the fulfilment of the CSR initiatives of the mining companies, risks impacting on the content of corporate communication of CSR information taking place between managers of MMCs and stakeholders.

4.4 Article 4: Motivations for Corporate Social Responsibility Reporting by MNE Subsidiaries in a Developing-Country Context

An earlier version was presented at the International Interdisciplinary Conference on HRM, 23-25 March 2017 at the University of Gothenburg, Gothenburg, Sweden. To be revised and re-submitted for review to: Multinational Business Review.

Recent findings suggest that we lack deeper understanding on how host-countries’ institutional norms and parent companies’ policies influence MNC subsidiaries’ CSRR practices in developing-countries. The study used Ghana as a test case and conducted 15 in-depth interviews with managers drawn from eight MNC subsidiaries. A textual data search was done to help provide support for the findings from the interview data. The evidence from subsidiaries’ reporting of their CSR activities suggests that CSRR in Ghana exceeds the requirements of ‘hard’ regulations, which act as coercive isomorphism
(DiMaggio and Powell, 1983) for the uptake, and disclosure, of CSR performance information. ‘Soft’ regulations take a higher priority than ‘hard’ regulations, and have resulted in transformational changes in the attitudes of the subsidiaries; i.e., behaviour preceded attitude change amongst the subsidiaries as is evident from the findings. If ‘hard’ regulations and ‘soft’ regulations were to be prioritised or reordered in the CSR organisational field of Ghana, compliance with ‘hard’ regulations would remain the foremost responsibility of business, followed by ‘soft’ regulations for voluntary compliance by industries and/or associative groupings. The findings in this respect partially refute some of the theoretical propositions of Campbell (2007), namely that companies that operate in a relatively weak economic environment are less likely to engage in CSR behaviour if there are no well-enforced ‘hard’ regulations and/or strong private/independent organisations, and normative pressures to spearhead calls for the uptake of CSR behaviour. In contrast to evidence from other geographies suggesting that inadequacies in a host-country’s regulations could depress the CSR performance of MNC subsidiaries, this study finds that inadequacy in regulations rather induces/sensitises MNC subsidiaries to make voluntary disclosure of CSR performance indicators. It is evident from the findings that the pursuit of internal legitimacy with parent company, and external legitimacy with powerful stakeholders in the host-society’s institutional environments, feature highly on the motives for disclosure of CSR information in Ghana. In particular, locally ingrained values and expectations that frown on social ‘irresponsibility’ is more salient in informing and interpreting the CSR performance information that subsidiaries disclose in their public reports. Probing beyond the surface, the findings also reveal underlying patterns of CSR development that tentatively suggest that the subsidiaries interviewed are at the innovative stage where companies “begin to monitor their social and environmental performance and issue public reports on the results”, as discussed in Mirvis and Googins’ (2006, p. 113) five-stage path of corporate citizenship.
4.5 Article 5: Does the mining industry report CSR differently? An investigation through the lenses of legitimacy and stakeholder theories

Under the review process in *Sustainability Accounting, Management and Policy Journal*.

The purpose of this study is to investigate how mining companies are reporting their social and environment-related performance information to satisfy stakeholders, and how these reporting practices have changed and evolved over time (i.e., from 2006 to 2014). Using content analysis, this article reviews 27 CSR reports published between 2006 and 2014 by three major mining companies. An index of 60 items organised into six disclosure categories (employee, environment, community involvement, energy, governance, and general) was constructed to guide the review. The items in the disclosure index were adopted from the social and environmental accounting literature, with some adaptations. The findings show that the disclosure categories ‘Employee’, ‘Environment’, and ‘Community Involvement’ featured the highest disclosure scores, suggestive of attempts to seek exchange and influence legitimacy, consistent with theory of legitimacy. In contrast, ‘Energy’, ‘Governance’, and ‘General’ disclosures presented the lowest scores. The article concludes that by carefully combining pragmatic and moral strategies, the sample companies’ stakeholder engagement is instrumental in building-up their ‘social license’, and helps better understand how the legitimisation potential of social and environmental reporting (SAER) works out in challenging contexts such as the extractive industries. The paper contributes to SAER literature as the first and novel attempt to consider pragmatic and moral legitimacy arguments of SAER practices in the mining sector, using content analysis (‘frequency of disclosure’) in a longitudinal study (2006-2014). The findings have implications for stakeholders such as NGOs that push for tougher international standards that can lead to broader social benefits rather than merely symbolic disclosures. The findings indicate that various stakeholder groups can, to some extent, identify themselves with specific (social) intervention activities and access more detailed information from the current and subsequent annual reports. More specifically, disclosures in relation to the ‘Employee’ category reveal companies’ (immediate) reactive strategy (e.g., the “tragedy at Marikana” and Lonmin’s 2012 report) to shore-up their ‘social license to operate’ and thereby portray that they are mindful of societal
(employee) interests. Thus, when faced with societal (employee) pressures, companies, through their endorsement of SAER practices, could secure/maintain their legitimacy, while conflicts persist, by portraying moral legitimacy in its varying forms; i.e., consequential procedural and structural legitimacy.
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<th>Theoretical framework</th>
<th>Method</th>
<th>Main findings</th>
<th>Main contributions</th>
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<td>Article 1: Researching Corporate Social Responsibility in Developing-Countries Context: A Systematic Literature Review</td>
<td>(1) What has been the focus of CSR knowledge in developing-countries? (2) What has been the nature of CSR knowledge in developing-countries? (3) What have been the influences on CSR knowledge in developing-countries? (4) How has CSR research in developing-countries been?</td>
<td>No explicit theoretical framework.</td>
<td>Systematic Literature review.</td>
<td>The findings indicate that the most prevalent CSR themes addressed in journal articles have been social issues, followed by environmental issues at a distant second, with ethics-related issues receiving the least attention.</td>
<td>Identification of potential topics for future research and a number of gaps in the literature. Theoretical insights from CSR in developing-countries. A contextually relevant CSR model is advanced. 11 propositions are advanced. A novel concept of home-bases learning is advanced, which is argued to contribute to firms' access to CSR-related knowledge that originates from current and prior business in different institutional environments.</td>
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<td>Article 2: Multinational Enterprises and Distance: Exploring Opportunities and Challenges involved in Practicing CSR in Host-Countries</td>
<td>Which conditions create opportunities and challenges for MNCs to use CSR to mitigate the effects of distance in host-countries?</td>
<td>No explicit theoretical framework.</td>
<td>Conceptual analysis.</td>
<td>Different patterns of complementarities emerged from countries' distinctive institutional contexts that often arise when firms internationalise and enter markets in developing-countries.</td>
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<td>Article 3: Corporate Social Responsibility in the Mining Industry: An Exploration of Host-Communities’ Perceptions and Expectations in a Developing-Country</td>
<td>How is CSR understood in mining communities in a developing-country context? What factors are driving the CSR expectations of mining communities from MMCs in a developing-country context?</td>
<td>Theory of legitimacy and stakeholder theory.</td>
<td>24 in-depth, semi-structured interviews with members of mining host-communities in Ghana.</td>
<td>The findings indicate that CSR rhetoric plays a more positive and significant role than so far explored in CSR research, as it incentivises the host-communities to push for the fulfilment of their CSR expectations and/or CSR initiatives proposed by the mining companies.</td>
<td>Besides economic and philanthropic responsibilities, the mining industry’s characteristics demand normative frameworks to exert pressure on firms due to the perceived lack of effective regulations to protect the host-communities from environmental effects of mining. Context dependent drivers of CSR expectations in the mining-host-communities are identified.</td>
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<td>Paper 4: Motivations for Corporate Social Responsibility Reporting by MNC Subsidiaries in a Developing-Country Context</td>
<td>(1) Motives behind CSR information disclosure of MNC subsidiaries in developing-countries; (2) challenges with CSR information disclosure of MNC subsidiaries in developing-countries; (3) focus/trend of CSR information disclosure of MNC subsidiaries in developing-countries.</td>
<td>Institutional theory and theory of legitimacy.</td>
<td>15 in-depth, semi-structured interviews with managers of MNC subsidiaries in Ghana.</td>
<td>Inadequacies in the enforcement of standards and regulations relating to CSR rather induce the MNC subsidiaries to make voluntary disclosure of CSR performance information. ‘Soft’ regulations to which industry associations’ members voluntarily adhere mitigate the absence of enforcement of more stringent hard regulations by the state for companies.</td>
<td>An extended model is proposed which illustrates the roles of organisational fields, institutional pressures, legitimating environments, and legitimating strategies for MNC subsidiaries’ voluntary disclosure of CSR performance information. Doing business in distant or different institutional contexts, institutional duality of MNC subsidiaries renders business activities complex and even conflicting when it comes to seeking internal and external legitimacy.</td>
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<td>Paper 5: Does the mining industry report CSR differently? An investigation through the lenses of legitimacy and stakeholder theories</td>
<td>How are MMCs reporting their social and environment-related performance information to satisfy stakeholders? How have these reporting practices changed and evolved over time?</td>
<td>Theory of legitimacy and stakeholder theory.</td>
<td>Content analysis of annual reports.</td>
<td>The findings indicate that disclosure categories ‘employee’, ‘environment’, and ‘community involvement’ featured the highest disclosure scores, suggestive of attempts to seek exchange and influence legitimacy, which is consistent with explanations offered by the theory of legitimacy. In contrast, ‘energy’, ‘governance’, and ‘general’ disclosures presented the lowest disclosure scores.</td>
<td>The 60-item disclosure index is in itself a contribution to research as it provides a measure of ‘disclosure quality’ in relation to the disclosures of CSR-related performance information and CSR-related governance information. Disclosure can tend to be symbolic when the threat of legitimacy becomes apparent but become more substantive across time as stakeholder pressure is generally maintained.</td>
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5. Conclusions

I start this chapter by discussing how the findings from the different articles interrelate and are built on each other. Next is my theoretical conclusions, followed by managerial implications. Finally, I present my suggestions for further research.

5.1 Discussion

This thesis has an overall purpose – to explore why and how institutional distance and contextual differences influence MNCs’ CSR-related behaviour in African developing-countries – with twelve different underlying research questions guiding the five articles appended to this thesis. The overarching contribution of this thesis is to understand how and why the institutional environments of African developing-countries affect and shape different expressions of CSR-related behaviour when MNCs with their origin in developed-countries internationalise (expand) and enter markets in African developing-countries. This stream of CSR-related research is studied from different theoretical perspectives and empirical settings. Due to a combination of arguments against the transferability of frameworks and conclusions drawn in developed-countries about developing-countries, and the distinctive elements of CSR in developing-countries, the concept of the ‘north-south’ divide in CSR practices is imperative in African developing-countries (Visser, 2006, 2008). In addition, there is the need to understand the objectives, content, and targets of the context-dependence of CSR and to inform one’s theorising in relation to the contexts and circumstances encountered in African developing-countries (Blowfield and Frynas, 2005; Hamann, 2006).

Firms’ expansion and entry into markets with different regulations and norms for social responsibility is highly central to CSR research; it includes the need to improve the understanding of firms’ ability to integrate CSR-related behaviour and to address societies’ ever-changing expectations. This thesis proposes one literature review (Article 1) with a focus on CSR research in
developing-countries; a conceptual study (Article 2) in which I developed eleven propositions; two contextualised case studies (Article 3 and 4); and a content analysis of annual CSR reports (Article 5) based on a longitudinal study (2006-2014).

Article 2 in this thesis identifies challenges and opportunities that arise when firms expand and enter markets in different institutional environments, and the difficulties of mitigating the effects of distance. The role of firms’ CSR-related behaviour is important for understanding how firms learn to work with diverse societal expectations, and to define and fulfil context-dependent social responsibilities (Antal and Sobczak, 2004). However, current approaches to CSR with their origin in developed-countries, could lead to expressions of CSR that are not consistent with the social and cultural values and norms that shape expressions of CSR in African developing-countries (Blowfield and Frynas, 2005; Hamann, 2006). In the different articles, it is shown how difficult the context-dependence of CSR is for MNCs when it comes to legitimising and coping with values and perspectives that are in the interests of African developing-countries, even though CSR in the context of African developing-countries, remains, to a certain extent, shrouded in conceptual and empirical confusion (which may remain undetected and could easily be mistaken for an absence of social responsibility), at least in the short-term perspective (Brammer et al., 2012; Visser, 2006, 2008). Article 2 in this thesis advances a novel concept of home-bases learning, which is appropriate for containing the effects of distance when firms with their origin in developed-countries expand and enter institutionally different market places such as those in African developing-countries, i.e., institutional duality of MNCs (see Hillman and Wan, 2005).
First, I elaborate on the findings in Article 1 that relate to, for example, the thematic categories of CSR that focused CSR research in developing-countries has identified during the studied period (2004-2014), which are paramount particularly in this thesis. In relation to the traditional conceptualisation of CSR proposed and revisited by Carroll (in 1979 and 1991 respectively), the role of distinct and institutionally different markets is revitalised since every regional context legitimises and reproduces social and cultural values, norms, and priorities that respond to their circumstances. These social and cultural values, norms, and priorities shape MNCs’ CSR-related behaviour, which is quite evident in Article 3 in which six thematic categories of CSR-related behaviour - community involvement or philanthropy, work ethics, environment, health/safety and welfare of employees/communities, respect for the law (i.e., legal responsibilities), and financial sustainability, - emerged, based on the normative dimensions of the contextual setting and stakeholders (i.e., mining host-communities) I focused on in this study (see Scott, 2008). For instance, Carroll’s (1979) classic, American ordering pyramid model of CSR (with emphasis on legal responsibility) and with philanthropic responsibilities receiving the least attention, contrasts with Visser’s (2006) African pyramid (with emphasis on philanthropic responsibilities), which became partially evident in Article 3 as well. The context-specific

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relevance of CSR (see Matten and Moon, 2008) has meant that researchers interrogate crucially how CSR is understood and implemented, which gives meaning to the dominance of qualitative (exploratory) empirical research which is evident in Article 1; (what has been the nature of CSR knowledge in developing-countries?). Moreover, the need for firms to conform to that which is deemed an acceptable CSR-related behaviour (i.e. normative isomorphism), is quite evident in the overwhelming dominance of the social thematic category (what has been the focus of CSR knowledge in developing-countries?) over the other thematic categories (i.e., environmental and/or ethics) in Article 1.

The ‘conventional group of theories of CSR research’ highlighted in Article 1 (what have been the influences on CSR knowledge in developing-countries?) are helpful theoretical lenses for understanding the effects of the institutional environment on firms’ CSR-related behaviour from regulative, normative and cultural-cognitive dimensions (see Scott, 2008), the role of different stakeholders in shaping firms’ CSR-related behaviour, and in serving specific functions, including, for example, securing legitimacy (see Suchman, 1995). Proposition P5b in Article 2 states: “MNEs foreign subsidiaries that subscribe to a host-country’s stakeholders’ and institutions’ expectations, are more likely to adapt to host-country CSR practices, become isomorphic with local competitors, and reduce the impact of distance.” Hence, in Article 4, due to reluctance and/or refusal to enforce standards and ‘hard’ regulations relating to CSR in the context of Ghana, the argument is that industry associations establish ‘soft’ regulations to guide CSR-related behaviour, to which firms voluntarily adhere (see Campbell, 2007), and this plays out in fostering business networks, for example, as firms conform to social norms or mimic ‘best’ practices, despite differing industry sectors, for legitimacy reasons.

Second, the propositions that are related to MNCs’ desire for external legitimacy are especially covered in Articles 4 and 5, and are integral to the ‘conventional group of theories of CSR research’. Proposition P4a in Article 2 reads: “The more proximate a foreign-owned firm is, in a particular economic environment, the fewer the challenges it faces in gaining external legitimacy in the host-environment, due to its prior experience in similar economic environments.” When operating in controversial and/or high-risk industries, it is imperative to understand firms’ strategic response to normative pressures
that shape socially acceptable behaviour, which are denoted as “what is right
to do around here” (see Marquis et al., 2007, p. 934).

The position in Article 5 is to understand how mining companies build-up
their social license to operate through a combination of pragmatic and moral
strategies that better explain the legitimisation effects of CSR-related report-
ing practices. When faced with conflicts and/or threats to their legitimacy,
companies have used CSR-related reporting practices as an appropriate me-
dium to portray engagement with stakeholders and thereby shore-up their so-
cial license to operate. However, Article 5 points out that since the mining
sector’s impact is felt most in communities (environments) in which mining
activities take place, it is not surprising that the disclosure categories of ‘em-
ployee’, ‘environment’, and ‘community involvement’, are the three most
widely disclosed categories during the studied period (2006-2014), since they
better portray how companies successively address the issues of concern to
particular stakeholders, and help gain acceptance for their activities.

Building on proposition P5a in Article 2, “A parent company and its subsid-
iaries’ prior experience in specific industries and host-countries over time
will have a positive influence on a new foreign subsidiary’s ability to cope
with the impact of distance through its CSR practices” is further developed
in Article 3, 4 and 5. Most studies focused on CSR-related (reporting) prac-
tices within the mining sector in developing-countries emphasise conflicts
and the negative role of CSR rhetoric. This is not to suggest that some of the
content of firms’ CSR-related (reporting) practices is more important than
others; however, as I argue in Article 5, the appropriateness of contextual
factors, including local norms, values, and belief systems that provide the
foundation to CSR-related behaviour, becomes paramount. However, due to
the mining industry’s specificity, i.e., apparent incompatibility with sustain-
ability (see Fonseca, 2010), and for which reason it has attracted continued
criticism, many voluntary self-regulation schemes are introduced. The most
fruitful way of studying CSR-related (reporting) practices is to identify and
understand internal and external stakeholders’ needs and how to address them
with the help of pragmatic and moral legitimacy explanations. The ambition
in Article 5, therefore, is to categorise the different CSR-related disclosures
by three major multinational mining companies (MMCs) (Anglo American,
AngloGold Ashanti, and Lonmin).
Using content analysis, an index of 60 items organised into six disclosure categories (employee, environment, community involvement, energy, governance, and general) was constructed to guide the review. This turned out to be a relevant way to capture and understand their underlying motivations from the lenses of legitimacy and stakeholder theories. Moreover, I relied on Suchman’s (1995) conceptualisations of legitimacy and argued that the changes in CSR-related (reporting) practices are related to the need to manage specific stakeholders (pragmatic legitimacy) and, in addition, show an affiliation to pro-social objectives (moral legitimacy). More specifically, the emphasis on social disclosures, i.e., employee and community involvement, primarily reflects attempts to gain consequential legitimacy (i.e., social activities are part of the reporting companies’ outputs) in response to continued criticism that the industry fails to adequately live up to stakeholders’ expectations, which poses a threat to its social license to operate. Articles 3 and 4 illustrate that both host-communities and managers see business and the need for local responsiveness as paramount for MNCs when operating in a contextually different host-country, where, besides regulative dimension, locally ingrained ‘soft’ regulations, values and social norms, and shared beliefs, shape acceptable corporate behaviour (see Scott, 2008).

Further, the emphasis on environmental disclosures (e.g., prevention or repair of damage to the environment) can primarily be seen as a mechanism to gain procedural legitimacy in response to concerns that the mining industry’s activities are incompatible with environmental sustainability (see Böhling and Murguia, 2017; Fonseca, 2010; Fonseca et al., 2014). This means that companies constantly have to prove (via CSR-related reporting practices) their right to exist through various value-creating activities, which do not necessarily aim for profit-making, but may, nonetheless, co-exist with their primary outputs. Seeing the importance of environmental concerns in developing-countries (see Visser, 2008), it makes sense to relate Article 1, i.e., what has been the focus of CSR knowledge in developing-countries? to Article 5 in terms of environmental disclosures. The fact that, besides social development issues, both articles highlight environment-related concerns means that managers must understand the broad impact of their decisions on a complex set
of stakeholders, and integrated programmes must be tailored to the needs of their constituents.

The fact that much CSR research in the international management field is built on the contextual setting of developed-countries prompted me to ask in the introduction chapter to what extent, current CSR frameworks and conclusions would hold for developing-countries’ empirical context (Egri and Ralston, 2008; Kolk and Lenfant, 2010). This thesis sheds light on certain particularities in relation to (African) developing-countries that might be quite different from a study set in developed-countries’ context. The ‘conventional group of theories of CSR research’ identified in Article 1, i.e., institutional theories, theory of legitimacy, and stakeholder theory, indicates that certain fine-grained distinctions of, for example, regulative dimension (context-specific soft regulation), normative dimension (context-specific social values and norms) are needed to assist in identifying and understanding internal and external pressures on MNC subsidiaries for CSR-related behaviour in contextually different and distant institutional environments (host-countries).

The following theoretical concluding model is based on the empirical findings of this thesis. The model is inspired by and built on Visser’s (2006, p. 37) model of the African CSR pyramid, which incidentally is the same as Visser’s (2008, p. 489) model of CSR pyramid for developing-countries.

5.2 Theoretical conclusions

Based on the findings in this thesis and the preceding concluding discussion, I propose a refined CSR conceptualisation model that better fits African developing-countries’ empirical circumstances and context that “present a distinctive set of CSR agenda challenges”, which are quite different from those faced in the context of developed-countries (Visser, 2008, p. 474). This, in turn, is underpinned by the distinctive institutional environments which take into account institutions, i.e., “formal rules and taken-for-granted cultural frameworks, cognitive schema, and routinized processes of reproduction; and assumes that actors are motivated more by a logic of appropriateness whereby action is constrained and enabled by cultural frames, schema, and routines” (Campbell, 2006, p. 926). Despite the acceptance of a context-specific relevance to firms’ CSR-related behaviour (see Matten and Moon,
most of our knowledge of firms’ CSR-related behaviour has been developed through the study of large firms with their origin in developed-countries (e.g., North America and Europe), and operating in their home market places. While CSR expressions and relevance vary across different countries, there are fundamental questions as to the role of the institutional environments that may influence whether firms act in socially responsible ways or not, even as the way firms treat their stakeholders and their expectations depends on the institutions in which they operate (see Campbell, 2006, 2007).

There is another factor that is characteristic of the empirical context in this thesis that would affect the CSR-related behaviour of firms with their origin in developed-countries that internationalise and enter markets in Africa. The classic, four-part pyramid model of CSR proposed and revisited by Carroll (1979 and 1991), is not necessarily accurate and relevant when used as the basis to explore CSR in the African context for various reasons. It is suggested that the less formalised and more philanthropic orientation to CSR in Africa is likely to be different from the classic, American ordering model that Carroll had sought to portray. Visser (2006) developed an African perspective of Carroll’s (1979) CSR pyramid that could better explain the relative priorities of CSR in Africa. The evidence that in Africa, CSR is expected to “legitimise and reproduce values and perspectives that are […] in the interests of developing economies”, presents a distinctiveness of the context-dependence of CSR that this thesis is focused on, which would affect firms’ CSR-related behaviour (Blowfield and Frynas, 2005, p. 510). By accounting for this distinctiveness, I can contribute to refining existing theory, i.e., “identifying, designing and testing new CSR frameworks” since there are additional factors that can influence the CSR-related behaviour of firms that internationalise and enter markets in African countries which have previously not been in focus in the extant literature (Visser, 2008, p. 493). These distinctive factors are now discussed in relation to Visser’s (2006) CSR pyramid model for African countries.

Based on the findings in this thesis, the internal environment and external environment factors that have been identified are specifically considered when proposing an adapted African CSR model according to Figure 3. Visser (2006, p. 30) starts by applying Carroll’s (1979) CSR model to illustrate the
nature of CSR in the African context, and used the context of Africa to
demonstrate the limitations of Carroll’s CSR model as a framework for un-
derstanding CSR in the African context. The case of the multinational mining
company (MMC) Anglo American is used to propose the African CSR pyra-
mid model. The focus in Visser’s African CSR model is not on the introd-
tion of ‘new’ categories of ‘social’ responsibilities, but on how the relative
priorities of CSR in the African context would differ from Carroll’s classic,
American (ordering) pyramid model of CSR. In the following, I will discuss
Visser’s African CSR pyramid in relation to the empirical findings in this
thesis.

To begin with, the middle part of Figure 3 has many similarities with Visser’s
(2006) model. The empirical context of this thesis is that the institutional en-
vironments and contextual realities of African developing-countries create
opportunities for less formalised ways in which business contributes to im-
proving societal conditions that are in sharp contrast with many early and
influential CSR papers focused on developed-countries. Firms’ internal en-
vironment factors such as top management commitment to CSR have been
shown to prompt firms to engage in CSR-related learning (Banerjee, 1998;
Haugh and Talwar, 2010). In one of the cases, i.e., Article 4, an internal en-
vironment perspective to acquire existing or discover ‘new’ knowledge in-
clude subsidiaries’ managers working with their parent companies through
practicing, and communicating, CSR information in their direction. The sub-
сидiaries’ managers then worked and learned through direct experience, i.e.,
experiential learning, which resulted in the adoption of company-specific
ways of solving societal concerns that are deemed appropriate for their busi-
ness. Moreover, firms’ external environment factors such as increased soci-
etal pressures and stakeholders’ expectations further push firms to develop and
implement CSR-related learning mechanisms (Ransom and Lober, 1999;
Zadek, 2004). In Article 4, an opportunity was offered by the external envi-
ronment which the subsidiaries relied on for acquiring existing or ‘new’ CSR
knowledge, since the subsidiaries’ managers sought external legitimacy in
recognition of the host-society’s environment that consists of institutions, for-
mal and informal rules and norms. The assumption that Huber (1991, p. 89)
proposes in his article that “an organization learns if any of its units acquires
knowledge that it recognizes as potentially useful to the organization” is highly convincing in the context of the empirical evidence in this thesis.

Figure 3: A model of factors influencing MNC subsidiaries’ CSR-related behaviour in the African context. Adapted from Visser (2006, p. 37).

In the African CSR pyramid model proposed by Visser (2006) ‘economic responsibilities’ form the base of the pyramid. First of all, although economic responsibility is not in focus in this thesis, it is accounted for in Article 3, since it is acknowledged to affect firms’ subsequent investment in CSR-related activities and for that reason “would remain the foremost responsibility of business” (Muthuri and Gilbert, 2011, p. 478). Many researchers of CSR (e.g. Carroll, 1979, 1991; Friedman, 1970; Muthuri and Gilbert, 2011) have acknowledged the role of ‘economic responsibility’ as the foremost responsibility before any others (e.g., philanthropic, environmental, and ethical) could be considered by business. Overall, the empirical evidence in this thesis suggests that CSR in the African context does not take the form of Carroll’s (1979) CSR pyramid. In one of the cases in this thesis, (i.e. Article 3), as well as the literature review (Article 1), and Article 5, it emerged that CSR is primarily prioritised on social (philanthropic) responsibilities, followed by environmental (legal) responsibilities, and finally ethical responsibilities resembling Visser’s (2006) African pyramid. This empirical finding provokes two
relevant questions: are the African values of community involvement and social responsibility the defining behaviour that is deemed appropriate for companies to remain legitimate? (see Muthuri and Gilbert, 2011), and how do MNC subsidiaries cope with different stakeholders’ needs and expectations? However, as firms which originate from developed-countries enter markets in African developing-countries, it is appropriate to gain and use country-specific ‘new’ knowledge to endeavour to meet stakeholders’ needs and expectations (see Haugh and Talwar, 2010).

This leads us to firms’ internal legitimating environment, which includes: organisational structure, organisational distance, and parent-subsidiary relationship. In Article 4, for example, the eight companies I studied are foreign subsidiaries of MNCs who find themselves under increasing pressure from their parent companies to take responsibility for their actions in order to remain socially relevant. By responding to pressures from their parent companies, the subsidiaries tend to ‘lead the way’ in the business environment of Ghana in attempting to remain legitimate to the parent company and to ensure their survival. Running parallel to firms’ internal legitimating environment is the external legitimating environment, which includes formal and informal institutions. It is evident in Articles 3 and 4 that the manifestation of CSR is primarily a function of normative and cultural-cognitive pressures in Ghanaian society. In line with this, social-cultural institutional dimensions have triggered the development of cultural-cognitive mindsets by subsidiaries’ managers who deem their CSR practices as ‘appropriate’ and for that matter, consistent with the values embedded in the implicit social contract (i.e. normative isomorphism) in the Ghanaian context. For example, in order to solve the problem of deficiencies in the enforcement of regulations relating to CSR, subsidiaries of MNCs make voluntary disclosure of CSR information, as is evident in Articles 3, 4, and 5. These institutional deficits or ‘voids’ largely arise from the government’s limited capacity and commitment to enforce regulations; nonetheless, MNC subsidiaries tend to mimic ‘best’ practices of their peers and competitors in order to maintain legitimacy and competitiveness in their external environment (see also Cuervo-Cazurra, 2012).

Finally, another distinctiveness of CSR in the African context is the formal and informal ways in which business contributes to solving societal
challenges, which implies using other types of social ‘outcome’ other than strictly ‘formal’ ways, which can also challenge the assumption of ‘explicit’ forms of CSR which may remain detected and prioritised in contexts outside Africa (see also Brammer et al., 2012; Matten and Moon, 2008). In the CSR knowledge acquisition process, companies could either rely on internal sources (i.e. ‘autodidactism’) or import CSR knowledge from external sources (i.e. ‘knowledge infusion’) (see also Fortis et al., 2018). The findings have shown that CSR knowledge sources need to be integrated in a model of an African perspective of CSR pyramid as proposed by Visser (2006). This is important in creating learning drivers necessary to ensure CSR is enacted in a contextually responsive manner and thus keep subsidiaries imitating ‘best’ practices (i.e. mimetic isomorphism), which are consistent with the norms of the context in which they operate for legitimacy reasons (see Figure 3). In Article 4, for instance, the subsidiaries acquired CSR knowledge (i.e. ‘knowledge infusion’) by adhering to local industry associations’ ‘soft’ regulation and also followed the practices of other companies that seem legitimate in terms of societal expectations, whereas in Article 5, the studied companies’ CSR information disclosure relating to the ‘Employee category’ of disclosures, increased rapidly in 2012 as a result of the August 2012 ‘tragedy at Marikana’ (i.e. ‘autodidactism’) (see also Fortis et al., 2018). In regard to this, Blomquist and Sandström (2004, p. 370), for instance, argue that “firms act through automorphism and re-use previous behaviours to organize and structure strategic issues” (see Figure 3). Moreover, the argument that Fortis et al. (2018, p. 287) advance in their article that “firms often refine their past strategies and practices that have been legitimated by their perceived success, in order to address current CSR-related issues” is highly convincing based on the empirical evidence in this thesis. My conclusion is that a focused and context relevant CSR expression is expected when firms with their origin in developed-countries internationalise and enter markets in African developing-countries. However, beside the relative priorities of CSR in the African context, the extent to which the influencing factors of internal environment (i.e. internal environment, ‘autodidactism’, internal legitimating environment) on the one hand, and the external environment (i.e. external environment, ‘knowledge infusion’, external legitimating environment) on the other, are taken into account, could either slow down (i.e. mitigate) or speed up (i.e.
worsen) institutional distance of difference effect, as has been discussed above.

5.3 Contributions

5.3.1 Extended Geographical Focus

This thesis makes a contribution to research by extending the largely myopic geographical focus (i.e. developed-countries) of the CSR literature by conducting a review of CSR scholarship that has been published over the decade (i.e. 2004-2014) and focused on developing-countries. Despite the fact that CSR expression and relevance vary across countries and even regions (see Matten and Moon, 2008), most of our knowledge of CSR practices has been developed through the study of European and North American MNCs operating in their home markets, and increasingly more transitional (e.g., China, India, Brazil) economies. In respect to this, Article 1, identifies a number of gaps in the literature regarding CSR knowledge in developing-countries, and proposes potential topics for future research. As the relative priorities of CSR in the African context is collectively quite different, firms with their origin in developed countries that internationalise and enter markets in African countries need to re-orient their CSR agenda to fit the African perspective. Moreover, although Article 1 is not the first to review CSR research (see also Aguinis and Glavas, 2012; De Bakker et al., 2005; Egri and Ralston, 2008; Lockett et al., 2006), it is the first, to the best of my knowledge, to review the state of CSR knowledge in the context of developing-countries (see Article 1).

5.3.2 Contributions to Conceptual Development for Studying Influence on Firms’ CSR-related Behaviour

This thesis contributes to CSR research in the international management field in several ways. The adopted theoretical model above illustrates how the different pieces of contribution from the five articles are integrated in the model. This thesis has mainly based its analysis on four different theoretical frameworks: institutional theories, the theory of legitimacy, the stakeholder theory,
and organisational learning. Given its context-specific relevance, CSR fundamentally challenges the ways in which companies operate in their institutional contexts. Hence, firms typically need to gain and use knowledge in order to meet stakeholders’ expectations (see also Antal and Sobczak, 2004). To this end, Article 2 contributes to conceptual development for studying firms’ internationalization. In regard to this, a conceptual model and eleven propositions are advanced. The thesis also advances a novel concept of ‘home-bases learning’, which is argued to contribute to MNCs’ access to CSR-related knowledge that originates from current and prior business in various institutional environments. Moreover, this thesis contributes to research at the intersection of international business (i.e., the construct of distance), and economic geography (i.e., the construct of proximity), two streams of literature, that have so far poorly interacted (see Article 2).

5.3.3 Focus on Industry Sectors in Developing-Countries with traditionally high impact – Mining

This thesis contributes to research focused on ‘drivers’ and ‘meaning’ of CSR in mining host-communities in regional contexts where stakeholders have a relatively more important role to play in shaping companies’ CSR initiatives than in economies where there exist strong institutions to enforce regulations relating to socially accepted corporate behaviour and administrative processes aimed at poverty reduction, social development, and sustainable environmental development (i.e. developed countries). Furthermore, Ghana - second largest gold producer in Africa after South Africa, and the tenth gold producing country worldwide - is an example of a well-developed extractive industries sector situated in a region that faces severe social and environmental challenges. This situation is likely to remain unchanged in the future if regulations that shape socially acceptable corporate behaviour are not strengthened not only in Ghana but also in countries that are less economically developed and have the tendency to ease business regulations relating to CSR to induce foreign investment (see Campbell, 2007; Moon and Vogel, 2008). This thesis contributes to CSR research in the extractive industries by identifying the drivers of host-communities’ CSR expectations in a developing-country context (see Article 3).

5.3.4 Focus on CSR Reporting Practices in Developing Countries with traditionally high impact sectors – mining
This thesis contributes to the development of social accounting theory by invoking explanations from stakeholder, institutional, and legitimacy theories and capitalising on the parent-subsidiary relationship in explaining the motivations, challenges, and focus/trend of CSR reporting practices in the context of a developing-country. By addressing MNC subsidiaries’ social and environmental accounting practices, I was not only able to explore the motivations for CSR reporting practices in a market that remains unexplored by CSR reporting practices research; I was also able to show that there may be a great deal to learn from market places where CSR reporting practices as a phenomenon is not so well-established compared to what we know from the contextually different developed-countries (see also Kolk and Lenfant, 2010; Visser, 2008, p. 478). In regard to this, the lack of understanding on how a host-country’s (i.e. Ghana) institutional norms influence MNC subsidiaries' CSR reporting practices allowed me to draw conclusions on the role of ‘soft’ regulations which complement ‘hard’ regulations, which act as coercive isomorphism (see DiMaggio and Powell, 1983) for CSR reporting practices, and how the relaxed nature of business regulations relating to CSR induces companies to make voluntary disclosure of their CSR performance information. This thesis further contributes to social accounting theory by proposing an extended model that illustrates the roles of organisational fields, institutional pressures, legitimating environments, and legitimating strategies for MNC subsidiaries’ voluntary disclosure of CSR performance information. The proposed model, in turn, provides an opportunity for future research given that MNC subsidiaries face institutional duality (see Hillman and Wan, 2005) (see Article 4).

5.3.5 Extended Single Industry Focus

This thesis contributes to the development of social accounting theory by invoking explanations from pragmatic and moral legitimacy and capitalising on longitudinal studies (i.e. from 2006 to 2014) in explaining multinational mining companies’ motivations for voluntary disclosure of social and environmental performance information. The 60-item disclosure index is in itself a contribution to research as it provides a measure of ‘disclosure quality’ in relation to the disclosures of social and environmental performance information and social and environmental related governance information. The
60-item disclosure index, in turn, provides an opportunity for future research, given that disclosure of social and environmental performance information in itself can tend to be symbolic when the threat of legitimacy becomes apparent, but becomes more substantive across time as stakeholder pressure is generally maintained (see Mahadeo et al., 2011). Furthermore, this is a novel attempt at considering pragmatic and moral legitimacy explanations in relation to social and environmental accounting in the mining sector, since member companies of the International Council on Mining and Metals (ICMM) made a voluntary commitment to report their social and environmental performance information, effective 2008 (see Article 5).

5.4 Managerial implications

Both international business and corporate social responsibility literatures emphasise the importance of knowledge. More specifically, the corporate social responsibility literature highlights the importance of knowledge acquired through searching firms’ internal and external environments. Neale (1997, p. 101), for instance, in his analysis of Shell’s attempted deep sea disposal of the Brent Spar oil storage that triggered alarming opposition from stakeholders, wrote that such events, although, “unique, there are valuable lessons which other businesses seeking to improve their environmental performance might learn from”. In short, many researchers have noted that inter-organisational learning (i.e. inter-organisational isomorphism) significantly influences the extent to which a firm’s CSR practices are diffused among other firms (see Bansal, 2005; Sharma, 2009). The findings in this thesis have managerial and practical implications for MNCs and their subsidiaries. For example, managers of MNC subsidiaries could develop their CSR and CSR reporting strategies by analysing the sources of their legitimacy (i.e. to determine the extent to which they derive their legitimacy from internal and/or external sources). A subsidiary’s legitimacy may be called into question from both internal and external sources, which comprise, respectively of their parent companies’ approval and the regulative, normative, and cultural-cognitive dimensions of their host-country’s environment (see Scott, 2008).

Further, MNC subsidiaries need to consider the social and environmental agendas of their parent and other subsidiaries in the Group of companies in
designing their own CSR and CSR reporting strategies. This is crucial since MNC subsidiaries may be affected by the extent of complexity in the multinational operations of Group companies and the need to gain broader understanding and ‘approval’ of their activities. Moreover, as developing countries present a distinctive set of CSR agendas which are fundamentally quite different from those experienced in developed countries, it is imperative that MNC subsidiaries operating in developing countries integrate contextual differences, culturally-shared values, and social norms into their CSR practices and CSR reporting agendas (see Article 1; Visser, 2008). The fact that operating companies of MNCs are often perceived by their stakeholders, including customers and governments, as branches of a MNC, implies that decisions taken at a local subsidiary level (i.e. action and inaction) can have regional and global repercussions on the Group of companies (see also Neale, 1997).

Furthermore, a CSR reporting strategy focused on social and environmental agendas of MNCs and their subsidiaries may provide management practitioners with a constructive way of thinking about national differences and convergence (if any), and to inform the adoption of best practice in all countries in which MNCs and their subsidiaries operate.

There is also the need for civil society organisations (CSOs), policy makers, and the corporate sector to educate and encourage local communities in developing countries to be more proactive and keep themselves abreast of how to create more awareness that could strengthen business and society relations, and to explore for synergies within bundles of CSR initiatives provided by the corporate sector. More specifically, civil society organisations can access more CSR-related information from annual reports of companies to inform their CSR expectations and engagement with companies (see Article 5). In addition, stakeholders such as international NGOs can push for tougher international standards that could lead to companies solving more specific social and environmental challenges that are identified and/or prioritised in developing countries, rather than merely symbolic social and environmental performance information disclosures that tend to dominate current disclosure patterns of companies operating in the extractive industries in developing-countries (see Article 5).
5.5 Suggestions for future research

This thesis provides relevant contributions to academic research within the area of corporate social responsibility, and, more specifically, corporate social responsibility research focused on developing-countries. It is expected that the limitations of the thesis will inspire opportunities for future research.

In relation to Article 5, despite the fact that ‘frequency of disclosure’ as a unit of analysis may provide evidence of the specific presence or absence of a particular social and environmental performance information, it has its limitations. Future research that employs, in particular, ‘word counts’, ‘sentence counts’, and ‘high/low disclosure ratings’ as units of analysis, are needed to support or refute the findings in Article 5. Moreover, since multinational mining companies (MMCs) have mining activities in varying institutional environments, it would seem that facility/site specific social and environmental reporting practices may depend on the presence or absence of disclosure requirements under given regulatory regimes. Therefore, there could be context-specific social and cultural arenas that might cause better transparency and disclosure practices. Nonetheless, applying institutional theory as a lens to social and environmental reporting research in facility/site specific social and environmental reporting practices could further our understanding of this complex phenomenon (see Article 5).

In relation to Article 1, it is evident that regional representation in empirical studies published in international journals is dominated by Asia, with Africa placed a distant second. This pattern of CSR research may tentatively point to variations in social, cultural, economic, and institutional environments across developing-countries. Future CSR research focused on developing-countries and using the ‘conventional group of theories of CSR research’ as a lens could help illuminate cross-border differences and convergence. Empirical insights from such a study would be a useful guide to MNCs with their origin in developed-countries that internationalise and enter markets in developing-countries, even as such firms develop their market seeking strategies (see Article 1). Moreover, it should be emphasised that even though qualitative research may shed light on some emerging phenomenon, despite its inherent limitations, quantitative studies are needed to strengthen the findings from this thesis. In particular, as CSR research is influenced by corporate,
country, and industry sector particularities, additional qualitative research applying the ‘conventional group of theories of CSR research’ as a lens to CSR research in different African and developing-countries, and in the extractive industries are needed to support or refute the findings from this thesis (see Article 3).

Furthermore, since relatively under-represented empirical studies (8 out of 88 articles or 9 per cent) employed ‘database research methodology’, according to Article 1, there is a need for more CSR research focused on developing-countries that would employ database research methodology. In fact, as revealed by the analysis in Article 1, the low representation of database research is even more worrying when one considers that in Egri and Ralston’s (2008) review of CSR research published in international management journals (i.e. from 1998 to 2007), ‘database research’ seems a preferred empirical methodology compared to ‘content analysis’. I am of the view that this trend may, in part, be explained by obstacles such as accuracy concerns “where data are on-line or publicly available” in developing-countries (see Hoskisson et al., 2000, p. 257), and is also a reflection of various complaints about the inherently weak “CSR institutional infrastructure” of developing-countries (see Jamalí and Neville, 2011, p. 613). Therefore, future CSR research focused on developing-countries and employing database research methodology would go a long way to providing alternative to case study research in developing-countries. In regard to this, it may be appropriate for researchers to design studies that examine, for example, patterns of CSR expressions and manifestations, using similar on-line or publicly available data across countries and regions that comprise developing-countries (see Article 1).

Moreover, this thesis also presents opportunities for future research on CSR in MNC subsidiaries. For example, research focusing on the CSR strategies of subsidiaries of a single MNC parent-company operating in a range of different cultural contexts remains scare, with few exceptions. Such research would need to consider employing ‘comparative analysis’ in order that cultural differences would be shown in more detail. More specifically, in-depth case studies of a MNC with its origin in developed-countries on the one hand, and a MNC with its origin in developing-countries, on the other, and their subsidiaries working in different national contexts in developing-countries would be useful to explore in detail the impact of ‘country-of-origin’ and host-countries’ formal and informal institutional norms on CSR practices.
6. References


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Researching Corporate Social Responsibility in Developing-Countries Context:
A Systematic Review of the Literature

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RESEARCHING CORPORATE SOCIAL RESPONSIBILITY IN DEVELOPING-COUNTRIES CONTEXT: A SYSTEMATIC REVIEW OF THE LITERATURE

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ABSTRACT

Purpose - This paper presents a systematic review of scholarly articles focused on corporate social responsibility in developing-countries and published during the period 2004 to 2014 in international journals.

Design/methodology/approach – This paper applied a bibliometric analysis to 101 articles on CSR research focused on developing-countries.

Findings – The study confirms that the most prevalent CSR themes addressed in journals have been social issues, followed by environmental issues in a distant second, with ethics-related issues receiving the least attention. Also, as CSR research in developing-countries constitutes an emerging stream of literature, an overwhelming dominance of empirical (qualitative) papers aimed at exploring and/or seeking interpretations to CSR motivations have been confirmed. The findings further suggest that much CSR knowledge in developing-countries reflects the unique social issues that call for companies to adopt different CSR interventions when operating in developing-countries.

Research limitations/implications - An important limitation of this study is in relation to the methods applied. In the first place, this review is based on two electronic databases: ABI/INFORM Global (ProQuest) and Web of Science Core Collection: Social Sciences Citation Index (SSCI), and Science Citation Index Expanded (SCI-EXPANDED). This means that research published in international journals that are not included in either of these databases will be omitted.

Practical implications – This review provides useful guidance for future CSR research focused on developing-countries thereby providing a foundation for future research in this stream of CSR research.

Originality/value - Although this article is not the first to systematically review CSR research, it is one of the initial attempts, to the best of our knowledge, to systematically review the state of CSR knowledge in the context of developing-countries.

Article Classification – Literature review

Keywords – Developing-countries, Corporate social responsibility reporting (CSR), Social, Environmental, Ethics
Introduction

So far corporate social responsibility (CSR) research has focused more on advanced economies (e.g., North America and Western Europe), than developing-countries\(^1\) (e.g., Eastern and Central Europe, Latin America, Africa, and Asia) (Egri and Ralston, 2008). As a result, the transferability of frameworks and conclusions drawn in the advanced world to developing-countries settings has been called into question, necessitating a more nuanced analysis of the manifestations of CSR in different institutional settings (Egri and Ralston, 2008; Kolk and Lenfant, 2010; Kolk and Van Tulder, 2010). For instance, some studies (e.g., Blowfield and Frynas, 2005; Frynas, 2005; Jamali and Sidani, 2012; Jamali and Neville, 2011; Visser, 2008) suggest that the CSR behaviour of companies in developing countries is different from those manifested in the context of advanced economies, with philanthropy and charity taking a central stage in the CSR orientations of companies operating in the former (see Dobers and Halme, 2009; Frynas, 2005; Muthuri and Gilbert, 2011; Visser, 2008).

However, in spite of extensive research contributing to theoretical advances in the conceptualization of CSR in advanced economies (Gugler and Shi, 2008), relatively, few studies have investigated CSR manifestations in developing-countries context. Given the accumulating evidence that the developing world presents unique social issues, it seems appropriate to expect companies to adopt different CSR orientations and interventions (Blowfield and Frynas, 2005; Kolk and Lenfant, 2010), that could potentially have qualitative differences from those faced in the context of the advanced economies (Dobers and Halme, 2009; Jamali, 2010; Visser, 2008). Hence, the need for focused CSR research in developing-countries is particularly critical. This is because conventional approaches to CSR, with their origins firmly rooted in advanced economies “may not sufficiently relate or respond to the context and circumstances encountered in developing economies” (Hamann, 2006, p. 179).

Altogether, in this article, we seek to analyse the CSR literature of developing-countries, in light of the above observations, aiming to obtain, in general terms, an overview of the intellectual structure of this emerging field of research during the period, 2004 to 2014.

In this contribution, we present a systematic review of literature focused on developing-countries CSR manifestations. Consistent with Egri and Ralston (2008); 9 year review of CSR research and Lockett et al. (2006); 10 year review of CSR research, we focused on 10 year review of this literature (2004-2014). The choice of this period is motivated by the following: First, initial forays into researching CSR in developing-countries appear to have occurred in the early 2000s, at least, based on evidence

\(^1\) **Defining developing countries**

Whilst acknowledging the myriad of terms (Third World, developing, underdeveloped, less developed, least developed, the global South, the periphery, backward, emerging, etc.), used to refer to countries that are not advanced, in this article, developing countries are considered as those that are not advanced economies. Following this definition, developing countries include not only less developed or underdeveloped countries (i.e. countries with very poor populations and a narrow export and industrial bases), but also emerging economies (i.e. high growth developing countries), and transition countries (i.e. countries that used to follow a communist economic system). Consistent with Cuervo-Cazurra (2012), this study also follows the classification of the International Monetary Fund (IMF) and considers advanced economies to be the following: Australia, Austria, Belgium, Canada, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Malta, Netherlands, New Zealand, Norway, Portugal, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Taiwan, United Kingdom, and United States. Therefore, papers that study only companies and/or (their) CSR practices in the context of advanced economies are deemed inappropriate for the present study.
from the electronic databases, ABI/INFORM Global (ProQuest) and Web of Science Core Collection: Social Sciences Citation Index (SSCI), and Science Citation Index Expanded (SCI-EXPANDED) that have been employed in this study. Second, the year 2004 appears to have marked the beginning of renewed interest in this stream of CSR research as our initial search for journal articles pointed to this direction (see also Cuervo-Cazurra, 2012).

Systematic literature reviews may serve several objectives. For instance, such a review, may contribute towards assessing the influence of different journals (e.g. Egri and Ralston, 2008; Lockett et al., 2006; Tahai and Meyer, 1999), to obtain an overview of the intellectual structure of a field of research (e.g. De Bakker et al., 2005; Egri and Ralston, 2008; Servanie et al., 2016; Lockett et al., 2006), or to suggest the path to theoretical advancement in a field of research (e.g. Eisenhardt, 1989; Margolis and Walsh, 2003). In our study, we partly follow Egri and Ralston (2008) and Lockett et al. (2006), who described the intellectual structure of CSR knowledge from the perspective of international management research. Following Gough et al. (2012), the review methods we deploy to obtain the intellectual structure of the field of CSR research in developing-countries are aimed at addressing the following questions over the period 2004-2014: (1) What has been the focus of CSR knowledge in developing-countries? (2) What has been the nature of CSR knowledge in developing-countries? (3) What have been the influences on CSR knowledge in developing-countries? (4) How ‘international’ in scope has CSR research in developing-countries been?

The remainder of the article unfolds as follows: In the next section, we describe the methods we used to generate our list of journal articles. We also discuss the main elements of our analysis and the methods we used. The results section contains an extensive analysis of these data, employing various bibliometric procedures. Finally, the discussion section contains issues for discussion, directions for future research, and concluding remarks.

Methodology

The strategy of our review

In this outline of the methodology, we first explain the planning of the review. Next, we explain how we selected the journals used to generate the sample of articles focused on CSR manifestations in developing-countries. This is then followed by the analysis of the articles and reporting of the findings. As Gough et al. (2012) point out, in general terms, systematic literature reviews are grounded on a set of common underlying principles, which implies that such reviews may be guided by varying research questions and systematic approaches. As a result, previous systematic literature reviews in CSR research (e.g. de Bakker et al., 2005; Egri and Ralston, 2008; Lockett et al., 2006) guided our review. Therefore, inspired by these sources, we structured our review in four stages, as illustrated in Figure 1.
In view of suggestions (see Gough et al., 2012) that systematic literature review may be performed by following a defined structure, for example, as illustrated in Figure 1, we sought to take the following actions in our review. In the planning stage, we defined the objective of our review as well as explored options available for, and deemed appropriate, for the objective of this review, including developing coding schemes.

Selection of databases, initial searches, and journal articles

In the selection phase, the review was organized through preliminary searches in electronic databases. Next, we narrowed the searches by resorting to the root search string ‘developing-country* multinational* AND ‘CSR*’. Acting upon professional database expert advice, the root search string was refined to read: ‘developing-country* AND ‘corporate social responsibility’’. Furthermore, the review was restricted through searches in two electronic databases that covered a wide spectrum of management research: ABI/INFORM Global (ProQuest), and Web of Science Core Collection: Social Sciences Citation Index (SSCI), and Science Citation Index Expanded (SCI-EXPANDED).

The strengths of these electronic databases are as follows: First, they provided quality, since the wider and also top ranked management journals publishing on management research and specialized journals publishing on CSR research were included. Second, they ensured quality, since these electronic databases comprise more than one million articles in the area of management and social science research. The decision to limit our searches to the two electronic databases is consistent with Lockett et al.’s (2006) suggestion that CSR can be regarded as an applied management topic. For both ABI/INFORM Global (ProQuest) and Web of Science Core Collection: Social Sciences Citation Index (SSCI), and Science Citation Index Expanded (SCI-EXPANDED), the years 2004-2014 are available to search and have accordingly been covered in the review and analyses.

Selection of articles focused on CSR manifestations in developing-countries

The initial search in the electronic databases, ABI/INFORM Global (ProQuest) and Web of Science Core Collection: Social Sciences Citation Index (SSCI), and Science Citation Index Expanded (SCI-EXPANDED).
EXPANDED), resulted in about 16,500 hits. Upon scrutinizing the articles, we detected that, multiple entries of journal articles, in both databases, had substantially increased the number of hits. The selection process was further refined to capture six major criteria for the purpose of determining the number of articles to be reviewed. For a published article to be selected, it had to:

- be full text;
- be peer-reviewed;
- be published in a scholarly journal
- be in English;
- be theoretical and/or empirical academic paper; and
- actually discuss the topic, that is, CSR practices in developing-countries.

For the studied period, 2004-2014, we conducted keyword searches for three categories of CSR research in the context of developing-countries: social responsibility, environmental responsibility and ethical responsibility. Consistent with Lockett et al. (2006) and Egri and Ralston (2008), we were guided by specific keywords in our selection of journal articles.

For ‘social responsibility’, the keywords were: CSR, social, (corporate) social responsibility, social performance, corporate citizenship, philanthropy/philanthropic, charity/charitable, community, volunteer/volunteerism, social compact, stakeholder/s, stakeholder relations, stakeholder theory, stakeholder management, accountability, accountable, reputation/reputational.

For ‘environmental responsibility’, the keywords were: environmental, environmental responsibility, environmental performance, sustainability, conservation, ecology/ecological, pollution, green, nature/natural.

And finally, for the ‘ethics theme’, we were guided by the following keywords: ethics, morals, values, corruption, integrity, ethical/unethical, crime/criminal.

However, unlike Egri and Ralston (2008), we concur with Lockett et al.’s (2006) position, and accordingly excluded the ‘governance’ theme, for the following reasons: Although responsible corporate governance remains an important aspect of corporate responsibility, Corporate Governance constitutes a mature and well-defined field of research, with its own developed streams of literature (see Hamidi and Gabrielsson, 2014, for a bibliometric analysis). Moreover, whereas Lockett et al. (2006) included ‘stakeholders’ as a separate CSR theme, for their analysis, we argue that, consistent with Egri and Ralston (2008), we include in the ‘social responsibility’ theme, stakeholder/s and related keywords, for the following reasons: Stakeholder/s is closely related to the ‘social responsibility’ of organizations, for, as Matten and Moon (2008, pp. 405-6), noted, “at the core of CSR is the idea that it reflects the social imperatives and the social consequences of business success […] subsequently, concerns with corporate social performance, stakeholder relations, corporate citizenship […] have extended CSR theory and practice…”

In order to determine the articles to be selected for analysis, paper titles, keywords, and abstracts were reviewed for inclusion and checked for compliance with the keyword criteria. Where an article was identified for two or more CSR themes, it was assigned to the thematic category that appears to be the dominant discussion of the paper. To arrive at this decision, the article had to be read, especially, the methodology, results, and discussions sections, to guide us in taking a qualitative decision as to whether the article should be included in a particular thematic focus in the review.
Analysis of journal articles

In the analysis phase, we coded 101 articles in accordance with our coding scheme. We selected our sample of 101 articles from our search results based on the two databases which produced 247 articles; made up of 164 articles and 83 articles from ABI/INFORM Global (ProQuest) and Web of Science Core Collection respectively. All 101 articles were thoroughly read in order to capture various aspects of the papers (e.g., contexts of study, empirical methodologies, theoretical frameworks, etc.) Each article was coded by the author on two rounds of coding, and the results were checked for consistencies during the coding report compilation stage. In this way, elements of subjective bias were minimized. From the list of articles, we coded the following: journal titles, year of publication, authors, methodological approaches, country/geographic scope of empirical articles, CSR dominant themes, and theoretical frameworks adopted.

For purposes of classifying articles into their dominant CSR theme, we used the groupings (social, environmental, ethics) as described in the ‘selection of articles focused on CSR manifestations in developing-countries’. Thus, each article was included in one category, reflecting the dominant theme of the paper. On methodological approaches, we categorized articles as either empirical or theoretical/conceptual in orientation. For empirical articles, we sub-divided into quantitative and qualitative, and further coded the type of methodological approach (e.g., case study, content analysis, database research, and questionnaire survey). We coded for the country/geographical scope of empirical journal articles, in order to analyse the direction of this emerging stream of CSR research, as suggested by Egri and Ralston (2008). We further coded for theoretical frameworks adopted by the selected articles, in order to assess the prevalence of theories deemed appropriate for studying CSR manifestations in developing-countries.

Results

In this section of the study, we present the findings of our analysis of the CSR research focused on developing-countries by responding to the questions we raised at the introductory stage of this study.

What has been the focus of CSR knowledge in developing-countries?

The number (and percentage) of articles by the three themes of CSR research focused on developing-countries, and published during the studied period (2004-2014), are presented in Table I. The data indicate that, articles focusing on the ‘social’ theme of CSR research in developing-countries dominate, accounting for 65 out of 101 papers (64 per cent) of the articles. The remaining themes – ‘environmental’ and ‘ethics’, account for 24 out of 101 papers (24 per cent) and 12 out of 101 papers (12 per cent) respectively. The overwhelming dominance of the ‘social’ theme, followed by the ‘environmental’ theme is, arguably, not surprising, given our knowledge of the characteristics of developing-countries. As we know it, developing-countries reflect “where the need for corporate responsibility is most pressing due to greater poverty, environmental degradation, and institutional governance issues (e.g., Africa, Central/Eastern Europe, Central/South Asia, Latin America, and the Middle East)” (Egri and Ralston, 2008, p. 325).

Arguably, equally contributing to the dominance of the social and environmental themes are that, in developing-countries, social issues are given prominence over other issues. Also, CSR remains the preferred term in describing the role of business in society, and further, there is a strong tendency for society to emphasise on philanthropic practices of organizations geared towards community development (Blowfield and Frynas, 2005, Frynas, 2005; Visser, 2008). As suggested by Egri and Ralston (2008) and Lockett et al. (2006) other contributory factor for effective knowledge
dissemination has been special journal issues, dedicated to specific topics. In respect to this assertion, our searches in the electronic databases employed by the present study reveal that there have been two journal special issues dedicated to CSR research in developing-countries.

The attractiveness of special issues, as Egri and Ralston (2008) noted, rests on the observation that they are published more quickly, aside of recording higher impact, as measured by citation counts per article. In this regard, the relatively low prevalence of articles focused on the environmental theme in developing-countries is worrying, given that a special issue on environmental-related topics was published in our journal sample, that is, Corporate Social Responsibility and Environmental Management, in 2009. Similarly, the relatively low representation of papers focused on the environmental theme is mind-boggling given that, earlier in 2006, a special issue, focused largely on social and environmental-related topics, but restricted to the Latin American context, was published by the Journal of Corporate Citizenship, which is also in our journal sample. Further, the extremely low numbers of papers that discuss ethics-related topics is, in no doubt, not surprising given that, in our journal sample, no special issues on ethics topics were published. Nonetheless, the low prevalence of ethics-related papers is particularly puzzling, given that, in developing-countries, firms have to tackle issues such as rampant corruption, ethical standards, and responsible sourcing (see Dobers and Halme, 2009; Frynas, 2005; Van Cranenburgh and Arenas, 2014; Visser, 2008).

Table I. Journal articles focused on CSR in developing-countries: nature, empirical methodologies and extent of internationalization of empirical data

<table>
<thead>
<tr>
<th>Theme</th>
<th>Total</th>
<th>Theoretical</th>
<th>Empirical</th>
<th>Empirical Methodologies</th>
<th>Database research</th>
<th>Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>65 (64%)</td>
<td>7 (54%)</td>
<td>58 (66%)</td>
<td>14 (88%)</td>
<td>3 (38%)</td>
<td>7 (47%)</td>
</tr>
<tr>
<td>Environmental</td>
<td>24 (24%)</td>
<td>5 (38%)</td>
<td>19 (22%)</td>
<td>2 (12%)</td>
<td>4 (50%)</td>
<td>5 (33%)</td>
</tr>
<tr>
<td>Ethics</td>
<td>12 (12%)</td>
<td>1 (8%)</td>
<td>11 (12%)</td>
<td>0</td>
<td>1 (12%)</td>
<td>3 (20%)</td>
</tr>
</tbody>
</table>

Empirical data Context

<table>
<thead>
<tr>
<th>Context</th>
<th>Total</th>
<th>Theoretical</th>
<th>Empirical</th>
<th>Empirical Methodologies</th>
<th>Database research</th>
<th>Survey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>22 (25%)</td>
<td>13 (27%)</td>
<td>3 (19%)</td>
<td>0</td>
<td>6 (31%)</td>
<td></td>
</tr>
<tr>
<td>L/South America</td>
<td>8 (9%)</td>
<td>5 (10%)</td>
<td>0</td>
<td>1 (12%)</td>
<td>2 (15%)</td>
<td></td>
</tr>
<tr>
<td>Asia</td>
<td>44 (50%)</td>
<td>25 (51%)</td>
<td>10 (63%)</td>
<td>4 (51%)</td>
<td>5 (38%)</td>
<td></td>
</tr>
<tr>
<td>Oceania</td>
<td>2 (2%)</td>
<td>1 (2%)</td>
<td>0</td>
<td>0</td>
<td>1 (8%)</td>
<td></td>
</tr>
<tr>
<td>Cross Continental</td>
<td>5 (6%)</td>
<td>2 (4%)</td>
<td>2 (12%)</td>
<td>1 (12%)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Unspecified</td>
<td>7 (8%)</td>
<td>3 (6%)</td>
<td>1 (6%)</td>
<td>2 (25%)</td>
<td>1 (8%)</td>
<td></td>
</tr>
</tbody>
</table>

What has been the nature of CSR knowledge in developing-countries?

A summary of the balance between empirical and theoretical articles is presented in Table I. A large majority, 88 out of 101 papers (87 per cent) were empirical in nature whereas only 13 out of 101 papers (13 per cent) were theoretical in orientation. With respect to the methodologies of the empirical research, case studies, 49 out of 88 papers (56 per cent) dominate, followed by relatively few papers that employed content analysis, 16 out of 88 papers (18 per cent), questionnaire survey 15 out of 88 articles (17 per cent), and database research, 8 out of 88 papers (9 per cent). These results show that more than a half of all empirical studies (56 per cent) employed case study methodologies.
Thus, the adoption of predominantly qualitative analysis of primary data (case study methodologies) to CSR knowledge in developing-countries is arguably, not surprising.

Table II. Methodological orientation of the CSR papers focused on developing-countries, 2004-2014

<table>
<thead>
<tr>
<th>No. of articles</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of articles</td>
<td>101</td>
</tr>
<tr>
<td>Theoretical papers</td>
<td>13</td>
</tr>
<tr>
<td>Empirical studies</td>
<td>88</td>
</tr>
<tr>
<td>Qualitative</td>
<td>71</td>
</tr>
<tr>
<td>Quantitative</td>
<td>17</td>
</tr>
<tr>
<td>Case study</td>
<td>49</td>
</tr>
<tr>
<td>Content analysis</td>
<td>16</td>
</tr>
<tr>
<td>Survey</td>
<td>15</td>
</tr>
<tr>
<td>Database research</td>
<td>8</td>
</tr>
</tbody>
</table>

Moreover, when it comes to the types of empirical and theoretical research undertaken, data presented in Table II indicate that altogether, confirming our expectations, there has been overwhelming emphasis on qualitative (81 per cent) than quantitative (19 per cent) empirical studies. Indeed, as Figure 2 shows, the number of articles that applied empirical research methodologies increased steadily in the nine-year intervals from 2006 to 2014. This trend may suggest that, while generally “empirical methods have not yet been resolved” (McWilliams et al., 2006, P. 2), CSR research focused on developing-countries seems to embrace increasing and vigorous “empirical analysis” in view of its status as an emerging stream of research within the body of CSR research.

These results are consistent with the expectations of Visser (2008), and could generally be taken to reflect the flexible and more interpretive stance of journals in which developing-countries CSR papers are published (Visser, 2008). In contrast, the review by Lockett et al. (2006), indicate that, quantitative methods, rather than qualitative methods, dominate the overall CSR literature, accounting for (80 per cent) of empirical research (Lockett et al., 2006). Given that CSR research in developing-countries constitutes an emerging stream of research (see Dobers and Halme, 2009; Visser, 2008), within the body of CSR research, it is imperative that researchers “explore […] interpretations in relation to CSR motivations, decision-making, as well as the nature of CSR activities undertaken” (Jamali, 2010, p. 187-8). Furthermore, given the context-specific relevance of CSR (Matten and Moon, 2008), it is equally crucial that CSR research does not “legitimize and reproduce values and perspectives that are not in the interests of developing economies or the poor and marginalized” (Blowfield and Frynas, 2005, p. 510). In doing so, researchers have sought to “interrogate crucially [preferably employing case studies] the role and capacity of CSR [whilst probing] how CSR is understood and implemented [in developing economies]” Muthuri and Gilbert, 2011, p.468).

However, this finding contrasts with the results of Egri and Ralston (2008). Of the 242 empirical papers, representing (75 per cent) of total papers reviewed, survey methodologies 124 out of 242 (51 per cent), dominate, followed by case study 73 out of 242 (30 per cent), database research 26 out of 242 (11 per cent), and content analysis, 17 out of 242 (7 per cent). These results show clearly that, from the perspective of international management CSR empirical research, emphasize has been placed on quantitative analyses of primary data, contrary to other empirical methodologies (Egri and Ralston, 2008). Overall, the fact that, in the present study, content analysis (18 per cent), comes a distant second to case study (56 per cent) as the dominant empirical methodologies, run contrast to the results
of Egri and Ralston (2008). Hence, these findings suggest that “the analysis of CSR is still embryonic, and thus, theoretical frameworks, measurement, and empirical methods have not yet been resolved” (McWilliams et al., 2006, p. 2).

**Figure 2. Orientation of the CSR articles focused on developing-countries, (2004-2014)**

What have been the influences on CSR knowledge in developing-countries?

In order to assess the influences on CSR knowledge in developing-countries, we examined the following: (1) theoretical frameworks; (2) journals in which the papers have been published; and (3) authorship of the selected papers (101 articles) from our journal sample.

*Theoretical frameworks*

The authors’ use of theoretical frameworks in supporting their findings and conclusions, constitute an important classification mechanism for our study of CSR research in the context of developing-countries. Following the selected (101) articles, we grouped the papers into three categories: those that used a single theoretical perspective; those that combined two theories; and those that combined three or more theories. Table III and IV indicate that, over the studied period (2004-2014), CSR research focused on developing-countries, has drawn predominantly on either a single (47 per cent) or two (43 per cent) theoretical perspectives to support their analyses of findings and conclusions.

**Table III. Categories of CSR papers’ theoretical frameworks, (2004-2014)**

<table>
<thead>
<tr>
<th>Theoretical Lens</th>
<th>Theoretical</th>
<th>Empirical</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Theory</td>
<td>4 (31%)</td>
<td>44 (50%)</td>
<td>48 (47%)</td>
</tr>
<tr>
<td>Two theories</td>
<td>8 (61%)</td>
<td>35 (40%)</td>
<td>43 (43%)</td>
</tr>
<tr>
<td>Three theories</td>
<td>1 (8%)</td>
<td>9 (10%)</td>
<td>10 (10%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13 (100.0%)</strong></td>
<td><strong>88 (100.0%)</strong></td>
<td><strong>101 (100.0%)</strong></td>
</tr>
</tbody>
</table>
Table IV in particular reports data that allow us to compare the prevalence of theories that have been used to ground CSR research in developing-countries contexts over the period of the study. Although the percentages of papers that draw on single theory and those that combine two theories have fluctuated over time (2004-2014), the data do indicate that, in general terms, the number of articles that adopted either of the two approaches, have increased steadily in the eight-year interval from 2007 to 2014. The data also reveals that, over the studied period, there has been a lesser emphasis on adopting three or more theoretical perspectives to support research findings and conclusions, when it comes to CSR research in developing-countries. This may not be surprising, given the context-specific relevance (see Blowfield and Frynas, 2005; Dobers and Halme, 2009; Frynas, 2005; Visser, 2008) of CSR research in developing-countries.

Table IV. Focus of CSR papers’ theoretical frameworks, 2004-2014

<table>
<thead>
<tr>
<th>Yr. of Publication</th>
<th>Single Theory</th>
<th>Two Theories</th>
<th>Three Theories</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>0</td>
<td>1 (2%)</td>
<td>0</td>
<td>1 (1%)</td>
</tr>
<tr>
<td>2006</td>
<td>0</td>
<td>1 (2%)</td>
<td>0</td>
<td>1 (1%)</td>
</tr>
<tr>
<td>2007</td>
<td>3 (6%)</td>
<td>2 (5%)</td>
<td>1 (10%)</td>
<td>6 (6%)</td>
</tr>
<tr>
<td>2008</td>
<td>4 (8%)</td>
<td>2 (5%)</td>
<td>0</td>
<td>6 (6%)</td>
</tr>
<tr>
<td>2009</td>
<td>4 (8%)</td>
<td>7 (16%)</td>
<td>4 (40%)</td>
<td>15 (15%)</td>
</tr>
<tr>
<td>2010</td>
<td>4 (8%)</td>
<td>7 (16%)</td>
<td>1 (10%)</td>
<td>12 (12%)</td>
</tr>
<tr>
<td>2011</td>
<td>4 (8%)</td>
<td>4 (9%)</td>
<td>1 (10%)</td>
<td>9 (9%)</td>
</tr>
<tr>
<td>2012</td>
<td>9 (19%)</td>
<td>3 (7%)</td>
<td>1 (10%)</td>
<td>13 (13%)</td>
</tr>
<tr>
<td>2013</td>
<td>5 (10%)</td>
<td>5 (12%)</td>
<td>1 (10%)</td>
<td>11 (11%)</td>
</tr>
<tr>
<td>2014</td>
<td>15 (31%)</td>
<td>11 (26%)</td>
<td>1 (10%)</td>
<td>27 (27%)</td>
</tr>
<tr>
<td>Total</td>
<td>48 (100%)</td>
<td>43 (100%)</td>
<td>10 (100%)</td>
<td>101 (100%)</td>
</tr>
</tbody>
</table>

As shown in Table V, for the articles that employed a single theoretical perspective (48 papers or 47 per cent), the main theories used are legitimacy theory (7 papers or 14.6 per cent), stakeholder theory (13 papers or 27.1 per cent), and institutional theory (17 papers or 35.4 per cent). Overall, the three theories above, which we refer to as ‘conventional group of theories of CSR research’, account for (37 of 48 papers), representing (77.1 per cent) of the single theoretical perspectives that were used to support the findings and conclusions in the respective articles. Put differently, the ‘conventional group of theories of CSR research’, with their explanatory power, when it comes to stakeholders’ legitimate claims on firms (Campbell, 2006), have been useful theoretical lenses for understanding the impacts of the institutional environment on CSR behaviours of firms (see Campbell, 2006, 2007; Matten and Moon, 2008; Muthuri and Gilbert, 2011). Other theories used in the papers to support or contrast the ‘conventional group of theories of CSR research’ include, resource curse theory, resource dependence theory, stewardship theory, general organizational theory, and social agency theory.
Table V. Individual theories captured in articles that used single theoretical perspective

<table>
<thead>
<tr>
<th>Theory</th>
<th>n</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legitimacy Theory</td>
<td>7</td>
<td>14.6</td>
</tr>
<tr>
<td>Stakeholder Theory</td>
<td>13</td>
<td>27.1</td>
</tr>
<tr>
<td>Institutional Theory</td>
<td>17</td>
<td>35.4</td>
</tr>
<tr>
<td>Other</td>
<td>11</td>
<td>22.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>48</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Turning to the overall influence of the theories, as Figure 3 shows, the ‘conventional group of theories of CSR research’, have been the most predominantly used theories in researching CSR in developing-countries. Institutional theory, on the basis of its deep-seated tradition in social sciences (see Scott, 2001), has had the greatest impact (33 per cent), as it happens to be the most used theory in articles focused on CSR in developing-countries. This is followed by stakeholder theory (32 per cent), and legitimacy theory (12 per cent). Thus, the ‘conventional group of theories of CSR research’ account for (77 per cent) of all theories used in the studied period (2004-2014), as far as CSR research in developing-countries is concerned. The low level of representation from ‘other’ theories (23 per cent), in CSR research in developing-countries may not be surprising, as it mirrors the findings of Hamidi and Gabrielsson (2014) for board leadership. In Hamidi and Gabrielsson’s (2014) review, it was observed that, most articles either used agency theory alone (41 per cent) or used it, in combination with other theories, which they described as the ‘eclectic’ group (50.4 per cent) when researching board leadership in the studied period (1985-2012) (Hamidi and Gabrielsson, 2014).

The increasing reliance on the ‘conventional group of theories of CSR research’ may reflect one of two possibilities. First, it could signal that authors are reluctant to explore ‘other’ theories, outside the ‘conventional group of theories’ or mainstream CSR literature, which may carry with it, a high possibility of rejection by journal editors. Second, it could simply reflect the perceived need to apply ‘conventional wisdom’, when it comes to selecting theories to ground one’s research in CSR in developing-countries in order to get published in journals.

![Figure 3. Theories used in CSR articles over the studied period, 2004-2014](image)
Journals

We also classified the 101 articles based on the journals in which they were published. Over the period of the study (2004-2014), the CSR papers focused on developing-countries have appeared in 47 journals. As Table VI shows, on one hand, researching CSR in developing-countries appears to be more fragmented when it comes to the journals researchers publish their work. In another breath, there appears to be some elements of concentration, as more research output (75 per cent), were published in CSR/sustainability-related special journals, with the remaining 25 per cent appearing in other international journals.

Examination of the journals in which the articles were published (see Table VI) indicate that, high ranking management journals have been relatively less receptive to CSR articles focused on developing-countries. This finding contrasts with those of Egri and Ralston (2008) and Lockett et al. (2006). In Egri and Ralston’s (2008) review, the results suggest that, “across […] international management journals, CR topics have been most prevalent” in journals such as Journal of International Business Studies, International Journal of Human Resource Management, and Journal of World Business (Egri and Ralston, 2008, p. 322).

Similarly, the review by Lockett et al. (2006) indicates “varying patterns of publication” with Academy of Management Review profiled as the journal with the “highest propensity to publish CSR research” (Lockett et al., 2006, p. 129). Other high ranking journals that publish CSR-related research, according to the review by Lockett et al. (2006) include, Academy of Management Journal, Business Ethics Quarterly, Journal of Business Ethics, and Strategic Management Journal. In terms of the relative balance of papers, in the present study, there is a noticeable concentration of papers published by Journal of Business Ethics. Journal of Business Ethics is thus the outlier journal, publishing 26 articles, representing 26.7 per cent of the articles in our sample. Overall, 47 international journals have served as outlets through which CSR research focused on developing-countries have been published in the studied period (2000-2014).

**Table VI.** CSR research focused on developing-countries published in international journals, 2004-2014

<table>
<thead>
<tr>
<th>Journal title</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian Accounting Review</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Business and Society Review</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Business and Society</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Business Strategy and the Environment</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Corporate Governance: An International Review</td>
<td>4</td>
<td>4.0</td>
</tr>
<tr>
<td>Corporate Governance: The Int’l. Journal of Business in Society</td>
<td>5</td>
<td>5.0</td>
</tr>
<tr>
<td>Corporate Social Responsibility &amp; Env. Mgt.</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Critical Perspectives on Accounting</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Ecological Economics</td>
<td>3</td>
<td>3.0</td>
</tr>
<tr>
<td>Energy Policy</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td>Geoforum</td>
<td>2</td>
<td>2.0</td>
</tr>
<tr>
<td>International Journal of Business and Society</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>International Journal of Sustainable Devt. &amp; World Ecology</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Journal of Business Ethics</td>
<td>26</td>
<td>26.7</td>
</tr>
<tr>
<td>Business Ethics: A European Review</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Journal of Cleaner Production</td>
<td>7</td>
<td>6.9</td>
</tr>
<tr>
<td>Journal of Corporate Citizenship</td>
<td>3</td>
<td>3.0</td>
</tr>
<tr>
<td>Journal of Environmental Mgt.</td>
<td>1</td>
<td>1.0</td>
</tr>
<tr>
<td>Resource Policy</td>
<td>3</td>
<td>3.0</td>
</tr>
</tbody>
</table>
The articles in our sample indicate the participation of a large number of authors (225 in total) in the production of 101 articles, representing, on average, 2.23 authors per paper. Our average number of authors per paper (2.23) reinforces the findings of Servantie et al. (2016) in their review of the international entrepreneurship literature, with an average of 2.3 authors per article (Servantie et al., 2016). However, the average number of authors per paper in our review also differs from that of De Bakker et al. (2005) in their review of the CSR and corporate social performance (CSP) literature, which established, on average, 1.2 authors per paper. Most of the articles (72 per cent) are as a result of collaborations between at least two authors (see Table VII).

Of the 225 authors producing 101 articles, the two most productive authors have produced, that is, either single authorship and/or through collaboration, 7 articles each, representing (14 per cent) of the total papers produced. Interestingly, of the 14 papers produced by the most productive authors, 9, representing 64.3 per cent, have been published in the *Journal of Business Ethics*. This result may therefore not be surprising given that Table VI has established that *Journal of Business Ethics* has been relatively high receptive to CSR articles focused on developing-countries. The two most
productive authors, according to our sample of 101 articles over the studied period (2004-2014) are Dima Jamali and Peter Lund-Thomsen, respectively.

Table VII. Format of articles’ authorship over the studied period (2004-2014)

<table>
<thead>
<tr>
<th></th>
<th>Single author</th>
<th>Two authors</th>
<th>Three authors</th>
<th>More than three authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>0</td>
<td>0</td>
<td>1 (5%)</td>
<td>0</td>
</tr>
<tr>
<td>2006</td>
<td>0</td>
<td>1 (2%)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2007</td>
<td>3 (11%)</td>
<td>2 (5%)</td>
<td>1 (5%)</td>
<td>6 (6%)</td>
</tr>
<tr>
<td>2008</td>
<td>2 (7%)</td>
<td>1 (2%)</td>
<td>1 (5%)</td>
<td>2 (17%)</td>
</tr>
<tr>
<td>2009</td>
<td>5 (18%)</td>
<td>6 (15%)</td>
<td>3 (15%)</td>
<td>1 (8%)</td>
</tr>
<tr>
<td>2010</td>
<td>2 (7%)</td>
<td>7 (17%)</td>
<td>3 (15%)</td>
<td>12 (12%)</td>
</tr>
<tr>
<td>2011</td>
<td>3 (11%)</td>
<td>5 (12%)</td>
<td>0</td>
<td>9 (9%)</td>
</tr>
<tr>
<td>2012</td>
<td>4 (14%)</td>
<td>4 (10%)</td>
<td>3 (15%)</td>
<td>13 (13%)</td>
</tr>
<tr>
<td>2013</td>
<td>3 (11%)</td>
<td>5 (12%)</td>
<td>1 (5%)</td>
<td>11 (11%)</td>
</tr>
<tr>
<td>2014</td>
<td>6 (21%)</td>
<td>10 (24%)</td>
<td>7 (35%)</td>
<td>27 (27%)</td>
</tr>
<tr>
<td>Total</td>
<td>28 (100%)</td>
<td>41 (100%)</td>
<td>20 (100%)</td>
<td>101 (100%)</td>
</tr>
</tbody>
</table>

How ‘international’ in scope has CSR research in developing-countries been?

Table I indicates that, of the 101 articles covered in the studied period (2004-2014), 88 papers, representing 87 per cent, were empirical in nature whereas only 13 papers were theoretical in orientation. In terms of the relative balance of countries upon which the 88 empirical articles focused, 65 papers were one-country studies, 5 were two-country studies, 4 were between three and five-country studies, 4 were six or more countries in perspective, and the remaining 10 offered regional and/or cross regional perspectives, as indicated in Figure 4. The increasing reliance on one-country studies (65 papers, representing 73 per cent), mirrors the findings of Egri and Ralston (2008) (137 papers, representing 56 per cent) for CSR in the context of international management research. Although seeking explanations for this pattern of CSR research is beyond our objectives, one might suggest that it reflects the observation that “CSR performance varies greatly between countries” owing to its peculiar mode of evolution (see Visser, 2008, p. 478) for a detailed discussion on this topic.
Turning to the regional concentration of empirical CSR studies in developing-countries, Asia 50 per cent (with 44 articles) had the greatest impact, followed by Africa 25 per cent (with 22 articles) and Latin and South America 9 per cent (with 8 articles). The rest are pockets of research dotted across the remaining continents, including those that studied CSR from a cross-continental perspective. Indeed, recognizing the relatively low prevalence of CSR articles focused on South America, it is worrying that, contrary to our expectations, the special issue by the Journal of Corporate Citizenship in 2006, seems not to have encouraged CSR research in that part of the developing world.

Of the 44 empirical studies from Asia, 25 employed case study methodology, followed by 10 articles that adopted content analysis, with 5 articles and 4 articles employing survey and database research methodologies respectively. From Africa, 13 articles made use of case study methodology, followed by 6 papers and 3 studies that utilized survey and content analysis respectively. Of the 8 articles focused on Latin and South America, 5 adopted case study, with 2 papers resorting to questionnaire survey and 1 paper employing database research methodology. Hence, the data suggest that, the low number of articles that employed database research (9 per cent of empirical studies or 8 out of 88 papers); reflect the complaints about the inherently weak “CSR institutional infrastructure” of developing-countries (Jamali and Neville, 2011, p. 613).

Recognizing that regional concentration of empirical articles may be driven by individual researchers’ interests, we also examined the two most productive authors’ contribution to regional representation in studies based on primary data. As already pointed out, the two most productive authors, according to our sample of 101 articles over the period studied are Dima Jamali and Peter Lund-Thomsen, respectively. Across the 14 papers produced by the most productive authors, and included in this study, all 7 papers of Dima Jamali and 5 of Peter Lund-Thomsen’s papers had specifically drawn their empirical evidence from Asia. In the specific case of Dima Jamali (see Appendix A: bibliography of review articles, No. 44-50), empirical evidence had been drawn from the Lebanese context. Similarly, Peter Lund-Thomsen’s papers (see Appendix A: bibliography of review articles, No. 66-72) had drawn empirical evidence notably from Pakistan and other Asian countries including India and China.

Indeed, if our findings above represent real efforts by individual researchers to spearhead the direction of CSR research in a specific regional context, then it is noteworthy that the 2 empirical studies by
Benedict Young Imbun (see Appendix A: bibliography of review articles, No. 41-42), might tentatively signal the direction of this emerging stream of CSR research in Papua New Guinea (Oceania). Extending this argument further, one might also expect the work of David Katamba (see Appendix A: bibliography of review articles, No. 53-54), Uwafiokun Idemudia (see Appendix A: bibliography of review articles, No. 39-40), to spur efforts directed at accelerating this emerging stream of CSR literature on Africa. For as Egri and Ralston (2008, p. 325) noted, “business research publications have traditionally been dominated by scholars at U.S. universities”, although, in recent times, some notable inclusions have emerged from Western Europe and Asian business Schools. What this trend implies is that “clearly, there is an urgent need to widen the geographic and cultural scope of international management research on CR” on account of the peculiar context realities of developing-countries (Egri and Ralston, 2008, p. 325).

Conclusions, implications and future studies

In sum, our review, which is based on a sample of 101 articles over the studied period, 2004-2014, provides bibliometric analyses of the CSR literature on developing-countries. First, we distinguished three CSR themes: social, environmental and ethics. To explore which theme is more prevalent in the literature, during a period of 10 years (2004-2014), we applied a variety of methods.

First, we find that the most prevalent themes addressed in journals have been social issues, followed by environmental concerns in a distant second, with ethics-related concerns receiving the least attention. Second, in view of the fact that CSR research in developing-countries constitutes an emerging stream of literature (Visser, 2008), an overwhelming dominance of empirical (qualitative) papers aimed at exploring and/or seeking interpretations to CSR motivations have been confirmed. This suggests that much CSR knowledge in developing-countries reflects the unique social issues that call for companies to adopt different CSR orientations and interventions (Blowfield and Frynas, 2005; Visser, 2008). Third, our review reveals that researching CSR from developing-countries contexts has mainly drawn on three distinct, but inter-related theories: institutional theory, stakeholder theory, and legitimacy theory. This suggests that much CSR knowledge pertaining to developing-countries reflects its peculiar nature as scholars continue to adopt the basic assumptions inherent in what we describe as the ‘conventional group of theories of CSR research’. Fourth, empirical CSR research in developing-countries has concentrated on two key regions; Asia and Africa, with production relating to the former spearheaded by the two most productive authors: Dima Jamali and Peter Lund-Thomsen respectively.

An important limitation of our study is in relation to the methods applied. In the first place, our review is based on two electronic databases: ABI/INFORM Global (ProQuest) and Web of Science Core Collection: Social Sciences Citation Index (SSCI), and Science Citation Index Expanded (SCI-EXPANDED). This means that research published in international journals that are not included in either of these databases will be omitted. In addition, we specifically limited our searches in the databases to articles written in English. This implies that the reliability of our findings may be called into question when articles written in other languages in international journals, are taken into consideration. Although all articles based on the chosen databases and covering the studied period were carefully reviewed for inclusion purposes, nevertheless, we may have omitted some articles from our review, owing to the search ‘formalities’ we employed. It is therefore possible that our findings might be biased in one way or the other.

What do our results lead to? We started this article by indicating that there was not much clarity about the state of CSR knowledge in developing-countries, as CSR research has focused more on the developed world than developing-countries. Our review thus provides useful guidance for future CSR
research focused on developing-countries. This implies that if the emerging field of CSR research focused on developing-countries has to move forward, it not only has to capitalize on the existing body of knowledge (reviewed by the present study), but it also has to find new ways to further enrich and/or expand its knowledge (Egri and Ralston, 2008; Lockett et al., 2006). In this respect, this article, although not the first to systematically review CSR research (see Egri and Ralston, 2008; Lockett et al., 2006; De Bakker et al., 2005), but it is the first, to the best of our knowledge, to systematically review the state of CSR knowledge in the context of developing-countries.

A second implication of our review is borne out of the regional representation in empirical studies published in international journals, which is somewhat skewed in favour of Asia, with Africa placing a distant second. This pattern of CSR research may point to variations in cultural, economic, and institutional contexts across developing-countries (see Jamali, 2010; Muthuri and Gilbert, 2011). What might be needed for empirical testing of the ‘conventional group of theories of CSR research’ is “an open-minded, thoughtful, and empirically grounded search” for data or cases that will bring the diverse contexts of developing-countries and their implication for CSR to the fore (Ramamurti, 2012, p. 42).

A third implication of our review is that a relatively under-represented empirical studies (8 out of 88 articles or 9 per cent) employed database research methodology. As revealed by our analysis, the low representation of database research is even more worrying when one considers that in Egri and Ralston’s (2008) review of CSR research, database research appears a preferred empirical methodology compared to content analysis. We are of the view that, this trend, may, in part, be explained by obstacles such as accuracy concerns “where data are on-line or publicly available” in developing-countries (Hoskisson et al., 2000, p. 257), and also reflects the complaints about the inherently weak “CSR institutional infrastructure” of developing-countries (Jamali and Neville, 2011, p. 613). We suggest that the application of database research methodology in CSR studies focused on developing-countries would go a long way to counter-balance the dominance of case study research. In doing so, it may be most appropriate to design studies that examine patterns of CSR manifestations using similar on-line or publicly available data across countries and regions that constitute developing-countries.

References


Appendix A

CSR research focused on developing-countries and published in international journals, 2004-2014


70. Lund-Thomsen, P. and Lindgreen, A. (2014) 'Corporate social responsibility in global value chains: Where are we now and where are we going?', Journal of Business Ethics, 123(1), 11-22.


Appendix B

CSR research and themes focused on developing-countries and published in international journals, 2004-2014

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Article 2

Multinational Enterprises and Distance: Exploring Opportunities and Challenges Involved in Practicing CSR in Host-Countries

Gideon Jojo Amos

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Multinational Enterprises and Distance: Exploring Opportunities and Challenges involved in Practicing CSR in Host-Countries

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Abstract
This study explores how multinational enterprises (MNEs) should implement corporate social responsibility (CSR) to build external legitimacy, especially in subsidiaries operating in host-countries, where the effects of distance is felt most by MNE foreign subsidiaries. For long, international business (IB) research has analysed the effects of distance on MNEs’ expansion to host-countries, while a parallel strand of work in economic geography investigates the dimensions of proximity and how they influence firms’ knowledge development, especially in the varying host-countries they operate. Despite the noticeable relatedness and complementarities, these two bodies of literature have so far poorly interacted. Moreover, despite increased strategic motivation for corporate social responsibility (CSR) practices, we still lack understanding of the effects of distance on MNEs’ CSR behaviour in host-countries. The present study addresses this limitation by analysing and integrating the extant literature on how MNEs can, through their CSR behaviour in-host countries, cope with and mitigate the effects of distance. It provides perspectives on what may constitute appropriate CSR strategies in varying host-countries’ institutional environments (i.e., what CSR strategies might be appropriate for MNEs to adopt in a more proximate/less distant and less proximate/more distant institutional contexts and their implications for the effects of distance). Based on an analysis of the extant literature, the present study discusses patterns of complementarities across distance and proximity, and draws attention to avenues for future research that, in a more effective way, interact the two strands of literature, thereby setting the ground for empirical testing of a conceptual framework proposed by this study.

Keywords: Multinational enterprises; distance; proximity; corporate social responsibility.

1. Introduction
A crucial issue that confronts Multinational Enterprises (MNEs) in host-countries is how to adapt to the many facets of host-countries’ distance effects, relative to their home-countries. A large body of scholarly literature has studied MNEs expansion into host-countries, and the related adjustment to new local contexts. For instance, Johanson and Vahlne’s (1977) internationalization model suggests that MNEs first enter more proximate countries before expanding into less proximate countries (i.e., countries with higher psychic distance). More recently, Johanson and Vahlne’s (1977) internationalization model has been extended by Johanson and Vahlne (2009), suggesting that, it is not liability of foreignness (LOF) per se that matters, but instead liability of outsidership (LOO). They contend that MNEs face disadvantages, relative to local firms, as a result of being “outsiders” to relevant business networks in new local contexts. Beyond Johanson and Vahlne’s notion of “psychic distance”, scholars such as Kogut and Singh (1988); “cultural distance”, Kostova (1996, 1999); “institutional distance”, Zaheer (1995); “liability of foreignness”, and Ghemawat (2001); “CAGE” Index have guided much of the international business (IB) scholarly literature.

Meanwhile, the vast literature on IB has typically conceived of distance in terms of the physical separation between a firm’s home-country, where headquarters (HQ) is usually located, and host-countries, where subsidiaries may be located (see Ghemawat, 2001). Within the larger debate on the merits and demerits of globalization, IB research contextualizes distance as a multidimensional construct, having a negative impact on firms’ internationalization (see Eriksson et al., 1997; Ghemawat, 2001). Studies of distance are grounded in two key assumptions. First, distance is symmetric; suggesting that a journey from Country X to Country Y is as challenging as moving from Country Y to Country X. Second, distance between home-country and host-country always results in a disadvantage for the MNE (Ghemawat, 2001). Moreover, as Zaheer et al. (2012, p.19) argued, “…essentially, international management (IM) is management of distance.” This perhaps underscores
the assertion in the literature that “... similarity is beneficial, as commonalities offer greater understanding and ease of interaction …” (Zaheer et al., 2012, p. 20).

Globalization, it seems, has re-directed attention to the need for managers of MNEs to be abreast with cultural differences, even as they attempt to understand what constitutes responsible behaviour in varying institutional context (Arthaud-Day, 2005; Rodriguez et al., 2006). Similarly, there are also suggestions that relations between MNEs foreign subsidiary and host-country’s stakeholders could be improved, especially, when MNEs are understood as contributing to host-countries’ economic growth and national welfare (Dunning, 1998; Rodriguez et al., 2006; Yang and Rivers, 2009). Kostova et al. (2008) have also argued that socially desirable contributions can be appropriate option for foreign-owned firms when it comes to obtaining social license in host-countries. Altogether, it is contended that CSR investments may be appropriate mechanism that MNEs could rely on to mitigate the impact of distance in host-countries.

However, researching CSR behaviour of MNEs is not without peculiar challenges, as they operate in diverse institutional settings with implications for socio-cultural orientations and adjustments (Rodriguez et al., 2006). For example, Jamali’s (2010) analysis of MNE subsidiaries’ responses to either more globally or locally oriented CSR approaches was observed to be an outcome of different dimensions of CSR (i.e., CSR motivations, CSR decision-making, and explicit CSR manifestations).

In particular, recent CSR literature (e.g., Rodriguez et al., 2006; Tan and Wang, 2011) suggests that MNEs’ CSR strategies in host-countries are largely influenced by the degree to which their headquarters include CSR in their organizational level strategy, together with CSR expectations faced by MNEs in host-countries. As a result, MNE subsidiaries are more likely to encounter challenges in relation to either maintaining headquarters strategies, which may be more globally oriented in nature or adapting specific strategies to suit expectations in host-countries (Tan and Wang, 2011). Moreover, some studies, (e.g., McWilliams et al., 2006, p. 2), have argued that, CSR lacks a dominant paradigm, and that “… the analysis of CSR is still embryonic…” The implication of this contention is that CSR “… cannot be analysed through the lens of a single disciplinary perspective, [making] it appears that CSR is fertile ground for theory development …” (McWilliams et al., 2006, p.2).

Inspired by the above, in this contribution, we aim at providing new input to the ongoing debate about MNEs’ CSR behaviour and the stumbling block of distance (e.g., Johanson and Vahlne, 1977; Johanson and Vahlne, 2009), especially as calls for MNEs to respond to host-country expectations through CSR (Jamali, 2010), in pursuit of external legitimacy intensifies (see Campbell et al., 2012; Yang and Rivers, 2009). Put differently, MNEs’ “multiple embeddedness” (Meyer et al., 2011), (i.e., institutional differences and their influence on CSR practices), can pose challenges to MNE subsidiaries. Hence, “institutional duality” of MNE subsidiaries (Hillman and Wan, 2005), implies calls for MNEs to conform to home-country (i.e., internal) practices, whilst at the same time responding to host-country (i.e., external) pressures for legitimacy – all suggesting uneasy path for MNE subsidiaries to practice CSR in host-countries.

Drawing inspiration from multiple sources (e.g., Beugelsdijk and Mudambi, 2013; Campbell et al., 2012; Jamali, 2010), this article attempts to cross-fertilize insights from the distance and proximity (e.g., Boschma, 2005; Lundquist and Trippi, 2013) streams of literature to synthesize a framework that potentially can be applied in assessing the CSR behaviour of MNEs in host-countries. By turning to the distance and proximity streams of literature, we seek to draw patterns of complementarities across them. This assists in extending our understanding on the opportunities and challenges that come with practicing CSR by MNEs in host-countries.

This article is structured as follows. The paper starts with a discussion on the theoretical and empirical foundations motivating the study. Thereafter, we review the relevant literature and develop propositions on MNEs and distance, MNEs and CSR practices in host-countries, distance and proximity, MNEs’ external embeddedness, and MNEs’ internal embeddedness. We then present a theoretically derived conceptual framework (see Figure 1) that synthesizes our discussions and reviews with a view to identifying the concepts that influence MNEs’ CSR adoption in host-countries. Finally, the paper ends with some concluding remarks, implications of the study and suggestions for future research.

2.0 Theoretical/empirical foundations and proposition development

2.1 MNEs and Distance

Hymer’s (1960/1976) seminar work provided the theoretical roots of foreign direct investment (FDI), that highlights additional costs foreign-owned firms face, relative to local rival firms in host-countries. This is
especially so when MNE subsidiaries operate in unfamiliar local market conditions that give rise to comparative disadvantages, which is often described as “costs of doing business abroad” (CDBA). Zaheer (1995) extended this notion by suggesting the concept of the “liability of foreignness” (LOF), denoting disadvantages that foreign-owned firms incur in host-countries, defined as “the costs of doing business abroad that result in a competitive disadvantage for an MNE subunit” (Zaheer, 1995, p. 342). Four main sources of LOF, identified by Zaheer (1995) are: (1) costs arising out of spatial distance (e.g., coordination over distance and time zones); (2) firm-specific costs (e.g., lack of roots in local environment); (3) home-country environment costs (e.g., embeddedness in home-country institutions); (4) host-country environment costs (e.g., difficulties of embedding in host-country institutions).

Zaheer and Mosakowski (1997) developed LOF further by suggesting that MNEs incur LOF due to their lack of embeddedness in host-countries’ information networks. Kostova and Zaheer (1999) and Mezias (2002), arguing from institutional theory perspectives, attributed LOF to MNE’s lack of isomorphism, (i.e., MNEs’ inability to mimic or adopt strategies of local firms, thus, rendered vulnerable to powerful institutional pressures from the host-country’s environment) (Edelman, 1990). From the lens of internationalization process researchers, (e.g., Ellis, 2008; Johanson and Vahlne, 1977, 2009; Welch and Wiedersheim-Paul, 1980), firms reduce LOF by acquiring host-country knowledge through local agents. Following this premise, insufficient knowledge and “psychic distance” (Johanson and Vahlne, 1977) constitute major constraints of foreign-owned firms in host-countries. As a consequence, firms’ internationalization process, it is argued, can be staged more successfully as an incremental process where firms move increasingly into unfamiliar new markets that pose new opportunities and challenges (Johanson and Vahlne, 1977).

Resource-based theory (RBT) (e.g., Barney, 1991; Penrose, 1959; Rugman and Verbeke, 2002), on its part, argues that a firm’s bundle of heterogeneous resources can generate competitive advantages which may lead to sustainable superior returns. Following Baron (1995) and Penrose (1959), resources include assets, capabilities, knowledge, and competencies that a typical firm may possess. A firm’s resources, according to Baron (1995) and Penrose (1959) can be further classified into market and non-market resources. However, whereas firms develop similar market resources (Hymer, 1976), that give them advantage in their home-market, and further induce them to internationalize (Cuervo-Cazurra and Genc, 2011), the same cannot be said of non-market resources. Non-market resources are related to, for example, foreign institutional knowledge (Eriksson et al., 1997), foreign complementary institutional resources (Cuervo-Cazurra et al., 2007), and ownership-specific institutional advantages (Dunning and Lundan, 2008).

Furthermore, extant literature focused on firms’ internationalization (e.g., Miller and Eden, 2006; Zaheer, 1995), suggests that MNEs may resort to isomorphic behaviour (e.g., adopting the strategies of local firms), in order to overcome LOF in host-countries. Evidence further points to the adoption of market-based strategies (e.g., avoidance of asset-specific investments in host-countries), in an attempt to mitigate the effects of LOF (Eden and Miller, 2004; Kostova and Zaheer, 1999). Surprisingly, non-market resources, despite its explanatory power when it comes to exploring firms’ superior advantages at their home-markets, (Ghemawat and Khanna, 1998), and firms’ ability to navigate distant, difficult, and weak institutions abroad (Cuervo-Cazurra and Genc, 2008), has received little attention in the literature (see Cuervo-Cazurra and Genc, 2008, 2011).

The puzzle that emerges from these streams of literature is that, while on one hand, foreign-owned firms may be more likely to possess certain advantages that could help them outperform local rivals, on the other hand, these firms also suffer disadvantages due to their unfamiliarity with host-markets’ conditions. Inspite of the extensive discussion on the existence of LOF and varying forms of distance, and their impacts on MNE foreign subsidiaries’ performance, (e.g., Campbell et al. 2012; Zaheer, 1995; Zaheer and Mosakowski, 1997; Zaheer et al., 2012), little is known about how to mitigate firms’ lack of “local embeddedness” in host-countries (Campbell et al., 2012; Mezias, 2002; Yang and Rivers, 2009).

Several recent studies have attempted to fill in this gap (see Campbell et al., 2012; Eden and Miller, 2004; Yang and Rivers, 2009). Yang and Rivers (2009) in their conceptual paper explored the antecedents of CSR practices of MNE subsidiaries by developing a model of CSR practices in MNE host-countries. Eden and Miller (2004), in another conceptual paper, suggested that the key driver behind LOF is the institutional distance (i.e., cognitive, normative, and regulatory) between the home-country and host-country, and explored the ways in which institutional distance can affect LOF. In contrast, Campbell et al. (2012) adopted an empirical approach, focusing on how distance affects MNEs’ willingness and ability to engage in CSR in host-countries, and when and how MNEs attempt to overcome legitimacy issues in host-countries.
2.2 MNE and CSR practices in host-country

While many studies have analysed the role of MNEs in CSR (see Husted and Allen, 2006; Logsdon and Wood, 2002; Snider et al., 2003), little attention has been given to “CSR dualities” (Peng and Pleggenkuhle-Miles, 2009) that MNEs face. Given CSR as a form of investment, and corporate resources to be limited, resources devoted to host-country CSR, implies fewer resources remaining for home-country CSR (Peng and Pleggenkuhle-Miles, 2009). From the perspectives of MNEs’ global strategy, an important issue within the larger debate on CSR is:

How can “good faith” social investments be useful in mitigating the disadvantages arising from distance faced by MNEs in host-countries?

In the context of MNEs, CSR is difficult to define, as by virtue of the diverse institutional environments they operate, MNEs are more likely to deal with stakeholder groups with varying expectations (Rodriguez et al., 2006). It is therefore crucial that, as CSR reflects a firm’s strategic approach directed at stakeholders’ expectations (McWilliams and Siegel, 2001), a firm’s stakeholders are clearly identified and prioritized. This view is also consistent with what Moon and Vogel once wrote that CSR by definition “presumes an autonomous corporation, free to exercise discretion in how it deploys its resources. Yet the concept also entails conformance with laws which are primarily national in character, scope, and application, as well as with ‘customary ethics’, which again may reflect different ethical systems rooted in distinct patterns of business-government-society (BGS) relations” (Moon and Vogel, 2008, p. 306).

Although numerous scholarly definitions of CSR have been proposed (see McWilliams and Siegel, 2001; McWilliams et al., 2006; Rodriguez et al., 2006), in this study and consistent with McWilliams and Siegel’s (2001) suggestion, we see CSR as instances where a firm goes beyond compliance and engages in actions that appear to respond to stakeholders’ concerns. Stakeholder theory (Freeman, 1984) suggests that a “stakeholder can exercise influence on a company’s CSR practices by developing the following strategies: (1) withholding strategy, i.e., by stopping the flow of resources to the firm; and (2) usage strategy, i.e., by limiting the way in which the firm can use resources” (Yang and Rivers, 2009, p. 157). Within the extant literature ‘influential’ stakeholders that have been studied is extensive. Following Yang and Rivers (2009), MNE subsidiaries’ CSR practices may be targeted at: (1) formal government institutions; (2) the immediate community within which the firm operates; (3) recognized civil-society/advocacy organizations (CSO); (4) consumers; (5) local shareholders; (6) employees; (7) parent company and its affiliates; and (8) industry groupings.

CSR practices according to the extant literature (e.g., McWilliams et al., 2006; Rodriguez et al., 2006), can be extensive. Firm level CSR practices typically include activities such as: initiating community development projects, adopting ethical labour practices, and adopting environmental friendly production processes. For MNEs therefore, the fact that business norms and regulatory frameworks can differ substantially across national borders may suggests the need to adopt CSR practices to suit varying national requirements and stakeholders’ expectations. Although MNEs are often embroiled in controversies with host-environment constituents (Eweje, 2006, 2007; Fynnas, 2005), we argue that by adopting CSR for strategic reasons, MNE foreign subsidiaries can establish good relations with key host-country constituents (e.g. regulators, local-communities, and other influential stakeholders). This leads to the following proposition:

P1. MNE subsidiaries’ CSR practices, when tailored to suit the host-country’s institutions and stakeholders’ expectations are more likely to result in local support for the firm.

2.3 Distance/Proximity characteristics

It is logical to expect that the locations, (e.g. home- and host-countries) in which MNEs operate will show varying profiles. Such variations include economic characteristics, technological trajectories, institutions, and socio-cultural characteristics. As a result, it is also expected that MNE foreign subsidiaries will take more notice of differences in legislation. This is especially so if there are applicable sanctions for non-compliance. However, these variations, according to Lamquist and Trippi (2013), can be both a major source of innovative practices as well as barriers for interaction and knowledge exchange among firms. This view is consistent with Zaheer and Hernandez’s (2011), assertion of “the paradox of distance”. They argue that, whereas research focused on “knowledge transfer”, emphasizes costs of distance for performance, those exploring the need for innovation, discusses the benefits of reaching far for novel and diverse ideas. Of importance to the present study, aside of the distance literature, is the proximity literature, which is largely grounded on the presumption that the more
proximity there is between firms, the more they interact, the more they learn and innovate (Boschma, 2005; Lundquist and Tripl, 2013).

2.4 Geographic distance/proximity

Geographic distance embraces physical remoteness, and is characterized by the absence of common border, weak transportation network and communication infrastructure. Other notable characteristics of geographic distance include differences in climatic conditions and physical size of country (Ghemawat, 2001). Trust and cooperation amongst firms that are collocating in terms of a particular region is argued to drive knowledge production and dissemination. For example, Lazerson and Lorenzoni (1999, p. 250), in their study of the Italian industrial district of Castel Goffredo concluded that: “… cooperation and trust among firms in the district appears to be in large measure an outcome of the process of reciprocal relations that individual firms have constructed over time with each other …” Lazerson and Lorenzoni further noted that proximity … “forces firms both to mimic each other and to distinguish themselves by developing incremental process and product improvements … [which] produces spontaneous social and professional interaction … facilitating the diffusion of information…” (Lazerson and Lorenzoni, 1999, p. 258).

Geographical proximity, on the other hand, comprises spatial or physical distance between two organizations or locations (Boschma, 2005). Geographical proximity is argued to promote inter-firm learning and knowledge development (Lazerson and Lorenzoni, 1999; Polenske, 2004). However, geographical proximity is a relative term as its impacts on opportunities for interaction and learning is dependent on several factors including regulations and communication. A vast scholarly literature (e.g. Boschma, 2005; Lundquist and Tripl, 2013) suggests that firms that are spatially concentrated benefit from knowledge externalities. Evidence further points out (e.g. Boschma, 2005; Lundquist and Tripl, 2013) that firms near knowledge sources show a better innovative performance. Furthermore, research hints that firms can reduce the impact of distance by expanding to geographically proximate countries, and also by collocating with firms that have internationalized from the same home-country (Zaheer and Mosakowski, 1997). Campbell et al. (2012) note that high geographic distance leads to less personal contacts and social interactions, which can affect a firm’s willingness to engage in host-country CSR. However, when MNE subsidiaries are located at a distance from headquarters, we argue, the MNE stands to benefit in a number of ways. For example, the MNE, as a networked organization (Campbell et al., 2012), may have access to diverse and novel ideas by reaching out afar, as proximate locations are more likely to show similar ideas that the firm possesses. Although the benefits of geographical proximity may be limited if there are administrative and other procedures that hamper border-crossing and inter-firm interaction (Lazerson and Lorenzoni, 1999; Polenske, 2004), we argue that knowledge externalities and learning effects of firms that are collocated can influence MNE foreign subsidiaries’ CSR practices. Therefore we suggest as follows:

P2a. The less proximate the geographic distance between MNE headquarters and foreign subsidiary is, the more likely the subsidiary, on account of its network of relationships, will acquire diverse and novel CSR knowledge in order to gain legitimacy in the host-country.

On the contrary, Yang and Rivers (2009) note that a firm’s CSR practices could be influenced by the host-country’s business norms and practices. Thus, in such instances, one might expect that MNE foreign subsidiaries, originating from a more proximate country, would find it easier to identify with the prevailing business norms and practices, and accordingly engage in host-country CSR. This leads us to propose the following:

P2b. The more proximate the geographic distance between MNE headquarters and foreign subsidiary is, the more likely the subsidiary, on account of its prior CSR knowledge from similar business environment, will engage in CSR activities in the host-country.

2.5 Institutional distance/proximity

Institutional distance reflects the extent of similarity or difference between a firm’s home-country and host-country in relation to institutional environments (Kostova, 1996; Kostova and Zaheer, 1999). Institutional environments, according to organizational theorists, consist of a variety of institutions, including, regulations and cultural norms, the fulfillment of which is deemed crucial as firms seek to be socially responsible (Campbell, 2006; Matten and Moon, 2008; Yang and River, 2009). This implies that institutional distance between countries can influence decisions in respect to ownership of firms (Eden and Miller, 2004), and firms’ CSR practices in
their host-countries (Campbell et al., 2012). Moreover, it has been suggested in several studies (e.g., Kostova and Zaheer, 1999), that as institutional distance increases, foreign firms face greater LOF, relative to local firms. As a result, foreign firms are more inclined to adapt to local CSR practices, in order to cope with legitimacy challenges arising from unfamiliar institutional environments.

Institutional theory is based on the presumption that organizations are influenced by common understanding of what is appropriate and, fundamentally, meaningful behaviour (Eden and Miller, 2004). It follows that in highly institutionalized environments, the structure of firms is influenced, to a large extent, by coercive isomorphism (formal pressure from other organizations), normative isomorphism (conformance to normative standards established by external institutions), and mimetic isomorphism (imitation of structures by other organizations in response to pressure) (DiMaggio and Powell, 1983). Thus, it is expected that organizations such as firms that are impacted by the same environmental settings, will tend to have similar structures.

Institutional proximity, on the other hand, reflects the extent to which two or more organizations operate under the same institutional environment (Boschma, 2005; Lundquist and Tripl, 2013). Formal institutions (e.g., laws and rules), and informal institutions (e.g., cultural norms and habits), may influence the extent to which firms coordinate their actions. Institutions therefore can be ‘enabling’ (i.e., where there are similarities) or ‘constraining’ (i.e., where there are dissimilarities) in character (Boschma, 2005). The cost of adapting to host-country institutions can be higher for firms that originate from home-countries with dissimilar institutions (Eden and Miller, 2004), and are likely to be lower for firms that originate from home-countries with similar institutions.

For example, Mezias (2002) notes that foreign firms often find it difficult to cope with host-countries’ regulations, due to their unfamiliarity, and are thus prone to lawsuits, arising from non-compliance. Therefore, we expect MNEs headquartered in more proximate institutional environments, to have better exposure to apply prior CSR knowledge from home-country and engage in interactive learning with influential stakeholders and institutional actors in the host-country. This leads to the following proposition:

**P3a.** The more proximate the host-country’s institutional environment is, the greater the ability, and the more likely the MNE subsidiary will engage in CSR in the host-country.

However, on account of prior dissimilar CSR experience from home-country, together with unfamiliar institutional environments, we expect MNEs from more distant home-countries to encounter difficulties, compared to MNEs from less distant countries. Although a firm from significantly different institutional environment could have market advantages (Cuervo-Cazurra and Genc, 2011), it is likely that such a firm would require some time to understand the host-country’s societal expectations, the fulfilment of which can serve as a non-market advantage for a foreign-owned firm. Therefore, we suggest the following:

**P3b.** The more distant a firm’s host-country’s institutional environment is, the greater the challenge, and the less likely the MNE subsidiary will engage in CSR in the host-country, at least, in the early stages of its entry.

### 2.6 Economic distance/cognitive proximity

Economic distance, which embraces differences in consumer income and/or wealth between countries, is also associated with differences in costs and factors of production (Ghemawat, 2001). Also included in the notion of economic distance are differences in economic development, and macroeconomic characteristics. Cognitive proximity, on the other hand, indicates the extent to which actors (e.g. firms), that share the same or similar knowledge-base and expertise may learn from each other (Boschma, 2005; Lundquist and Tripl, 2013). While cognitive proximity facilitates effective communication, cognitive distance enhances interactive learning and innovation between firms (Boschma, 2005). There may be incentives for MNEs that aim at acquiring new knowledge to target dissimilar and complementary bodies of knowledge. For example, the fact that innovation is not evenly distributed across countries implies that MNE foreign subsidiaries’ location decisions need to consider both complementary and dissimilar bodies of knowledge that is available in each potential location.

Proximity to knowledge is crucial in deciding where to locate foreign subsidiaries of MNEs (Nachum et al., 2008). Stakeholders in developing-countries, for example, expect MNEs to do more than local companies in terms of supporting local-communities to achieve locally defined social and economic goals (Eweje, 2006, 2007, 2012). Moreover, it has been suggested in several studies (e.g., Kostova and Zaheer, 1999), that as institutional distance increases, foreign firms face greater LOF, relative to local firms. As a result, foreign firms are more inclined to adapt to local CSR practices, in order to cope with legitimacy challenges arising from unfamiliar institutional environments.

Institutional theory is based on the presumption that organizations are influenced by common understanding of what is appropriate and, fundamentally, meaningful behaviour (Eden and Miller, 2004). It follows that in highly institutionalized environments, the structure of firms is influenced, to a large extent, by coercive isomorphism (formal pressure from other organizations), normative isomorphism (conformance to normative standards established by external institutions), and mimetic isomorphism (imitation of structures by other organizations in response to pressure) (DiMaggio and Powell, 1983). Thus, it is expected that organizations such as firms that are impacted by the same environmental settings, will tend to have similar structures.

Institutional proximity, on the other hand, reflects the extent to which two or more organizations operate under the same institutional environment (Boschma, 2005; Lundquist and Tripl, 2013). Formal institutions (e.g., laws and rules), and informal institutions (e.g., cultural norms and habits), may influence the extent to which firms coordinate their actions. Institutions therefore can be ‘enabling’ (i.e., where there are similarities) or ‘constraining’ (i.e., where there are dissimilarities) in character (Boschma, 2005). The cost of adapting to host-country institutions can be higher for firms that originate from home-countries with dissimilar institutions (Eden and Miller, 2004), and are likely to be lower for firms that originate from home-countries with similar institutions.

For example, Mezias (2002) notes that foreign firms often find it difficult to cope with host-countries’ regulations, due to their unfamiliarity, and are thus prone to lawsuits, arising from non-compliance. Therefore, we expect MNEs headquartered in more proximate institutional environments, to have better exposure to apply prior CSR knowledge from home-country and engage in interactive learning with influential stakeholders and institutional actors in the host-country. This leads to the following proposition:

**P3a.** The more proximate the host-country's institutional environment is, the greater the ability, and the more likely the MNE subsidiary will engage in CSR in the host-country.

However, on account of prior dissimilar CSR experience from home-country, together with unfamiliar institutional environments, we expect MNEs from more distant home-countries to encounter difficulties, compared to MNEs from less distant countries. Although a firm from significantly different institutional environment could have market advantages (Cuervo-Cazurra and Genc, 2011), it is likely that such a firm would require some time to understand the host-country’s societal expectations, the fulfilment of which can serve as a non-market advantage for a foreign-owned firm. Therefore, we suggest the following:

**P3b.** The more distant a firm’s host-country’s institutional environment is, the greater the challenge, and the less likely the MNE subsidiary will engage in CSR in the host-country, at least, in the early stages of its entry.

### 2.6 Economic distance/cognitive proximity

Economic distance, which embraces differences in consumer income and/or wealth between countries, is also associated with differences in costs and factors of production (Ghemawat, 2001). Also included in the notion of economic distance are differences in economic development, and macroeconomic characteristics. Cognitive proximity, on the other hand, indicates the extent to which actors (e.g. firms), that share the same or similar knowledge-base and expertise may learn from each other (Boschma, 2005; Lundquist and Tripl, 2013). While cognitive proximity facilitates effective communication, cognitive distance enhances interactive learning and innovation between firms (Boschma, 2005). There may be incentives for MNEs that aim at acquiring new knowledge to target dissimilar and complementary bodies of knowledge. For example, the fact that innovation is not evenly distributed across countries implies that MNE foreign subsidiaries’ location decisions need to consider both complementary and dissimilar bodies of knowledge that is available in each potential location.
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adapt to the host-country's institutional setting (Zaheer, 1999), we argue that MNEs from more proxima
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Developing Country Studies
Frynas, 2005). External legitimacy and stakeholders support are critical to the survival of MNE foreign
subsidiary, especially if the subsidiary depends heavily on the host-environment for continuing access to vital
resources such as raw materials (Eweje, 2006, 2007, Frynas, 2005). As the basis on which the practices of
foreign-owned firms may be judged is more likely to be different from that of indigenous firms (Kostova and
Zaheer, 1999), we argue that MNEs from more proximate economic environment would find it relatively easy to
adapt to the host-country’s institutional setting (DiMaggio and Powell, 1983). Moreover, we argue that when
judging the legitimacy of a foreign-owned firm, based on its CSR performance, reference will be made to the
legitimacy of similar firms operating in a proximate economic environment. These suggest that similarities in
economic environments can facilitate foreign-owned firms to engage in CSR in host countries in order to gain ‘acceptance’ (Dowling and Pfeffer, 1975; Suchman, 1995) by local stakeholders. Hence, we suggest the following:
P4a. The more proximate a foreign-owned firm is, in a particular economic environment, the fewer the challenges it faces in gaining external legitimacy in the host-environment, due to its prior experience in similar economic environment.

Moreover, in instances where the home- and host-country’s economic environments differ markedly, (e.g.,
MNEs originating from emerging economy and establishing subsidiaries in industrial economy), the implication
for CSR is likely to be different. A significant difference between industrial economy multinationals (IMNEs),
and emerging economy multinationals (EMNEs), is the influence of their respective home-country’s institutional
environment (Cuervo-Cazurra and Genc, 2011), out of which the economic environment is a subset (Berry et al.,
2010). Furthermore, EMNEs develop non-market resources to manage with the poorly developed institutions in
their home-countries. This then earns them advantage over IMNEs, when they both compete in countries with
poorly developed institutions (Cuervo-Cazurra and Genc, 2011). Following Cuervo-Cazurra and Genc (2011),
we concur that, in view of the distance involved, and on account of their relatively weak market-resources,
EMNEs cannot afford CSR spending in less proximate economic environments, since such firms need to commit
resources to improve their market-advantages (e.g., investing to improve their technology-base). Hence, we propose the following:
P4b. The more distant a foreign-owned firm is, in a particular economic environment, the higher the challenges it faces in gaining external legitimacy in the host-country, due to its lack of prior experience in similar economic environment.

2.7 MNEs’ external embeddedness
In their seminal paper, Cohen and Levinthal (1990) defined absorptive capacity (AC) as “the ability of a firm to
recognize the value of new, external information, assimilate it, and apply it to commercial ends” (Cohen and
Levinthal, 1990, p. 128). AC has been noted to contribute to firms’ internationalization insofar as it constitutes a
major determinant of knowledge processes in the context of MNEs (Björkman et al., 2007; Gupta and
Govindarajan, 2000). It should also be stressed that AC is relevant in discussions on firms’ internationalization
as it analyses organizational change together with the evolution of firms in adapting to changes in their
institutional environments (Chang et al., 2013; Li and Koshykode, 2008). The vast IB literature confirms the
relevance of AC in several contexts including: MNEs (e.g., Frost and Zhou, 2005), local versus foreign firms
(e.g., Chang et al., 2013), and born global firms (e.g., Freeman et al., 2010). Of equal importance in discussions
on AC is its ability to integrate with theories to explain knowledge diffusion. For example, in the literature, AC
has been applied in theories such as organizational learning, resource dependence, network, and knowledge.
Network theory, for instance, has been applied in inter-organizational relationship research (see Dhanaraj and
Parkhe, 2006) in explaining how the relationship between firms can promote inter-organizational learning
(Gulati, 1995).

Organizational scholars have long argued that a primary reason for MNEs’ competitive advantage is their
subsidiaries’ embeddedness in different local networks (see e.g., Ghoshal and Bartlett, 1990; Malnight, 1996). Because foreign-owned firms’ embeddedness in local networks can provide benefits such as access to new
knowledge (Zaheer and McEvily, 1999), MNEs are increasingly motivated to seek and develop knowledge
advantages, wherever they can find it (Meyer et al., 2011). By doing this, they increase the breadth of their
network resources (Malnight, 1996). For example, Meyer et al. (2011) suggest that as the search for new
knowledge intensifies, MNEs selectively tap into knowledge advantages that are linked to specific local
contexts. As MNEs embed in different local networks, it becomes imperative that relationships with network
members are strengthened over time. Relational embeddedness comprises direct cohesive ties that are necessary
for accessing information from network members (Gulati, 1998). It is based on the notion that direct and strong relationships with stakeholders such as regulatory institutions, competitors, and suppliers, is crucial as it can serve as a source of learning for MNE foreign subsidiaries (Anderson et al., 2002).

A closely underlying notion in the proximity literature is social proximity. Social proximity comprises the extent to which members of two or more organizations engage in mutual beneficial relationships (Boschma, 2005). Although it is likely that firms may not have equal capacity to learn from each other (Anderson et al., 2002), we argue that, on the average, when firms are strongly tied to each other, the extent of information exchanges and learning effects can improve over time. Accordingly, we argue that once a MNE foreign subsidiary strengthens its relational embeddedness, it may compensate for its lack of firm-level experience in relation to the host-environment. We also contend that the global network of the MNE of which foreign subsidiaries are integral part (Meyer et al., 2011), can facilitate access to resources that may not be available to local firms. Positive associations with network members, especially those within the same industry, can produce peer pressure on foreign subsidiaries (Lennox and Nash, 2003), through which they can become “insiders” (Johansson and Vahlne, 2009) in local business networks.

In developing our arguments, we advance a novel concept of home-bases learning to deepen our understanding of the ongoing debate on LOF and distance. In doing this, we extend the existing scholarly literature and add contextual relevance in enriching our understanding of how MNE foreign subsidiaries are able to overcome the disadvantages of distance (Hymer, 1960/1976; Johanson and Vahlne, 1977, 2009; Zaheer, 1995) in relation to firms’ internationalization. Although firms that internationalize will face the impact of “foreignness”, especially in more distant environments (Johanson and Vahlne, 1977, 2009), with little opportunity to apply prior knowledge (Barkema et al., 1996), we argue that home-bases learning, will reduce the severity of the distance effect, whilst other firms are denied access to local knowledge due to their lack of embeddedness in local networks. We define “home-bases learning” as the advantages accruing from cumulative external network exposure or the heterogeneity of MNE group interactions that a MNE foreign subsidiary potentially benefits from, as it operates in a defined host-country. Hence, we suggest the following:

**P5a**: A parent company and its subsidiaries’ prior experience in specific industries and host-countries over time will have a positive influence on a new foreign subsidiary’s ability to cope with the impact of distance through its CSR practices.

Furthermore, as Zaheer and McEvily (1999) noted, embeddedness in local networks is a crucial factor in every organization’s business life. This implies that firms can be interconnected with each other through a wide range of social and economic relationships (Gulati, 1998). In particular, a host-country’s stakeholders’ expectations from a firm reflect an implicit contract – a “promise” – between, for example, a firm and environmental and social change groups (Campbell et al., 2012). Such partnerships, we argue, have the prospect of raising firms’ reputation, even beyond their immediate environments. Accordingly, we suggest that MNE foreign subsidiaries may become attractive to local industry level stakeholders as a result of subscribing to the host-country’s CSR expectations. This allows us to propose as follows:

**P5b**: MNEs foreign subsidiaries that subscribe to a host-country’s stakeholders’ and institutions’ expectations, are more likely to adapt to host-country CSR practices, become isomorphic with local competitors, and reduce the impact of distance.

### 2.8 MNEs’ internal embeddedness

In reference to the order in which firms enter foreign markets, the work of Johansson and Vahlne (1977) suggests that risk increases when distance between the home and host country increases. Also, on the geographic scope of MNEs, it is important to emphasise that their ‘portfolio’ of internal units, together with headquarters, is largely globally dispersed. Similarly, the notion that MNEs are networked entities (Ghoshal and Bartlett, 1990), also brings into focus, how their organizational and fundamental geographical characteristics are related (Beugelsdijk et al., 2010) both within and across the countries in which they operate.

It is worthwhile noting, however, that the nature of interaction between MNEs’ headquarters and subsidiaries may be relevant in exploring how knowledge and resources flow to foreign subsidiaries (Zaheer and Hernandez, 2011), which in a way amplifies the dynamics of distance and proximity. Moreover, extant literature (e.g., Zaheer, 1995) suggests that foreign subsidiaries of MNEs lacking in knowledge and key resources, relative to local firms, imitate (imitation isomorphic) other firms in response to pressures (DiMaggio and Powell, 1983). We argue that, firms that are not well endowed may see the positive effects of distance and proximity when they
learn from their parent company for reasons of parent-subsidiary relationships (Haunschild and Miner, 1997). This allows us to suggest the following:

**P6a:** MNE foreign subsidiaries will benefit from country-of-origin experience, when they practice ‘home-base learning’, by adapting to parent company CSR practices, especially in a less distant institutional environment.

A rich stream of literature on distance (e.g., Kogut and Singh, 1988) has suggested that country-of-origin constitutes an important factor that binds new-entrant firms from the same home-country. For example, the work of Earley and Ang (2003) suggests that a firm’s country-of-origin influences the meanings managers assign to social norms in host-countries. Similarly, the work of Henisz and Delios (2001) also suggests that MNEs’ foreign subsidiaries’ experiences, in relation to their home-countries, can provide valuable learning inputs that may be applied in handling challenges that a firm may initially encounter in a host-country. We argue that the relative strength of such dependency will determine the extent to which the foreign subsidiary will adopt CSR practices internalized in the parent company, in order to maintain internal legitimacy, whilst being proactive in adapting to local context CSR practices to gain external legitimacy. This implies that home-country experience can be crucial, but it may not be sufficient, in reducing knowledge gaps that a foreign-owned firm may encounter in a host-country. Thus, we suggest the following:

**P6b:** MNE foreign subsidiaries will benefit from country-of-origin experience, when they practice ‘home-base learning’, by adopting CSR practices internalized in the parent company, and also adapt to local context CSR practices, especially in a less proximate institutional environment.

In summary, previous studies (e.g., Campbell et al., 2012; Rodrigues et al., 2006; Yang and Rivers, 2009), have underscored the importance of local contexts and non-market based strategies for coping with the effects of distance in host-countries (see Table I). Also, institutional duality of MNEs (Hillman and Wan, 2005) implies that, their CSR strategies could either be more globally or locally oriented, as suggested by Jamali (2010), with varying implications for their quest for legitimacy. It is thus logical to argue that a more responsive orientation to CSR might appear appropriate in addressing firms’ quest for legitimacy, whilst contributing in mitigating the effects of distance in host-countries.

**Table I:** Summary of findings from key studies relating to LOF and distance

<table>
<thead>
<tr>
<th>Article</th>
<th>Findings from studies relating to MNEs' CSR Strategies and Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campbell et al. (2012)</td>
<td>MNE foreign-affiliates from more distant home-countries are less likely to engage in CSR than affiliates from more proximate home-countries. A strategy of continued CSR engagement in the host-country may be considered advantageous by MNEs foreign-affiliates.</td>
</tr>
<tr>
<td>Jamali (2010)</td>
<td>The findings reveal patterns of global CSR being ‘diffused’ to developing countries, but also being ‘diluted’ along the way in view of specific subsidiary environments and host-market characteristics.</td>
</tr>
<tr>
<td>Yang and Rivers (2009)</td>
<td>MNE subsidiaries will be likely to adapt to local practices to legitimize themselves if they operate in host-countries that have very different institutional environments from their own, and if they have demanding stakeholders.</td>
</tr>
<tr>
<td>Rodriguez et al. (2006)</td>
<td>As MNEs operate in multiple countries and institutional environments, they must respond to local rules and institutions, adapt to diverse socio-economic conditions and respond to multiple stakeholders.</td>
</tr>
<tr>
<td>Husted and Allen (2006)</td>
<td>Foreign MNEs place similar importance on global CSR issues (e.g. environmental conservation), but multi-domestic and transnational MNEs place greater importance on country-specific CSR, than do global MNEs. CSR appears to conform to the MNE organization strategy established for product-market activities.</td>
</tr>
</tbody>
</table>
3.0 Towards the Development of a Conceptual Framework

Based on extant literature reviewed in the present study, a theoretically derived conceptual framework (see Figure 1) illuminating how CSR can contribute in mitigating the effects of distance in MNE subsidiaries’ host-countries has been proposed. As identified in the review of literature, when a firm internationalizes, it faces challenges in relation to obtaining external legitimacy in its host-country, and in the process, becomes ‘outsider’ to relevant business networks in new local context (Johanson and Vahlne, 2009). As a result, MNE foreign subsidiaries become prone to the effects of distance and LOF in host-countries. As the effects of distance is likely to be felt most in more distant and/or less proximate institutional environments, MNEs develop CSR strategies, which confer social legitimacy benefits on foreign firms in host-countries (see Campbell et al., 2012).

Drawing on institutional theory (e.g., Campbell, 2006; DiMaggio and Powell, 1983; Kostova and Zaheer, 1999), we explore how distance influence MNEs’ CSR practices in host-countries. Following Hillman and Wan (2005), we argue that the need for MNEs to conform to parent company practices, for internal legitimacy. In addition, we also suggest the need for MNEs to respond to pressures for external legitimacy in host-countries, as these requirements, typically reflects challenges that confront MNE subsidiaries in host-countries.

Moreover, there are suggestions (e.g., Beugelsdijk and Mudambi, 2013; Zaheer et al., 2012) that, researching a phenomenon – in this study, MNEs and Distance, may sometimes be best informed by theories and constructs from different fields of study. In particular, prior studies (e.g., Boschma, 2005; Ghemawat, 2001; Lundquist and Trippi, 2013) have explored dimensions of proximity and distance (e.g., physical, functional, cognitive, organizational, social, institutional, and geographical), that points to similarities between the two strands of literature. Therefore, our framework identifies the complexities involved in MNEs foreign subsidiaries’ CSR practices by synthesizing streams of literature on distance and proximity. By doing this, we provide insightful ways thereby bringing rigor to the construct of distance as proposed by Zaheer et al. (2012). Thus, by integrating streams of literature on distance and proximity, we highlight their complementary nature. Thus, we contribute in enriching our understanding on how MNEs can adapt to CSR practices in host-countries to mitigate the effect of distance and/or cope with constraints resulting from “institutional duality” (Hillman and Wan, 2005).

4.0 Conclusions, implications and future studies

The aim of this study is to explore the opportunities and challenges of managing CSR with emphasis on the strategic adoption of CSR by MNE subsidiaries to gain external legitimacy, and thereby cope with the effects of distance in host-countries. Despite increased strategic motivation for CSR, we still lack understanding of the effect of distance on MNEs’ CSR behaviour in host-countries (see Campbell et al., 2012; Husted and Allen, 2006; Yang and Rivers, 2009). In particular, the literature on MNEs and their CSR behaviour is still embryonic (see McWilliams et al., 2006), suggesting, for instance, that theoretical frameworks have not yet been fully resolved. Our exploratory study highlights the need for integrating literatures across somewhat related fields of distance and proximity, in response to Zaheer et al.’s (2012) suggestion. Our study hints that a strategy of home-bases learning, pursued along with home-base learning, may be considered appropriate, and should enrich MNEs foreign subsidiaries’ CSR behaviour for continued CSR practices.

As MNEs operate in varying institutional environments, a firm’s strategies for the non-market environment become crucial. Through their CSR practices, MNE subsidiaries in host-countries, can obtain external legitimacy, and thereby contribute in mitigating the effect of distance. By exploring the dynamics of MNEs’ CSR strategies in host-countries, in the midst of their embeddedness in varying local context (see Hillman and Wan, 2005), we provide important theoretical contributions to the literature. First, the present study attempts to address the research problem of how MNE foreign subsidiaries can adopt CSR to mitigate the effects of distance in host-countries. Second, this study explores the dimensions of distance and proximity as suggested by Beugelsdijk and Mudambi (2013), and suggests how they complement each other in the firm’s quest for external legitimacy towards mitigating the impact of distance. Third, the present study develops a conceptual framework which explains the interplay between the constructs that influence MNEs’ strategic adoption of CSR to mitigate the effects of distance in host-countries.
Fourth, this study advances a novel concept of *home-bases learning*, which we argue, can contribute to MNEs’ access to CSR-related knowledge emanating from prior and current operations in varying institutional environments. This suggestion is derived from the premise that: first, there is vast literature on calls for MNEs (see Campbell *et al.*, 2012; Rodriguez *et al.*, 2006; Yang and Rivers, 2009) to respond to pressures for socially responsible behaviour in varying institutional environments. Second, that MNE parent companies’ experience can be crucial, but it may not be sufficient, in reducing knowledge gaps that foreign-owned firms encounter in host-countries. As the established stream of *distance* literature often focuses on the negative consequences for MNE foreign subsidiaries (see Zaheer and Mosakowski, 1997), this study hints the need for a different coping mechanism: social contribution to the host-country in the form of CSR investment. For example, as evident from examination of the literature in this study, (see Table 1), researching CSR in the context of MNEs and the impact of *distance* on their operations in host-countries, tend to focus on the importance of CSR as a non-market environment strategy. However, exploring the contexts that create opportunities as well as challenges in practicing CSR in host-countries to mitigate the effects of *distance* has received little research attention.

4.1 Implications of the study

The conceptual framework developed in this study (Figure 1) provides varying insights for MNE managers. For example, MNE managers can draw from the dynamics of institutional *distance* and *proximity* and stakeholders’ pressures for social contribution. Moreover, knowledge of varying pressures for CSR in both institutionally proximate and distant environments, can prepare MNE managers to adopt appropriate CSR strategies to achieve...
external legitimacy, and thus contribute in mitigating the impact of distance. This study assists MNE managers to acknowledge the heterogeneity of host-countries and to have a better understanding of the importance of external legitimacy, as their firms operate in unfamiliar institutional environments.

4.2 Suggestions for future studies

The central issue explored in this study highlights a promising field of research that integrates research streams that cut across MNEs, CSR, and the effects of distance and proximity in host-countries. Clearly, such an approach can be addressed through integrative lens that draws on different strands of literature. As a consequence, suggestions for future studies is inspired by Rodriguez et al. (2006, p. 744) suggestion that “… the most influential and innovative research often combines the richest insights of various fields and forges them into new theories that integrate and answer old questions while creating entirely new ones…” Thus, we suggest future research can test and apply the proposed conceptual framework for empirical development, especially in varying institutional contexts, characterized by growing awareness of CSR by stakeholders. As this study focuses on the CSR strategies of MNE subsidiaries in host-countries, future research can be directed at comparing the adoption of different CSR strategies, especially in more proximate and less proximate institutional environments, relative to a firm’s home-country. And on that refreshing note, this is where I sigh off!

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Further reading

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Article 3

Corporate Social Responsibility in the Mining Industry: An Exploration of Host-Communities’ Perceptions and Expectations in a Developing-Country

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CORPORATE SOCIAL RESPONSIBILITY IN THE MINING INDUSTRY: AN EXPLORATION OF HOST-COMMUNITIES’ PERCEPTIONS AND EXPECTATIONS IN A DEVELOPING-COUNTRY

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ABSTRACT

Purpose - Little is known about how and what drives corporate social responsibility (CSR) in host-communities of mining companies in developing-countries.

Design/methodology/approach - In order to address this knowledge gap, this study used Ghana as a test case and conducted twenty-four in-depth interviews with participants drawn from mining host-communities.

Findings – The study discovered that while CSR is broadly understood and encompasses six thematic categories in the mining host-communities, there are emphases on philanthropic and environmental responsibilities. Contrary to the evidence found in other studies, this study discovered that CSR rhetoric plays a more positive/significant role than so far explored in CSR research; as it incentivizes the host-communities to push for the fulfilment of their CSR expectations and/or CSR initiatives proposed by mining companies.

Research limitations/implications - Quantitative studies are needed to strengthen the findings from the present study.

Practical implications - Because developing-countries share similar socio-economic and geo-political realities, study findings may be applicable not only for CSR advocates, but also policy makers in developing-countries.

Originality/value - The study provides new inputs from a developing-country perspective to the current debate about the CSR performance of the extractive industry.

Article Classification - Research paper

Keywords - Host-communities, Ghana, Corporate social responsibility (CSR), Multinational enterprises, Multinational mining companies

Introduction
The intensification of economic globalization in recent past decades has energized multinational enterprises (MNEs) to set-up production plants and also outsource increasingly skilled operations to developing-countries (Levy and Kaplan, 2008; Muthuri and Gilbert, 2011). Increased internationalization of firms, in turn, has resulted in calls for MNEs not only to take greater responsibility for their impact on society (Moon and Vogel, 2008), but also, increasingly, be involved in developing rules, norms, and, standards that define their corporate social responsibility (CSR) behaviour (Levy and Kaplan, 2008). A number of factors explain the rise of CSR in the international business arena. Prominent among the factors is the concern expressed over the power and influence of MNEs, and in particular, their impact, in developing-countries, on the natural environment, human rights and employment (Levy and Kaplan, 2008). Given their global influence, MNEs are usually confronted with addressing stakeholder groups and social responsibility issues that inform context-specific CSR practices in the environment in which they operate (Kolk and van Tulder, 2010; Matten and Moon, 2008).

However, the implementation of CSR in developing-countries has been shown to be more complex in view of its western-centric tradition (Dobers and Halme, 2009; Visser, 2008). This requires that context-specific issues are brought to light in understanding CSR actions of MNEs in developing-countries (Matten and Moon, 2008). As we know it, developing-countries do not share the same socio-economic, cultural, and geo-political realities that underpin CSR in developed-countries (Blowfield and Frynas, 2005; Dobers and Halme, 2009; Visser, 2008). Visser notes, for example, that “CSR in developing-countries draws strongly on deep-rooted indigenous cultural traditions of philanthropy, business ethics, and community embeddedness” (Visser, 2008, p. 481). This suggests that in an empirical setting characterized by “weak institutions and poor governance” (Matten and Moon, 2008, p. 418), developing-countries often expect MNEs, through their CSR practices, to act as “a vehicle for development” (Idemudia, 2011, p. 7), and thereby provide social services (e.g., roads, education, electricity, health care, etc.). In this regard, the willingness of MNEs in developing-countries to take CSR actions raises questions as to whether their CSR strategy is driven by socio-economic priorities (Dobers and Halme, 2009; Kolk and van Tulder, 2010) or are mere public relations gimmick (Frankental, 2001; Loughran et al., 2009).

In the specific case of multinational mining companies (MMCs) doing business in developing-countries, the aforementioned expectations of society are even more pertinent (see e.g., Dong et al., 2014; Smith et al., 2012), as they strive to secure/maintain external legitimacy (Levy and Kaplan, 2008). The question arises in terms of the extent to which CSR practices of MMCs in developing-countries apply the same standards adopted in the developed world (Dong et al., 2014; Gifford and Kestler, 2008). Dong et al. (2014), for example, note that, to improve their chances of maintaining legitimacy, MMCs “tend to have higher levels of social and environmental disclosures to mitigate the effects of large and noticeable impacts on the environment and society” (Dong et al., 2014, p. 60). At a practical level, MMCs are also confronted with challenges in relation to ‘why’ and ‘what’ to include in order to balance the desire for CSR policy development and implementation at the different stages of the mine life cycle (i.e., exploration, development and production, and closures stages) with the need “to adapt to local conditions” (Hitch et al., 2014, p. 54). Nonetheless, a possible constraint could be a tendency of MMCs to replicate parent company CSR practices without recourse to local sociocultural priorities; which suggests preference for ‘context-issues’ over the habitual ‘content-issues’, as advocated by Idemudia when it comes to CSR in the extractive industry (Idemudia, 2011).
Moreover, the role and impact of CSR by MMCs in developing-countries remains one area within CSR research where polarized positions have prevailed in recent years (e.g., Hilson, 2012). In particular, as awareness of host-communities regarding CSR has increased in recent times, it is crucial that we understand what this awareness means with respect to the mining industry (Eweje, 2006a, 2007; Hilson, 2012). Yet, few studies examine the expectations of stakeholder groups when it comes to CSR practices of MNEs in developing-countries. Research that focus on CSR in the extractive industry and the expectations of host-communities in developing-countries remains scarce with few exceptions (e.g., Akiwumi, 2014; Eweje, 2006a, 2007; Frynas, 2005; Garvin et al., 2009; Mzembe, 2016; Smith et al., 2012).

With the above in mind, and drawing on legitimacy theory and stakeholder theory, the objective of this study is to help address the knowledge gap with regard to how mining host-communities in developing-countries understand CSR and expect MMCs to address their CSR expectations. This is achieved by analyzing the views members of mining host-communities have on the CSR initiatives of MMCs in Ghana (a developing-country). This research is guided by the following research questions: (1) How is CSR understood in the mining communities in a developing-country? (2) What factors are driving the mining communities to expect CSR initiatives from the MMCs? The data is based on in-depth interviews with members of mining host-communities in Ghana. This approach was deemed appropriate as the research requires access to the relevant experiences and knowledge of members of mining host-communities which are impacted directly by the activities of mining companies. The motivation for and intended contribution of the present study to the body of CSR literature are as follows:

First, it provides new inputs from a developing-country perspective to the current debate about the social and environmental performance of the extractive industry (e.g., Akiwumi, 2014; Eweje, 2006a, 2007; Frynas, 2005; Idemudia, 2011). This perspective is of importance to management of MMCs in their quest to develop effective CSR strategies and to secure/maintain external legitimacy. Second, as a rapidly developing country, Ghana offers a richer empirical setting to explore the views of host-communities in respect to CSR practices of MMCs, especially, as the mining industry sector commands economic significance to the country’s economy (e.g., Andrews, 2016; Essah and Andrews, 2016). Thus, results from this study might be of interest to other mining host-communities in the developing world. Third, a study focused on the expectations of host-communities of MMCs, and conducted in a developing-country, where CSR awareness is minimal, would provide a different, and arguably, richer setting than research focused on developed-countries; where CSR awareness is very much pronounced. Prior to introducing the theories underpinning this study, it is imperative that key features of the mining industry sector and the host-communities in which the MMCs do their business are highlighted.

Context

In 2015, Ghana’s population was over 27 million; its GDP was US$ 37.86 billion; and its annual GDP growth rate was 3.9%. Ghana works actively to attract foreign investment, and many major MNEs, such as Golden Star, Newmont Mining, AngloGold Ashanti, and Gold Fields are present. Ghana is also rich in mineral deposits of manganese, diamonds, bauxite, natural gas (recent discoveries and production) and above all – in terms of production and reserves – gold.

Ghana’s economy cannot be understood fully without mining and metals production in the mining districts of the country’s geography. Ghana ranks second as the largest gold producer in Africa after South Africa – and also is the tenth gold producing country worldwide (e.g., Andrews, 2016; Essah
and Andrews, 2016). The mining districts of Ghana, therefore, are currently an area of great strategic importance on account of its mineral reserves. Today, there are two types of gold production in Ghana: the conventional large scale mines that are owned and operated by MMCs that employ state-of-the art mining technologies; and small scale mines that are primarily owned and operated by indigenous entrepreneurs (and of late, the influx of Chinese nationals), with little to no mining expertise. The small scale mining sector is primarily dominated by illegal mining operations, also known locally as *galamsey* – which involves discreet and illegal activities, geared towards prospecting for, and producing minerals, in contravention of government regulations (e.g., Garvin et al., 2009; Hilson, 2002).

In the districts where the MMCs operate, there are growing expectations that the MMCs will provide social services (e.g., education, health care, roads, electricity, etc.) (e.g., Garvin et al., 2009; Hilson, 2002). However, limited use is made of local labour in the communities where the MMCs operate, as mining by its technical nature, requires a certain level of expertise, which most local residents lack, due to low levels of education. The MMCs largely employ highly trained and skilled workforce, (both locals and expatriates); a practice that does little to support local communities and/or foster development of a secondary economy in the mining communities (e.g., Garvin et al., 2009). In the face of unemployment and poverty, which may be explained by the “dominance corporations have over domestic populations who are often left at the mercy of handouts in the form of social responsibility initiatives”; the host-communities have high expectations that the MMCs should drive employment and developmental priorities in the local communities in which they operate (e.g., Andrews, 2016, p. 10; Essah and Andrews, 2016).

The remainder of the paper is structured as follows: first the theoretical and empirical foundations motivating this study are discussed. Then, the methodology underlying this study is presented. Next, the results of the study are presented, and finally discussion and some concluding remarks are presented.

**Theoretical and empirical foundations**

**Corporate social responsibility**

According to the CSR literature, there are as varied views of the meaning of CSR, as there are of reasons for firms to engage in CSR. What appears distinct as far as CSR practices are concerned, is that, contextual differences appear to influence and/or result in differences in expectations of society on companies (Jackson and Apostolakou, 2010). This is consistent with Matten and Moon’s proposal that “Social responsibility by corporations remains contextualized by national institutional frameworks and therefore differs among countries […] as civil society […] articulates social values and preferences, to which [companies] respond” (Matten and Moon, 2008, p. 406).

In his pioneering work, for example, Howard Bowen defined the social responsibilities of ‘businessmen’ as their obligations to “pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Bowen, 1953, p. 6). Davis, writing in 1973, also offered a classic view of CSR as “the firm’s consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm to accomplish social benefits along with the traditional economic gains which the firm seeks” (Davis, 1973, p. 312). Yet, in another early view of CSR, Carroll remarked that: “the social responsibility of business encompasses the economic, legal, ethical and discretionary expectations that society has of organizations at a given point in time” (Carroll, 1979, p.500).
However, in 1991, Carroll revisited his 1979 framework to provide a more specific definition of the “discretionary” component in his framework, suggesting that it embraces “corporate citizenship” or “philanthropy” (Carroll, 1991). Carroll proposed that CSR comprises four kinds of responsibilities: economic, legal, ethical, and philanthropic. He depicted the four responsibilities as a pyramid, with economic responsibilities being the foundation of the pyramid. Carroll noted further that “all of these kinds of responsibilities have always existed to some extent, but it has only been in recent years that ethical and philanthropic functions have taken a significant place” (Carroll, 1991, p. 40).

In 2006, Wayne Visser revisited Carroll’s (1991) CSR pyramid, and proposed “Africa’s CSR pyramid”, arguing that “Carroll’s CSR pyramid has been framed specifically in an American context; suggesting that “culture may have an important influence on perceived CSR priorities” (Visser, 2006, p. 36-37). According to Visser’s proposal, economic responsibilities (e.g., provide investment, create jobs) attract the most emphasis, whilst philanthropy (e.g., set aside funds for corporate social/community projects) attracts second highest priority, followed by legal and ethical responsibilities respectively (Visser, 2006).

Given the above notions on the concept of CSR, it may not be surprising that by the very nature of business-society relations, different stakeholder groups may have varying expectations from business. Such expectations may also be influenced by their variability across corporate, industry, and national contexts in which companies operate (Rodriguez et al., 2006); as well as the importance a firm attaches to pursuing socially responsible behaviour “within the framework of time, environment, and the nature of the parties involved” (Sethi, 1979, p. 64).

A stakeholder perspective of CSR

Freeman (1984) introduced the stakeholder perspective, proposing which part of society companies should focus on in terms of CSR. He defines a stakeholder as any individual or group who can affect or is affected by the achievement of a firm’s objectives. Stakeholder theory provides relational frameworks that describe the interactions of companies with different stakeholder groups. These range from low levels of engagement to high levels of engagement (Morsing and Schultz, 2006).

According to Morsing and Schultz (2006), there are three different CSR communication strategies: the stakeholder information strategy, the stakeholder response strategy, and the stakeholder involvement strategy. Whilst the information strategy is characterized by a one-way communication model by which a firm engages with its stakeholders, the response strategy has to do with a two-way asymmetric communication model. In the involvement strategy, there is an inherent dialogue between the firm and its stakeholders, suggesting a two-way symmetric communication model (Arvidsson, 2010, 2014; Morsing and Schultz, 2006). The adoption of the involvement strategy is imperative, especially, where a stakeholder group is seen as a legitimate partner when it comes to corporate decision-making; rather than subjects whose expectations are only merely managed (Morsing and Schultz, 2006). Mitchell et al. (1997) extended Freeman’s (1984) work by arguing how stakeholders that matter are prioritized by examining them on the basis of their possession of three attributes: power, legitimacy, and urgency.

The contention of Mitchell et al. is that the more the stakeholder’s claims matters; in terms of power, legitimacy, and urgency, the higher the chances that the stakeholder’s demands will be addressed. According to Mitchell et al., a highly salient (definitive) stakeholder possesses all three attributes and for that reason, managers of firms have a clear mandate to prioritize that stakeholder’s claims.
(Mitchell et al., 1997). Conversely, stakeholders who possess two of the attributes are expectant stakeholders who either lack urgency or legitimacy to demand change or power to enforce change. The low salience group of stakeholders only possesses one of the three attributes and has at least power to bring about change. It has been suggested that a stakeholder’s salience could be moderated by institutional context of given industries sectors and countries in instances where a company’s role and that of its stakeholders may be different (Smith et al., 2012).

**CSR practices – a path towards securing/maintaining legitimacy**

According to legitimacy theory, a company achieves legitimacy when it behaves in line with the norms and expectations that underlie the society in which it operates. This suggests that by practicing CSR, companies stand a chance to gain, manage, or repair their legitimacy with stakeholder groups (Deegan, 2002; Dowling and Pfeffer, 1975; Suchman, 1995). For a company to be seen as socially responsible, therefore, its CSR practices should be rendered visible to stakeholder groups (Maignan et al., 1999). This view is consistent with what Prior et al. (2008) describe as a “managerial entrenchment strategy to gain support from stakeholders”; which suggests that a company is seen as a multilateral set of relationships among stakeholder groups (Prior et al., 2008, p. 174).

In line with legitimacy theory, it is expected that large companies such as MNEs will be more visible to the public than their smaller counterparts. Jamali (2010), for example, note that MNEs “with a global footprint or global brands are particularly reproached in discussions of CSR in developing-countries in light of their perceived enormous power and potential influence on geopolitical and economic affairs” (Jamali, 2010, p. 188). Conversely, it has also been suggested that when companies communicate too much about their CSR endeavours, they risk losing credibility in the face of their stakeholders. This is what Ashforth and Gibbs (1990) and Morsing and Schultz (2006) refer to as the self-promoters’ paradox, implying that too much CSR communication might hurt the company’s credibility instead of improving it. The necessity to guard against the self-promoters’ paradox becomes imperative especially as the level of scepticism surrounding a company’s CSR initiatives escalates. In respect to this, both Frankental (2001) and Loughran et al. (2009) call attention to the suspicion that CSR initiatives constitute one set of agenda that companies prefer to talk about and not act upon, signalling its potential role in the corporate world as a “public relations tool”.

According to Dowling and Pfeffer, a company is regarded as legitimate when it is judged to be “just and worthy of support” (Dowling and Pfeffer, 1975, p. 123). They argue that society judges the legitimacy of a company on the basis of the latter’s image. It follows further that both the expectations and the perceptions that society have for a company can change over time, with further implications for a company’s legitimacy, despite changes in the actual activities of the company (Dowling and Pfeffer, 1975). The image of the company (i.e., how it is perceived, along with the expectations of society), therefore, comprise the important factors that must be managed, if the company is to secure, manage, or repair its legitimacy. In respect to how companies can pursue legitimacy, van Staden and Hooks (2007) argue for either a reactive or a proactive approach. The reactive approach requires that companies disclose CSR performance information in reaction to an event or occurrence (e.g., hazardous chemical spill) that has occurred in the company or its industry. Conversely, the proactive approach involves a deliberate attempt to prevent legitimacy worries from occurring in the first place.
Data and research methods

In this study, purposive sampling (Patton, 2002) was used to identify potential informants. The present study, therefore, sought for participants in the mining communities known to have knowledge and experience with CSR initiatives by mining companies in the host-communities. In addition, the study made contacts with the government sectors in the mining communities for potential participants who have knowledge and experience with CSR initiatives by the MMCs in the communities. Other potential participants were reached through snowballing (i.e., one informant referred the researcher to another potential informant).

All of the informants were recruited via personal visits, follow-up visits, and phone call. Following Yin (1994) an interview guide was developed based on the literature presented in the previous section and the objective of the study; and was pre-tested with five potential participants, including two academics knowledgeable in CSR. According to Patton (2002), qualitative inquiry typically focuses in-depth on relatively small samples that are selected purposefully. (Quantitative methods, on the other hand, focus on larger samples that are selected randomly). Indeed, Patton (2002) explains that “The logic and power of purposeful sampling lie in selecting information rich cases to study in-depth; Information rich cases are those from which one can learn a great deal about issues of central importance to the purpose of the inquiry” (p. 230). Thus, this research sought information-rich cases (viewpoints) that manifested CSR intensely, in contrast to viewpoints that manifested CSR extremely (Patton, 2002).

In the frame of this logic, this research used purposive sampling (Patton, 2002) to identify potential participants (informants) who had knowledge and experience with CSR initiatives in the mining host-communities in Ghana. Altogether, twenty-four semi-structured interviews were conducted in the mining communities of Ghana (i.e., Obuasi, Tarkwa, Bogosu, and Prestea), with as diverse a sample as possible: traditional authorities, members of municipal and districts assemblies, influential residents, and residents of mining-related resettlement communities. This diversified sample composition was necessary to capture different viewpoints in relation to how mining host-communities in developing-countries understand CSR and expect MMCs to address their CSR expectations, with potentially differing roles and responsibilities in the context of mining host-communities’ CSR perceptions and expectations in a developing-country.

The study explored questions about culture and attitudes of the host-communities towards the CSR initiatives of the mining companies. The questions include: the meaning/significance the informants attach to CSR, the informant’s role in the CSR initiatives of the MMCs, how CSR has assumed a central issue in the communities, and, the motivations underlying the CSR expectations of the communities. In addition to interviews, documents/reports related to the CSR initiatives the MMCs have implemented and/or intend to implement in the communities were collected; as well as writing notes about CSR-related outcomes (e.g., CSR-related projects) displayed/advertised in the communities.

In all the twenty-four interviews, the interview guide was used only in steering discussion. The informants always had control of the interview agenda in order that the issues seen as important to them could emerge, whilst the interviewer decides on the sequence and wording of questions in the course of the interview. In all but three cases, interviews began in English and were interspersed with Fanti - a major local language of Ghana. The remaining interviews were conducted in English which is the official language of Ghana. However, this did not make the interaction with informants difficult;
instead, it made it more understandable, as the passion with which informants expressed their views were carefully noted. Nonetheless, the interviews were tape recorded, with the consent of the informants, transcribed, and then translated into English. The interviews were conducted until it was detected that saturation in responses from the informants had been achieved (Kvale, 2007; Kvale and Brinkman, 2009).

In this study, thematic analysis (Braun and Clarke, 2006) was used to analyse the data. The essence of thematic analysis is that it guides the interpretation of data together with the application of judgement and experience in drawing out themes that help improve understanding and also generate insights (Braun and Clarke, 2006; Spiggle, 1994). Bailey (2007) notes that “thematic analysis works most effectively when you seek themes that address your research questions, frame themes conceptually, and explore links among them” (Bailey, 2007, p. 155). According to Braun and Clarke (2006) research that adopt thematic analysis suggest that themes may be constructed either inductively (i.e., based on theory or previous research) or deductively (i.e., obtained directly from the phenomenon being studied). The present study adopted a hybrid (i.e., both inductive and deductive) method, thereby, allowing the researcher to employ his knowledge of extant CSR practices and theory, as well as permitting the researcher to look for new insights that might emerge from the data set generated.

In analysing the data, the process of interpretive analysis suggested by Spiggle (1994) was followed. The author first analysed each interview separately and made extensive notes on the patterns of meaning and issues of potential interest and the interpretation of key themes (i.e., categories) that emerge from the data. Once the initial analysis was completed, the key themes identified were categorized into more general, conceptual classes (themes) as suggested by Spiggle (1994). In order to insure coherence, i.e., work towards merging the parts of the data set together, more concrete categories (themes) were incorporated into fewer more general categories (themes) as suggested by Spiggle (1994, pp. 492-501). By doing this, the interpretation of issues that emerged from the interviews point to themes that are related to and address the research questions. Direct quotations from the informants were also used to provide transparency and clarity, thereby enriching the discussion on the empirical results. Hence, unless otherwise stated specifically, the quotes as well as the themes presented under the “Empirical results” are meant to summarise the views of multiple informants. To insure face validity in relation to the themes, i.e., the substantive significance of the main findings, we reviewed all the literature that we could find on CSR research conducted in the mining host-communities of Ghana and other developing-countries (as identified earlier in this paper) in order to establish whether the findings from this study supported or refuted what we know about CSR.

In the next section, the empirical result is presented along with reflections from prior studies by other researchers. This is followed by the discussion and conclusion sections of the research.

Empirical results

How is CSR understood in the mining communities?

The prominence of CSR initiatives in the host-communities: exceeding corporate philanthropy

The findings from this study show that CSR is broadly understood in the mining communities of Ghana; although a number of CSR-related concepts were not elaborated fully by the informants. The informants in this study used various terms to describe the CSR initiatives of the MMCs in the communities. They include “social responsibility”, “business ethics”, “philanthropy”, “sustainability”,...
“environmental responsibility”, “community support”, and “social development” initiatives. Thus, partially similar to the findings of Beckman et al. (2009), the informants saw CSR as actions by the mining companies that are “discretionary expedient” as well as a “morally sensible” thing to do for the communities, from which a firm can secure/maintain its legitimacy.

The informants noted that the concept CSR, and in particular, the clamour for responsible business practices, and corporate contributions to society became more intensified in the communities after the introduction of “surface mining technologies” by mining companies in recent past decades (e.g., Schuler et al., 2011). Similar to pockets of CSR research across host-communities of oil and mineral-rich developing-countries (e.g., Akiwumi, 2014; Eweje, 2006a; Idemudia, 2011), the informants stressed that the roots of CSR in the communities appeared long ago. The only exception is that, awareness of the host-communities of the CSR concept has increased since the introduction of surface mining technologies to this date; and many host-communities have expected/demanded CSR-related actions from the mining companies that operate in their communities, although such expectations were not labelled as CSR.

However, the informants frequently noted that the CSR-related actions taken by the mining companies have often been ad hoc or fragmented actions and programmes (e.g., more “reactive” than “proactive” in character), that lack cohesion and appeared not to be integrated into an overall CSR model of the mining companies. Despite the seemingly varying terms used to describe the CSR initiatives of the MMCs, our informants generally agreed with the notion that CSR in its true manifestation constitutes CSR-related actions taken by firms “that appear to further some social good, beyond the interests of the firm and that which is required by law” (McWilliams and Siegel, 2001, p. 117). The following quotation is typical of these points of view:

“Every company belongs to society and/or is part of a community. It is, therefore, important that companies extend voluntary support to society in a way that expresses gratitude. The informants see the CSR-related actions of the mining companies as exemplifying their commitments to stakeholder groups of varying interests; especially host-communities, which in a way helps secure/maintain their social license to operate”.

In 1991, Carroll revisited his 1979 framework by publishing a conceptual article whose central contribution was to provide a more specific definition of discretionary component as philanthropic and suggesting that it embraces “corporate citizenship”. Carroll had proposed that “for CSR to be accepted […] it should be framed in such a way that the entire range of business responsibilities [i.e., economic, legal, ethical, and philanthropic responsibilities are taken into consideration]” (Carroll, 1991, p. 40). In doing this, Carroll argued that CSR encompasses not only the basic economic, legal, and ethical responsibilities, but equally important, there are, in addition, expected behaviours that are not necessarily imposed by law, but nonetheless, are expected of business by members of society. Our data provide empirical evidence to support the importance of adopting an ‘inclusive’ (i.e., a broad view), as opposed to an ‘exclusive’ (i.e., a narrow view) of the CSR concept. For example, one typical informant noted:

“For those of us living in mining communities, the social responsibility of the mining companies exceeds philanthropy. It is important that CSR-related actions are used to build relationships between the mining companies and the communities in which they operate. As host-communities, we’re, committed to co-exist cooperatively with the mining companies that operate in our environments, as their business and ourselves, impact each other, both directly and indirectly”.
There was general agreement among the informants that a broad conceptualization of CSR encompasses six thematic categories: community involvement or philanthropy, work ethics, environment, health/safety and welfare of employees/communities, respect for the law, and financial sustainability. A number of the participants noted the controversial nature of the mining industry; on account of its negative environmental impacts, and stressed that CSR should be “integrated” into the activities of the mining companies. The informants noted further that, CSR-related factors should play an indispensable role in the decision-making criteria of the mining companies.

Quite in tune with mining communities, environmental/sustainability-related issues engaged the attention of the informants, as mining companies characteristically, depend on the natural environment for their business license. Some informants are emphatic in suggesting that in view of the noticeable negative environmental impacts of mining, the communities expect more CSR-related actions. However, the emphasis by many of the informants on environmental and/or sustainability-related issues may not be interpreted to mean that other CSR-related issues, for example, education, health care, employment of indigenes of the communities, poverty alleviation, and support for local enterprise development, should be left unattended to. The view of the informants is that many a time in mining communities, it is the mining companies that initiate and team-up with the host-communities to move certain CSR initiatives/themes forward. These initiatives/themes are generally issues that the political and administrative government is unable to address alone; reminiscent of the view that CSR represents private/self-regulatory initiatives taken by business to complement social services provided by governments.

Quite evident from the data of the present study, environment, philanthropy, safety/health, and welfare of employees/communities feature highly on the list of CSR expectations. While no attempts were made at reordering Carroll’s CSR pyramid in line with the CSR expectations of the host-communities, contrary to Carroll’s (1991) CSR pyramid, the three responsibilities listed above, take a higher priority than other concepts of CSR (e.g., legal and ethical responsibilities) in the host-communities. The informants were emphatic that economic responsibility remains foremost as without a sound financial footing, a company should not be expected to carry out, for example, philanthropic responsibilities: “If there is nothing to show by way of profit … then we cannot talk about, neither can we expect CSR to happen”. However, the findings of this study is partially consistent with Visser’s (2006) concept of the African CSR pyramid; reinforcing the notion that, in the African context, philanthropic responsibilities are given a higher priority than other concepts (e.g., legal and ethical responsibilities) of CSR.

The importance of securing/maintaining legitimacy is cleverly noted by the informants. The informants stressed that the mining corporations primarily owe a duty to focus their CSR initiatives on addressing their host-communities’ expectations; as the fulfillment of this duty secures/maintains them their “social license to operate” which in a way, strengthens their “commercial license to operate”. Care for the environment, safety/health, and welfare of employees/communities, and philanthropy are CSR-related issues that were frequently highlighted by the informants: “If there is nothing to show that you take socially and environmentally responsible business practices and contributions to society seriously, then you’re unfit to be tagged as a responsible company”.

Many of the informants refer to CSR as a “vehicle for development in the communities”, a “new and better way to build/sustain relationships with the communities”, and “mutually beneficial” way to do business in the communities. While CSR, in its broad conceptualization, encompasses four thematic categories (i.e., economic, legal, ethical, and philanthropic responsibilities) as proposed by Carroll (1991) and Visser (2006), it may be relatively an exercise in futility to expect the informants to elaborate fully its manifestations in the mining host-communities in Ghana, due to minimal CSR
awareness. Nonetheless, the informants have been quite emphatic in answering the first research question. That is to say, the CSR concept is known, and the host-communities have expectations of CSR actions from the mining companies that operate in their communities. Moreover, beyond philanthropy and environmental/sustainability-related issues that should be expected to be high on the agenda of the host-communities, other CSR-related issues (e.g., education, health care, employment of indigenes of the communities, poverty alleviation, and support for local enterprise development), also increasingly attract attention and influence the CSR expectations of the host-communities.

Drivers of CSR in the mining host-communities

As the setting of this study falls in the category of CSR expectations of host-communities in developing-countries, it is expected that both findings similar to and different from what is known about CSR in mining host-communities of developing-countries will be covered. In this section, findings that replicate those of prior CSR studies are presented, followed by those that previous CSR research has not yet highlighted. Four themes emerged from analyzing the data in respect to the second research question (i.e., *what factors are driving the mining communities to expect CSR initiatives from the MMCs?*): community/custodianship culture, events that trigger CSR actions, transparency and framing of CSR expectations/initiatives, and the energizing effects of CSR rhetoric.

Community/custodianship culture

First, as is the case with CSR-related issues in most mining host-communities in developing-countries, community/custodianship culture is critical to successful CSR implementation (e.g., Akiwumi, 2014). The conviction of the mining host-communities with regard to their position as “custodians” and “rightful owners” of the land on which the mining companies operate is especially important in Ghana. In line with the customary laws of Ghana (see e.g., Andrews, 2016; Garvin et al., 2009), the traditional authorities are custodians of the land on which the mining companies operate. The following quotation is typical of this position:

“Social responsibility is very compatible with our community/custodianship culture, our notion of the common good of our people, and our conviction that success should be shared between the mining companies and the local communities that host them. We feel that this conviction is much in tune with the principles and values that drive responsible business practices, which helps nurture cordial business-society relationships”.

Furthermore, while management of stakeholder relationships is crucial towards implementing CSR initiatives, the host-communities of mining companies have different CSR aspirations than arguably, those of other stakeholder groups, due, in part, to the controversies that apparently surround the mining industry sector (e.g., Kapelus, 2002), and especially, the paradoxical nature of the expression “sustainable mining” (e.g., Fonseca, 2010). These findings suggest that frameworks for CSR development and implementation have context-specific elements, such as industry sector, expectations/priorities of stakeholder groups, and the national/geographical boundaries in which CSR initiatives are developed and implemented. These findings may be explained by Akiwumi (2014) who found that the environment in which the firm operates, and in particular, the community’s rights, customs, and traditions, drive the strategic adoption of CSR initiatives that may not necessarily be in accord with “the statutory instrument for environmental and social regulations for the minerals sector” (Akiwumi, 2014, p. 778). It is imperative, therefore, that researchers understand the setting in which studies are conducted in order that the appropriate contextual forces are given attention when it comes to interpreting empirical findings.
**Events that trigger CSR actions**

The second theme is that CSR actions are expected and/or would emerge when the host-communities are, for some reasons, faced with imminent “threat” or “danger”, arising out of the activities of the mining companies (e.g., Beckman et al., 2009). Many of the informants, for example, expressed this theme as follows:

“Once a while [companies XXX] will be caught up in issues that fall outside their remit. When this happens, for example, [hazardous chemical spillage on water bodies, etc.] we have to work in direct contact with them [the mining companies], and with the appropriate government regulators, often using [names of prominent citizens in Ghana] as the intermediary. Eventually, we reach agreement in the form of specific compensatory CSR initiatives from the mining companies”.

Host-communities that act in the above capacity demonstrate the importance of stakeholder involvement (Morsing and Schultz, 2006), when it comes to crafting CSR initiatives of firms. In doing so, face-to-face relationships may result in improving the attitudes of both parties (i.e., the host-communities and the mining companies) towards CSR; which may be a better option than adopting confrontational stance, in which case, the host-communities may not count on the support of the mining companies.

The informants also described many constructive relationships that the host-communities have forged with the mining companies; capitalizing on events (i.e., accidental or otherwise), that trigger or lead to the emergence of CSR actions. Those commonly mentioned are “capacity building opportunities for the youth in the communities”, “local enterprise/skill development programmes”, and “merit-based scholarship packages for students resident in the communities”. Thus, engagement with the mining companies was far more than addressing imminent “threats” and/or “dangers” pose by mining and related activities. As noted by an informant:

“We recognize that if the mining companies do not have good relationships with the host-communities, these same host-communities can give them [mining companies] tough times, because the mines have to count on the cooperation/support of the communities, in so far as their license to operate can be secured/maintained”.

Given that there is no doubt about the potency of CSR initiatives being accepted as a legitimizing tool in the host-communities and the mining industry sector of Ghana, the influence of “events that trigger CSR actions” can potentially accelerate the growth of CSR in the host-communities.

**Transparency and framing of CSR initiatives/expectations**

How CSR is framed or positioned by the mining companies and, in turn, packaged to the host-communities emerge as another theme, in driving the host-communities in relentlessly expecting CSR initiatives. The informants noted that, the mining companies frame CSR as “integral” to the business of mining, and often express it in an apparent “paradoxical nature” such as “sustainable mining” (e.g., Fonseca, 2010, p. 356). In addition, the mining companies also carry the same impression along, in their engagement with the host-communities and the local press. In this way, CSR initiatives by mining companies assume a more embedded phenomenon in the minds/expectations of the host-communities.

For CSR to be seen as “transparent” and “integral” to the business of mining, the data of this study, partially similar to that of Mzembe (2016), suggest that, competing interests on one hand, and power differential on the other, may explain the increased CSR expectations placed on the mining companies.
by their host-communities. A typical mining company having such CSR initiatives framing wrote the following in the electronic media:

“Newmont Ghana […] is committed to transparently engaging and partnering with local communities to improve lives and mitigate impacts associated with its operations. […] in line with the Company’s purpose to create value and improve lives through sustainable and responsible mining, Newmont welcomes all well-intentioned input to enhance mining’s benefits to local communities” (Newmont Ghana, 2017).

In his concluding remarks on the challenges of CSR in the mining industry sector of Ghana, similar to the above quotation, Andrews (2016) noted that:

“The absence of a clear language around CSR in existing legislation for Ghana’s mining sector speaks volumes about the discretionary manner with which the topic is treated, and the extent to which mining corporations have framed the subject in a way they see fit. He noted further that because CSR has not been framed explicitly, mining corporations capitalize on the ‘unknown’ and perpetuate their own discourse; which does little to empower stakeholder groups, including host-communities to hold mining corporations accountable for their actions and inactions” (Andrews, 2016, p. 15).

Interestingly, similar accounts run through the interviews with the informants. One informant explained that the mining companies can’t be trusted when it comes to CSR initiatives:

“They [mining companies] recognize that without good relationships and support from the communities in which they operate, their [mining companies] own image and [social] license to operate will be much impacted negatively. The communities are much more willing to have engagements with the mining companies […] but, in general, transparency is a necessity for fruitful engagement with them [mining companies]”.

Contrary to Kapelus (2002, p. 291) who suggested that a firm’s CSR initiatives would act as a “commitment” to building trusting relationships with diverse stakeholder groups, including host-communities, and could resist protests and disruptions by host-communities, the data of this study suggest that the CSR initiatives did act as a commitment, but in a quite different sense. The host-communities used their position/claim of “rightful entitlement” to push for some elements of transparency in the CSR initiatives, whilst registering their unflinching support for the activities of the mining companies. In one case, for example, a traditional ruler narrated how he mediated in resolving the otherwise frosty relationships between a group of settler farmers and a mining company over the former’s claim of hazardous chemical spillage unto their farmlands as noted in the following quotation:

“We have worked with this [mining company] these last few years in both direct and indirect contacts, and also with groups when portrayed by others (e.g., the media, NGOs, etc.) as having been adversely affected by the activities of this company [mining company]. We have served as intermediaries; once the mining company is transparent to us on the issues at stake”.

The energizing effects of CSR rhetoric

Contrary to the evidence found in studies conducted in other parts of the developing world (e.g., Akiwumi, 2014; Mzembe, 2016) that suggest that host-communities are the “bad guys” that often
agitates and protests against the operations of MNEs in developing-countries, the findings of this study suggest something new. While the informants are highly expectant of CSR initiatives, and also noted that several verbal CSR initiatives have been promised by the mining companies on this front; yet progress in fulfilling those promises by the mining companies has been rather slow.

Demand for CSR from the mining host-communities in Ghana has also been on the rise. A recent article (Garvin et al., 2009) supports this contention: “[Mining] companies were challenged by the high expectations of communities, which were themselves facilitated in part by the lack of engagement of local [communities] coupled with a history of mistrust. As a result, [local] communities saw these incoming company operations in a quasi-governmental relationship with concomitant high expectations and strong criticism of any negative externalities” (Garvin et al., 2009, p. 584). Kapelus (2002) also noted that mining companies seek to secure/maintain the support of local communities through their CSR initiatives directed at “promoting the form of development that the local community wants” (Kapelus, 2002, p. 291). Most of the informants explained the demand for, and reluctance to give up on CSR promises and/or rhetoric as follows:

“In general, all of the mining companies that operate in our communities indulge in CSR rhetoric. I’m of the opinion that this put the mining companies in good stead in the eye of the general public; especially, the elites of the local communities and potential financiers. They [mining companies] did not want to have and/or involve themselves in confrontations with the local communities. We [local communities], on our part, take active interests in the CSR promises they [mining companies] make and continue to remind them until those promises are fulfilled. Nonetheless, we have no doubt that the mining companies will live up to their CSR rhetoric/promises as we have trusting relationships with them [mining companies].”

In other words, what Ashforth and Gibbs (1990) and Morsing and Schultz (2006) labelled the “self-promoters’ paradox”, is almost entirely absent in the mining communities of Ghana at the time when CSR rhetoric is resulting in conflicts between local communities and MNE subsidiaries in other developing-countries (e.g., Akiwumi, 2014; Eweje, 2007; Frynas, 2005). The self-promoter’s paradox, drawing on legitimacy theory explanation, notes that “companies that overemphasize their corporate legitimacy run the risk of achieving the opposite effect” (Morsing and Schultz, 2006, p. 332). Thus the tendency for mining companies to indulge in CSR rhetoric, instead of reality, is noted to be one of the engines driving the host-communities in expecting CSR initiatives from the mining companies.

Discussion

New conceptualization/prioritization of CSR actions

The findings of this study reinforce the notion (e.g., Carroll, 1991; Visser, 2006) that the concept of CSR is broadly conceptualized, and is greatly influenced by the contextual setting (e.g., social, cultural, economic, and political conditions) in which research is carried out (Matten and Moon, 2008). Six thematic categories have been advanced by the present study as encompassing CSR: community involvement, work ethics, environment, health/safety and welfare of employees/communities, respect for the law, and financial sustainability. Overall, whilst the six thematic categories reinforce the work of Carroll (1991) and Visser (2006), in categorizing concepts of CSR, with economic responsibility being the foundation of both pyramids; in contrast, the same cannot be said when ordering the categories of responsibilities in accordance with priority/prominence of fulfillment or expectations by the mining host-communities.
The findings of this study are in contrast to Carroll’s (1991) CSR pyramid, with two dominant thematic categories: philanthropic responsibilities and environmental responsibilities featuring highly on the list of CSR expectations, and also taking a higher priority than other concepts of CSR (e.g., legal and ethical responsibilities) in the mining host-communities in Ghana. Apart from the two dominant/prioritized categories of responsibilities listed above, economic responsibility remains foremost as it provides the foundation upon which business companies may be expected to carry out philanthropic and other “social” responsibilities.

The findings of this study, however, partially resembles Visser’s (2006) African CSR pyramid, with four interconnected conceptual model of responsibilities driving CSR in Africa: economic, philanthropic, legal, and ethical responsibilities; in the order of priority/prominence. The findings thus reinforce the notion that, in the African context, philanthropic responsibilities are given a higher priority than other (e.g., legal and ethical responsibilities) concepts of CSR. Despite the priority/prominence accorded philanthropic responsibility in the African context, the findings of this study confirm the suggestion of both Carroll (1991) and Visser (2006) that economic responsibility constitutes the bedrock, upon which the other concept of CSR rest. Quite consistent with research exploring expectations and/or relations between host-communities and companies operating in the extractive industries in developing-countries (e.g., Eweje, 2006a, 2006b, 2007; Smith et al., 2012), our findings reinforce the contention that “businesses have a moral obligation and responsibility to protect the host communities/nations from the environmental impacts of their activities” (Eweje, 2006b, p. 52).

Researchers, therefore, will not only have to pay attention to local market conditions in understanding local CSR expectations, but also focus on the peculiar features of the industry sector context in which demand for CSR initiatives is orchestrated. The dominance of philanthropic and environmental responsibilities attest to the important role of the mining host-communities as a key stakeholder group; just as companies must respond to the needs and expectations of different stakeholder groups, in order to remain legitimate in the setting in which they operate (see e.g., Dowling and Pfeffer, 1975). It would, therefore, sound unthinkable for the mining companies not to fulfill the expectations of the host-communities, as their ‘social license to operate’ would be called into question (see e.g., Dowling and Pfeffer, 1975; Suchman, 1995). Furthermore, as Visser (2006) noted, the African values of community involvement and social responsibility appear to influence the type of CSR that is deemed appropriate and on which companies may secure/maintain legitimacy in Ghana (Visser, 2006).

New drivers of CSR in mining host-communities

Some of the drivers of CSR in the host-communities - community/custodianship culture, and events that trigger CSR actions – replicate previous CSR research set in developing-countries. Other findings, however, emerged from the present study that are more novel to CSR research in the setting of developing-countries: CSR was driven by transparency and framing of CSR initiatives by the mining companies. Put differently, the push/quest for some elements of transparency by the host-communities resulted in having their CSR expectations fulfilled by the mining companies. Second, the energizing effects of CSR rhetoric; that is, rather than CSR rhetoric resulting in conflicts, it was, in contrast, supported by the host-communities through their reluctance to give up on rhetoric of CSR initiatives given by the mining companies.

While transparency and framing of CSR initiatives have long been recognized in the CSR literature (e.g., Andrews, 2016; Garvin et al., 2009), the data of this study suggest that it could be more
rewarding than the extant literature would suggest. Companies need to build, through both direct and indirect measures, stakeholder relationships; that are guided by transparency in framing CSR initiatives that may “require broad knowledge of actual and potential actors and claimants in the firm’s environment” (Mitchell et al., 1997, p. 859). Although, the CSR literature draws clear distinction between “influencers” and “stakeholders” (e.g., Donaldson and Preston, 1995, p. 86), nonetheless, it is imperative that interdependencies derived from stakeholder relationships are exploited fully in securing/maintaining solutions to imminent legitimacy threats (Dowling and Pfeffer, 1975).

The findings of this research partially supports the “managerial implications” of the stakeholder theory put forward by Donaldson and Preston that “Stakeholders are identified through the actual or potential harms and benefits that they experience or anticipate as a result of firm’s actions or inactions” (Donaldson and Preston, 1995, p. 85). Furthermore, the data also suggest that the “influencers” of a firm, such as the media, and stakeholder groups such as the local communities in which companies operate, may be key allies characterized by dynamic stakeholder relationships, especially, in developing-countries where “the voices and concerns of the poor and marginalized are rarely ever reflected [when it comes to CSR discourse]” (Idemudia, 2011, p. 6).

CSR rhetoric has received more attention in CSR research. In much of the CSR literature focused on the phenomenon of CSR rhetoric, more emphasis has been placed on its negative outcomes, such as, conflicts and disruptions to firms’ operations by local communities (e.g., Eweje, 2006a, 2007; Frynas, 2005). However, the data of the present study strongly suggest that CSR rhetoric plays a more positive/significant role than so far explored in CSR research; as it incentivises the host-communities to push for the fulfillment of their CSR expectations and/or CSR initiatives proposed by the mining companies. Many of the informants emphasized that the mining companies have the tendency to indulge in CSR rhetoric, to potentially, score good public impression; without knowing that CSR rhetoric, could, in itself, incentivise the host-communities in pushing for the realization of their CSR expectations.

Thus, the findings do not at all support what Ashforth and Gibbs (1990) and Morsing and Schultz (2006) labelled the “self-promoters’ paradox”; more so, at the time when CSR rhetoric is producing negative outcomes in other parts of developing-countries (e.g., Akiwumi, 2014; Eweje, 2006a, 2007; Frynas, 2005). Quite the opposite! This novel finding, if it is the right way to incentivise the host-communities into pushing for the fulfillment of the CSR initiatives of the mining companies, risk impacting on the content of corporate communication of CSR information taking place between managers of MNE subsidiaries and stakeholder groups of varying interests.

In order for CSR promises to be seen as genuine (i.e., well-intended), and devoid of rhetorical intentions, the mining companies need to have a commitment to resolve community development and environmental challenges that are deemed to have prioritized significance to the host-communities. The intentions behind the CSR initiatives of the mining companies, and the quest to have them fulfilled, help secure support for the mining companies, even from the most antagonistic stakeholder groups; despite the actual and/or potential claims by stakeholder groups of varying interests on the mining companies. The analysis of the present study suggests that the host-communities are incentivised by the tendency of the mining companies to indulge in CSR rhetoric, which is one of the new drivers that matter, if a particular CSR initiative will be fulfilled or not.
Conclusions

The host-communities of mining companies in Ghana display broad understanding of the concept of CSR; although a number of CSR-related concepts enumerated were not elaborated fully by our informants. It also emerge that the levels of CSR expectations of the host-communities is demonstrated by the issues they prioritize, coupled with the range of CSR-related issues they put forward. Evidently, philanthropic and environmental responsibilities feature highly on the CSR expectations; unlike Carroll’s (1991) CSR pyramid, philanthropic and environmental responsibilities take a higher priority than ethical and legal responsibilities in the mining host-communities of Ghana. Thus, if Carroll’s CSR pyramid was to be reordered, economic responsibilities will still occupy the base, followed by philanthropic and environmental responsibilities, before ethical and legal responsibilities would be considered. This renders the CSR expectations of the host-communities to resemble Visser’s (2006) African CSR pyramid; with the emphasis that “all levels of CSR play a role […] but they have different significance, and furthermore are interlinked in a somewhat different manner” (Visser, 2006, p. 37).

The manifestations of CSR are mainly a function of the embeddedness of the mining companies in a complex stakeholder relationship that requires that perceptions of their commitment to CSR in the host-communities are critical to secure/maintain legitimacy and ensure their survival. This explains the largely altruistic nature of CSR initiatives put forward by the mining companies and which are also attuned to the expectations of the host-communities. Even though this study counted isolated incidents where CSR projects that have been commissioned were wallowing in a state of disrepair, an apparent absence of “maintenance culture” portrayed by those isolated incidents could, potentially, signal the mining companies to scale up their engagement with the beneficiary host-communities, in order that current and future portfolio of CSR projects would achieve their fullest potential.

This contention has important implications, not only for CSR advocates, but also policy makers in developing-countries. Thus, there is a need to educate and encourage local communities in general to be more proactive and to abreast themselves of how to create more awareness that could potentially strengthen business and society relations and to explore for synergies within bundles of CSR initiatives provided by the corporate sector. In respect to directions for future research, it should be stressed that even though qualitative research may shed light on some emerging phenomenon, despite its inherent limitations, quantitative studies are needed to strengthen the findings from the present study. Second, as CSR research is largely driven by corporate, country, and industry sector features, additional qualitative (exploratory) research applying the stakeholder theory and legitimacy theory to CSR research in a different country and in the extractive industry sector are needed to support or refute the findings of the present research.

References


Article 4

Motivations for Corporate Social Responsibility Reporting by MNC Subsidiaries in a Developing-Country Context

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MOTIVATIONS FOR CORPORATE SOCIAL RESPONSIBILITY REPORTING BY MNC SUBSIDIARIES IN A DEVELOPING-COUNTRY CONTEXT

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ABSTRACT

Purpose - Recent findings suggest that we lack deeper understanding on how host-country institutional norms and parent company policies influence MNC subsidiaries' CSRR practices in lesser developed countries.

Design/methodology/approach – The study used Ghana as a test case and conducted fifteen in-depth interviews with managers drawn from eight MNC subsidiaries. Textual data search was done to help provide support for the findings from the interview data.

Findings – The findings partially refute some of the theoretical propositions of Campbell (2007), namely that companies that operate in a relatively weak economic environment are less likely to engage in CSR behaviour if there are no well-enforced ‘hard’ regulations and/or strong private/independent organizations, and normative pressures to support the uptake of CSR behaviour. In contrast to evidence from other geographies suggesting that inadequacies in a host-country’s regulations could depress the CSRR of MNC subsidiaries, this study uncovered that inadequacy in regulations rather induces/sensitizes MNC subsidiaries to make voluntary disclosure of CSR performance indicators.

Research limitations/implications - Quantitative studies are needed to support or refute the findings from the present study.

Practical implications – The development/strengthening of functional CSR institutions as well as a vibrant civil society that will advance civil regulations ought to be encouraged by policy makers.

Originality/value - The study provides new insights from Ghana in order to address the knowledge gap relating to CSRR in lesser developed countries.

Article Classification - Research paper

Keywords – Corporate social responsibility reporting (CSRR), Ghana, Internal legitimacy, External legitimacy, Institutional theory, Multinational corporation subsidiaries (MNC subsidiaries)
Introduction

Corporate Social Responsibility Reporting (CSRR) remains a pressing issue due to its variability across corporate, industry sector, and national contexts. Much research has aimed to establish its drivers, motivations, and potential role as a social accountability mechanism (Deegan, 2002; Gray, 2010; Newson and Deegan, 2002). During the last couple of decades, there has been increased research attention on the CSRR practices of corporations operating in developed-countries (See Deegan, 2002, for an overview). Prior research focused on developed-countries suggests that various stakeholder groups demand that corporations disclose their social and environmental performance (Deegan and Blomquist, 2006; O’Dwyer et al., 2005) and several studies provide evidence that managers of corporations react positively to those demands (Cormier et al., 2004; O’Dwyer, 2002).

Despite the extensive research on CSRR and expressions of socially responsible behaviour from multinational corporations (MNCs), relatively, research focused on CSRR of MNC subsidiaries in developing-countries remains scarce (e.g., de Villiers and van Staden, 2006), with few exceptions (e.g., Adams et al., 2007; Azizul Islam and Deegan, 2008; Kolk and Lenfant 2010). The need for focused CSRR research in developing-countries is critical particularly due to concerns that extant CSRR research tend to pay less attention to the ways in which MNC subsidiaries in developing-countries articulate their social responsibility practices (Rodriguez et al., 2006; Yang and Rivers, 2009) which “may not sufficiently relate or respond to the context and circumstances encountered in developing economies” (Hamann, 2006, p. 179). However, on the strength of the mounting evidence that MNCs are establishing more of their subsidiaries in developing-countries (e.g., Tihanyi et al., 2005), it is highly questionable whether those subsidiaries operate in socially responsible ways, and thus, satisfy the increasing demand for social and environmental accountability (Adams, 2004; Milne and Gray, 2007).

Given the global business impacts of MNCs (Kolk and Lanfant, 2010) and the growing importance of social responsibility, it is imperative that we understand the attitudes of MNC subsidiaries in the developing world towards CSRR. Although, it is acknowledged that increased CSRR is not necessarily tantamount to better corporate responsible behaviour, CSRR, has, undoubtedly, played a role in increasing social and environmental awareness. At a practical level, MNC subsidiaries managers in developing-countries are further confronted with challenges including: how to align their CSRR practices with local expectations, how to respond to pressures from their headquarters and global organizations, and how to balance the desire for global integration with the need for local responsiveness (e.g., Gugler and Shi, 2009; Hillman and Wan, 2005; Hine and Preuss, 2009). Altogether, it has been noted that, the social and environmental concerns that managers of MNC subsidiaries tackle in developing-countries, and most importantly, the various drivers of their CSRR programmes/strategies remain largely unexplored in the social and environmental accounting literature (e.g., de Villiers and van Staden, 2006; Momin and Parker, 2013; van Staden and Hooks, 2007).

Informed by the above and grounded on legitimacy theory and institutional theory, the objective with this study is to analyze the views MNC subsidiaries managers have on CSRR in a developing-country context. In doing this, the present study aims at contributing new inputs towards filling the gap in the social and environmental accounting literature. The following three areas are at focus in the study:

1. motives behind CSR information disclosure of MNC subsidiaries in developing-countries;
2. challenges with CSR information disclosure of MNC subsidiaries in developing-countries;
3. focus/trend of CSR information disclosure of MNC subsidiaries in developing-countries.
The data are based on interview study with managers at MNC subsidiaries operating in Ghana. The in-depth interview method was deemed appropriate as this study requires access to the relevant knowledge and experiences of the managers as far as their own CSRR programmes/strategies are concerned (O’Dwyer et al., 2005). Moreover, secondary data was collected from published annual reports and other publicly-available reports that could influence subsidiary/firm-level social and environmental behaviour (e.g., social responsibility reports, environmental management reports, community relations reports, etc.). In the period of the field study, eight subsidiaries were found to be willing to cooperate with the present study. The selection of the subsidiaries is motivated by an emphasis on well-known MNC subsidiaries in the context of Ghana. The present study sought those subsidiaries whose CSR practices had been heralded in the local media. Thus, the present study draws its evidence from multiple organizational sources (Stake, 2008; Yin, 2013). As pointed out by Rowe and Guthrie (2010) there are relatively limited empirical studies on CSRR that have drawn their data from multiple organizational cases in the social and environmental accounting stream of CSR research.

The motivations for and intended contribution of the present study is threefold. First, there has been relatively little research on CSRR within the body of CSR research (Birth et al., 2008) and in the specific context of developing-countries (Adams et al., 2007; Azizul Islam and Deegan, 2008). The fact that CSRR remains largely a voluntary action suggests that companies and their managers may take some time to respond to new forms of social accountability. Hence, this study contributes to the CSRR literature with empirical results from Ghana that may potentially be of relevance to other developing-countries.

Second, the apparent lack of specificity of the legitimacy approach (e.g., Deegan, 2002, p. 298; Tilling and Tilt, 2010, p. 57) have meant that it does not sufficiently recognize the social, economic and political forces relevant to the context of the study, i.e., in this study, Ghana, a developing-country. As Haniffa and Cooke (2005, p. 395) noted, this contextual limitation results in the application of the developed world’s norms in evaluating CSRR actions and research. The present study contributes to CSRR research by providing empirical evidence grounded on integrated theoretical lens (i.e., legitimacy theory and institutional theory) rather than relying on a single theoretical explanation (e.g., Momin and Parker, 2013; Yang and Rivers, 2009).

Third, despite the extensive research on social responsibility and CSRR, relatively, few studies have investigated MNC subsidiaries managers’ own experiences and knowledge when it comes to CSRR programmes/strategies (Arvidsson, 2010; Momin and Parker, 2013). Thus, this study contributes to a better understanding of the challenges MNC subsidiaries managers face in responding to pressures from parent company in addition to aligning their CSRR practices with societal expectations (as perceived by managers) (Milne and Gray, 2007; Hamann, 2006).

The remainder of the paper is structured as follows: first the theoretical and empirical foundations motivating this study are discussed. Then, the research methodology underlying the present study is presented. Next, it is imperative that key features shaping the context in which MNC subsidiaries operate in Ghana are highlighted. Thereafter, the results of the study are presented, and finally, discussion and some concluding remarks are presented.
Theoretical and empirical foundations

Objectives with engaging in CSRR

It is now widely acknowledged that responsible corporations should not only engage with their stakeholders on issues relating to CSR, but they should also, on a regular basis, communicate about their products and CSR actions, in order to make their impacts known to society (Crane and Glozer, 2016). CSRR is argued to be critical as it has the potential to influence accountability at both the corporate and firm levels (Archel et al., 2011), empower stakeholders to appreciate how businesses function (Basu and Palazzo, 2008), and make it possible for consumers to appreciate responsible organizations (Bhattacharya and Sen, 2004).

Legitimacy reasons are often argued to underlie the decisions of firms to engage in CSR (Dowling and Pfeffer, 1975), and voluntary disclosure of CSR information (Deegan, 2002). According to legitimacy theory, a company achieves legitimacy by operating within the norms and expectations of the society in which it thrives. The implication of this is that, companies engage in voluntary disclosure of CSR in order to gain, maintain, or repair legitimacy with relevant stakeholders (Deegan, 2002; Dowling and Pfeffer, 1975). This in turn suggests that for a firm to be regarded as socially responsible, its CSR actions ought to be disclosed to stakeholders (Maignan et al., 1999), and this is accomplished through CSRR. Van Staden and Hooks (2007), for example, have argued that firms can adopt either a “reactive” or a “proactive” approach towards securing/maintaining legitimacy. The reactive approach requires that a firm’s CSRR is meant as a reaction to some events, whilst the proactive approach is best applied when a firm’s CSRR is intended to prevent legitimacy threats.

On their part, Birth et al. (2008) noted that managers consider their engagement in CSRR as a proactive approach towards building the image of their organizations. On the potency of legitimacy theory in explaining motivations for CSRR, Branco and Rodriguez (2008), have suggested that legitimacy theory is particularly a helpful theoretical lens, especially where a firm faces legitimacy gap arising out of its activities. In response to bad publicity, for example, firms have employed reactive strategy in order to secure/maintain legitimacy (e.g., Van Staden and Hooks, 2007) by engaging in CSRR with their stakeholders. In sum, the main argument behind legitimacy theory explanation of CSRR is that disclosure practices will react to significant social and environmental events and/or social expectations and thereby help in building the image of the firm.

CSRR strategies

Legitimacy theory is a tried and tested theoretical lens in the reporting literature (see e.g., Deegan, 2002), and could also inform the analysis of MNC-subsidiary dynamics in relation to non-financial reporting in the Ghanaian context. The central idea of legitimacy theory is that organizations are social construct and are thus subject to a ‘social contract’. One of the key requirements of ‘social contract’ is that firms can only continue to thrive if they are seen as ‘legitimate’ (i.e., socially responsible) since they need to obtain ‘approval’ from society (Deegan, 2002). Legitimacy, therefore, is said to have been secured/maintained when an organization’s value systems and that of the larger social system in which it operates are congruent (Lindblom, 1994; Suchman, 1995). Suchman (1995, p. 572) categorises legitimacy theory into two strands: “strategic or managerial legitimacy”, and “institutional legitimacy”. Whereas the former points out the way in which organizations should legitimize their behaviour by managing the perceptions of society, in order to become congruent with the norms of acceptable behaviour; the latter, explains the way in which organizations are impacted by the values and norms of society (Dowling and Pfeffer, 1975; Lindblom, 1993).
Deegan (2002), for example, argues that legitimacy theory inherently suits strategic/managerial as opposed to institutional perspective. He sees the quest for legitimacy by firms as a strategic response to external pressures. This then requires that organizations should make their CSR actions visible to stakeholders (Maignan et al., 1999) by resorting to CSRR strategies. On the contrast, Dawkins (2005) suggests that a firm’s ability to align its CSR position with the expectations of society rests on its capacity to communicate with stakeholder groups, as well as the support it receives from different stakeholders. In line with this contention, Morsing et al., (2008) have called attention to the difficulty involved in CSRR in respect of “how to make it known […] and how the company deliberately should communicate it” (Morsing et al., 2008, p. 98).

Building on Morsing and Schultz’s (2006) CSRR strategies, Morsing et al. (2008) propose two main CSRR strategies: the “expert strategy”, and the “stakeholder endorsement strategy”. Whilst the stakeholder endorsement strategy is used to diffuse CSR content and to obtain feedback in order to avoid stakeholder criticism; in using the expert strategy, “companies target […] an exclusive group of experts [known to be] ‘elite readers’ of corporate CSR messages” (Morsing et al., 2008, p. 105). In adopting the expert strategy, a dialogical relationship shapes both the values and the related CSR actions of the firm.

**CSRR and institutional contexts**

The motive of why organizations act in socially responsible ways in differing national contexts remains a puzzle to ‘business and society’ scholars (e.g., Campbell, 2006; Matten and Moon, 2008). In unravelling this puzzle, institution theory has proved to be a helpful theoretical lens for understanding how institutional environment defines the CSR behaviour of organizations (Aguilera and Jackson, 2003; Campbell, 2006). Institutional theory hints that organizations are influenced by the institutional context in which they thrive, and as a result, economic justifications alone are insufficient to fully explain the socially responsible behaviour of organizations (Marquis et al., 2007). Institutional theory sees organizations of all forms embedded in a nexus of formal and informal rules (North, 1990), that are typically defined as the “rules of the game in a society” (North, 1990, p. 3), and which takes into account formal rules (laws and regulations) and informal constraints (customs, social norms, and cultures).

New institutionalism or neo-institutional theory, in particular, is deemed appropriate in this study as it looks beyond the boundary of the firm and focuses instead on the interaction between institutions (DiMaggio and Powell, 1983; Scott, 1995). From the perspective of new institutional theory and drawing on Scott (1995), organizations adopt institutionalized forms of behaviour in an attempt to increase their internal and external legitimacy. Scott (2008, p. 59) argues the notion of legitimacy from institutional theory and defines legitimacy as ”a condition reflecting perceived consonance with relevant rules and laws, normative support, or alignment with cultural-cognitive framework”. Thus, new institutionalism is “… informed by the homogenization of institutional environments across national boundaries … [leading to] increasingly standardized and rationalized practices across industries and national boundaries” (Matten and Moon, 2008, p. 411). These imply that new institutional theory draws not only on the notion of legitimacy, but also seeks to explain how institutions adopt similar practices in response to external pressures and in order to secure/maintain legitimacy (Deegan, 2002: DiMaggio and Powell, 1983; Scott, 2008).

Campbell (2007, p. 984), on his part, posits that “most of the literature on corporate social responsibility does not explore whether institutional conditions affect the tendency for firms to behave in socially responsible ways”. In respect to this, institutional avenues that foster the uptake of CSR among organizations include the following: industrial self-regulatory associative
agreements to ensure socially responsible behaviour; well-formalized dialogues involving companies and their stakeholders; and, the presence of non-governmental organizations (NGOs) that monitor and push for socially responsible behaviour on the part of companies (Campbell, 2007; Matten and Moon, 2008).

Scott (2008) explores three processes of institutions - regulative, normative, and cognitive dimensions that have implications for firms’ socially responsible behaviour. Regulative mechanisms, which include sanctions, rules, and regulations manifest through coercive isomorphism, which tend to codify socially acceptable behaviours. The state, therefore, creates and enforces ‘hard’ regulations which act as a ‘coercive isomorphism’ (DiMaggio and Powell, 1983) for the uptake of CSR disclosure, whilst specific industry-wide peculiarities motivate the establishment of ‘soft’, self-regulatory voluntary initiatives for compliance by member organizations (Campbell, 2007; Matten and Moon, 2008). As Matten and Moon (2008) pointed out, the capacity of regulators to monitor behaviour and enforce compliance with regulations is essential because institutions per se do not guarantee the effective enforcement of regulations.

Normative mechanisms reflect social norms and values that “directly or indirectly set standards for ‘legitimate’ organizational practices” (Matten and Moon, 2008, p. 412). The resulting normative pressures for organizations to adopt acceptable behaviours are set in motion by a variety of social actors including the media and social movement organizations that exert pressure on organizations to adopt socially responsible practices (Campbell, 2007; Matten and Moon, 2008). Cognitive mechanisms comprise cultural values, identity and ideology that managers consider as legitimate in so far as they are deemed to be ‘best practices’ in their own fields (Matten and Moon, 2008). Cognitive frameworks are thus embodiment of common/shared beliefs that constitutes responsible corporate behaviour. It is expected that organizations that conform to established cognitive frameworks will behave in a culturally acceptable manner that is consistent with the institutional settings in which they thrive (Kostova and Zaheer, 1999). Peer pressure represents another effective mechanism through which organizations adopt socially responsible behaviour. Isomorphism may, for example, lead to socially responsible behaviour when managers “consider practices as legitimate if they are regarded as ‘best practices’ in their organizational field” (Matten and Moon, 2008, p. 412).

CSRR in developing-countries

The last couple of decades have seen increased attention on CSRR research within the body of CSR research (see e.g., Brammer and Pavelin, 2004; Crane and Glozer, 2016). In particular, the focus of CSRR research “has predominantly been on examining CSR disclosures and not on analysing the reasons for engaging in CSR communication” (Arvidsson, 2010, p. 343). The work of Newson and Deegan (2002), for example, confirms that most of the CSRR literature focuses on experience drawn from the developed-world such as parts of Europe, the United States of America and Australia. This finding also implies that, on account of “weak institutions and poor governance” features of developing-countries, it seems inappropriate to generalize results of studies from developed-countries to developing-countries (Matten and Moon, 2008, p. 418). In respect to this, both Belal (2000) and Belal (2008) draw attention that researching CSRR in developing-countries is appropriate and timely in view of the dearth of CSRR literature in the context of developing-countries, and the influential role of developing-country MNCs that operate in developing-countries. Moreover, the findings of Newson and Deegan (2002) suggest further that an understanding of the institutional environment remains an underdeveloped area in the body of CSR research, for which this study seeks to fill the gap. In summary, MNC subsidiaries managers’ motivation for CSRR might be influenced by both formal and
informal institutions of the host-country in which they operate. Subsidiary managers are thus, most likely to align their CSRR practices to seek internal and external legitimacy with their parent company and the local environment respectively.

**Extrapolating to the CSRR context of developing-countries**

The present study posits that the framework synthesized in Figure 1 is very useful in forming the analytic framework that will be used in the empirical part of the study. In analysing the motives, challenges, and focus/trend of CSRR of MNC subsidiaries in developing-countries, Figure 1 highlights the need to give closer attention to a number of relevant factors inspired more closely by legitimacy theory, institutional theory and the multi-level model of institutional pressures (i.e., the organizational field that manifest in coercive isomorphism, mimetic processes, and normative pressures), and including the legitimating environment for MNCs’ subsidiary, and the legitimating strategy of MNCs’ subsidiary.
Figure 1. Relevant factors affecting the CSRR practices of MNC – subsidiary in a developing country environment (adapted from Jamali and Neville, 2011; Momin and Parker, 2013).

Research methodology

In this study, purposive sampling (Patton, 2002) was used to identify potential participants from MNC subsidiaries that operate in Ghana. The selection of subsidiaries is motivated by emphasis on well-known MNC subsidiaries. The study sought those subsidiaries whose CSR practices had been heralded in the local media, and/or those who are members of voluntary initiatives promoting CSR (e.g., the UN Global Compact). The selection of participants is motivated further by the claim that reputable MNCs are reproached when it comes to discussions on “CSR in developing-countries in light of their perceived enormous power and potential influence on geopolitical and economic affairs” (Jamali, 2010, p. 188).

The empirical component of this research entailed eight case studies yielding fifteen in-depth interviews that documented the viewpoints of managers involved in CSRR activities in MNC subsidiaries that operate in Ghana (Table 1); and careful review of relevant documents, including CSR reports to illuminate the three issues/areas at focus in the study. In respect to the appropriateness of case studies, several authors (e.g. Yin, 2013; Stake, 2008) have noted the strength of case studies in relying on a full variety of evidence together with data collection methods, thus producing substantial/richer evidence. In particular, multiple cases can corroborate and enhance insights from a single case (Yin, 2013). Moreover, multiple cases facilitate in identifying common understandings across cases, thereby yielding richer evidence and allowing for more insightful theorizing across cases (Stake, 2008).

<table>
<thead>
<tr>
<th>Representatives of MNC</th>
<th>Number of interviews</th>
<th>Managers interviewed</th>
<th>Subsidiary core competence</th>
<th>Size of subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>MNC 1</td>
<td>Three</td>
<td>Head of Operations Business Manager Managing Director</td>
<td>Provider of mining-related technical services</td>
<td>230 Employees</td>
</tr>
<tr>
<td>MNC 2</td>
<td>Two</td>
<td>Operations Executive General Manager</td>
<td>Provider of mining-related technical services</td>
<td>160 Employees</td>
</tr>
<tr>
<td>MNC 3</td>
<td>One</td>
<td>Safety/Compliance Executive Public Affairs Executive</td>
<td>International mining company</td>
<td>900 Employees</td>
</tr>
<tr>
<td>MNC 4</td>
<td>One</td>
<td>Marketing Executive General Manager</td>
<td>Provider of mining-related technical services</td>
<td>650 Employees</td>
</tr>
<tr>
<td>MNC 5</td>
<td>Two</td>
<td>External Affairs Executive Human Resource Executive</td>
<td>Provider of telecom services</td>
<td>800 Employees</td>
</tr>
<tr>
<td>MNC 6</td>
<td>Two</td>
<td>Marketing Executive Public Relations Executive</td>
<td>Provider of accommodation and recreational services</td>
<td>160 Employees</td>
</tr>
<tr>
<td>MNC 7</td>
<td>Two</td>
<td>Compliance/Ethics Executive Corporate Relations Executive</td>
<td>International beverages producer</td>
<td>450 Employees</td>
</tr>
<tr>
<td>MNC 8</td>
<td>Two</td>
<td>Compliance/Ethics Executive Corporate Relations Executive</td>
<td>International beverages producer</td>
<td>450 Employees</td>
</tr>
</tbody>
</table>

The criteria for inclusion of subsidiaries in the study were that the firm is a subsidiary of a MNC. The subsidiary has some form of documented evidence of CSR (e.g., annual reports, etc.). The subsidiary
must have operated in Ghana for at least five years and must have been involved in CSR/CSRR practices for the last three years. These criteria are necessary to ensure that; altogether, the study is assured of satisfactory knowledge of CSRR among the management of the firms involved in the study. The managers who took part in the interviews were selected by their organizations. In most cases, they occupied management positions comprising personnel mostly involved in reporting to head/regional office, public relations function, operations, CSR reports production, and human resource management function. For interviewing purposes, an interview guide was developed based on the literature presented in the previous section. The interview guide comprises three main sections meant to tackle motives of CSRR, challenges with CSRR, and focus/trend of CSRR, with particular emphasis on MNC-subsidiary dynamics, 'dual pressures' in relation to managing the interests of local communities as well as those of the parent company, and taking into accounts developing-country-specific dynamics.

In accordance with the analytical framework outlined in Figure1, motives for CSRR were gauged primarily through questions relating to principles motivating CSRR, the desire/quest for internal and external legitimacy, and anticipated/derived benefits from CSRR. In probing challenges with CSRR, the questions were inspired primarily from the international business literature with a focus on institutional duality of MNCs’s subsidiary, response to pressures from both host-country and parent company, issues relating to subsidiary’s discretion, authority, and roles in relation to CSRR, and issues that enable and/or constrain subsidiary’s CSRR decisions and commitments. Finally, in analyzing focus/trend of CSRR, the questions were inspired primarily from Matten and Moon (2008), with “explicit CSR” and CSRR actions gauged from the lenses of subsidiary actions, policies, and strategies that were deliberately/voluntarily developed in fulfillment of perceived/expected responsibility to society. In contrast, “implicit CSR” and CSRR actions that were more of a reaction to subsidiary’s institutional environment were probed through subsidiary responses to legitimate perceptions/expectations of the contributions and roles of business to society, and issues relating to discretion and authority in terms of CSR actions that were deemed publishable in public reports.

The field work commenced during the last quarter of 2015, when the researcher personally visited MNC subsidiaries in Ghana to obtain permission for further visits and interviews. During the first quarter of 2016, relevant textual data, such as annual reports and newsletters containing CSR communication were collected on a visit to the subsidiaries. An appointment to conduct interviews was scheduled with each of the fifteen managers, representing eight MNC subsidiaries that agreed to participate in the research (see Table 1). The interview guide was pilot tested in three interviews with managers of MNC subsidiaries in Ghana. The results from the pilot interviews, however, were not included in the analysis. While the interview guide served the purpose of steering discussion around common issues/areas, the semi-structured nature of the interviews enabled the interviewer to decide on the sequence and wording of questions in the course of the interview. Hence, the three issues/areas at focus in the study provided a common basis around which the interviews were structured. Apart from the questions being open-ended, and thereby, allowing the participant to elaborate their responses, the informants were also encouraged to raise other issues they deem essential to CSRR in the contexts in which they operate.

The interviews took place in the offices of the participant organizations, and were conducted between the third and fourth quarters of 2016. Each interview lasted, on average, one and a half hours. The interviews were conducted in English, since it was the corporate language in all the eight subsidiaries, and were, nonetheless, audio-taped, with the consent of the participants. In the course of the interviews, field notes were also taken. Following the interview data analysis process suggested by Miles and Huberman (1994) was employed. Interview transcripts and notes were summarized and
analysed together with the personal interpretations and reflections of the researcher. In addition, textual data, including CSR reports, and sentences/logical parts of the sentences that focus on CSR on websites were analysed in order to produce reliable and meaningful data (Milne and Adler, 1999).

In analysing the data, the focus was on detecting patterns of agreement and/or convergence in the statements provided by the participants. Areas of divergence identified in the statements were also highlighted for discussion. In line with the objective of the study, (i.e., to analyze the views MNC subsidiaries’ managers have on CSRR in a developing-country context), it was deemed appropriate to analyze and present the empirical results in relation to the three issues/areas at focus in the study. Quotations from the participants were used to provide transparency and clarity, thereby enriching the discussion on the empirical results. Unless otherwise noted, the quotes presented under the “Empirical results” are meant to summarise the views of multiple participants. The empirical results are, thus presented in the aggregate level in respect to the three issues/areas at focus in the study. Therefore, providing an exhaustive overview of the subsidiaries’ CSRR practices is beyond the scope of the present study.

**Contextual background – Ghana**

In 2016, Ghana’s population was over 28 million; its GDP was US$ 42.69 billion; and its annual GDP growth rate was 3.6%. Ghana works actively to attract foreign investment, and many major MNCs, such as Golden Star, Newmont Mining, AngloGold Ashanti, and Gold Fields are present. The main sectors of the economy of Ghana are agriculture, industry and services, contributing 20%, 28% and 52% to the GDP in 2016, respectively. Ghana has a thriving Stock Exchange [i.e. The Ghana Stock Exchange] which deals in securities issued by publicly quoted companies and the government, and thus, facilitates long term capital for expansion and growth. The Companies Act, 1963 (Act 179), defines, among others, the responsibilities and roles of directors, and the requirements for the formation of companies. The Ghana Investment Promotion Centre (GIPC) Act, 2013 (Act 865), seeks to promote and encourage inward foreign direct investments.

Other notable legislation or relevant governmental agencies (RGAs) that could influence corporate social responsibility includes: the Environmental Protection Agency (EPA) Act, 1994, (Act 490), which provides institutional/legal framework for the management of the environment; the Factories, Offices and Shops (FOS) Act, 1970 (Act, 328), which safeguards labour rights; and the Economic and Organized Crime Office (EOCO) Act, 2010, (Act 804), which monitors and investigate economic and organised crime. Ghana has a vibrant multi-party democracy and civil society. Ghana continues to maintain a relatively stable political environment; despite differences in ideology preferred by the two leading political parties. This does not, however, present political risks for companies operating in the country.

Although, Ghana has made economic strides since returning to constitutional rule in 1992, the country still faces some development challenges. The United Nations reports that Ghana is currently (i.e., 2016) ranked 139th on the Human Development Index Rankings. Ghana has seen a steady improvement in the Transparency International Corruption Perceptions Index: for example, in 2016, Ghana scored 43 out of 100, indicating a relatively low perception of bribery/corruption and this earned the country the 70th position out of 176 countries globally.

In the next section, the empirical result is presented along with reflections from prior studies by other researchers. This is followed by the discussion and conclusion sections of the research.
Empirical results

Motives for CSR information disclosure

From the interviews, a key motive that underlie CSRR is argued to be the objective to highlight that a company is, as some managers prefer to express it, “we are responsible…” , … “we cherish our community’s support … ” and … “caring is sharing…”. Listening to the interviewed managers, a common theme that runs through their statements is that it pays to demonstrate that their companies are credible and deliver on their promises. In respect to this, the subsidiaries seek to be responsive to the needs of their stakeholders, and the stakeholders, in turn, confer ‘cognitive’ and ‘social’ legitimacy to the subsidiaries for adhering to societal norms.

The respondents admit the pressure that comes with reporting CSR performance indicators. The overall feeling among the respondents is well summarized in this comment: “… if you don’t report […] CSR activities, you are kept in the dark. Nobody knows what is happening […] it’s just something like ‘hit and run’ without attracting public attention. If nothing adverse happens, you’ll remain quiet. … But if something favourable happens later, you regret not making your CSR activities public at the earliest opportunity…”

Given that the interviewed managers appear not against the quest for social legitimacy in the host-society, the most preferred CSR option is to report and defend social and environmental performance indicators. The following quotation is typical of this position: “Because we communicate CSR activities, our companies garner more credibility from society”. Most of the interviewed managers who cited stakeholder-driven CSR/CSRR motives (e.g., Carroll, 1979) were those from the extractive/mining-related industry sectors; therefore, suggesting that pressure exerted by stakeholders varies across industry sectors, similar to findings by Brammer and Millington (2014).

The interviewed managers believe that engaging in and communicating CSR information comes with cost, which could have been channeled into other activities. They, nonetheless, hold the viewpoint that if a direct relation can be established, which several of them, to a large extent, agreed can be objectively done, then CSR investments have to be prioritized by their companies. In relation to this viewpoint, they emphasize that alignment/coherence between a company’s core business strategy and how much is spent on CSR processes is necessary to motivate CSR reporting. This finding strongly indicates that the managers are not ignorant of the benefits of CSR, and as such, are inclined to report their CSR performance indicators. The following quotes give examples of how this was formulated: “while admitting that by the very nature of our business, we deprive people of their fertile lands […] we, demonstrate through our sustainability commitments and values that we work towards […] and support local communities”. Most of the interviewed managers who cited value-driven motives for CSR/CSRR (e.g., Carroll, 1979) were those from the extractive/mining-related industry sectors; therefore, reinforcing the suggestion that a firm’s commitment to protect the environment varies across industry sectors and are accomplished by discretionary reporting of social and environmental performance indicators similar to findings by Clarkson et al. (2008).

Adhering to statutory requirements is argued to induce/facilitate CSR information disclosure. Although disclosure of CSR information in Ghana is voluntary, stakeholder information processes (e.g., Morsing and Schultz, 2006) serve to motivate the managers to voluntarily disclose CSR information. In contrast to Momin and Parker (2013) who suggested that inadequacies in a host-country’s laws, regulations, and enforcement, could “depress the CSRR of a MNC subsidiary” (p. 225) (such as no explicit requirements for public disclosure of CSR information), the data of the present study suggests that isomorphism of the subsidiaries’ own environment did depress their CSRR.
programmes, but in a very positive sense. The interviewed managers emphasize that the RGAs’ statutory right to demand, for example, reports/inputs, in relation to social and environmental performance of their business activities, induce/sensitize them to voluntarily make public disclose of CSR performance indicators. The following quotes illuminate the respondents’ position:

“As a […] company, we are mandated to submit specific reports to some [RGAs] institutions of state”. One respondent noted: “There are just too many of the regulatory bodies [RGAs] … requesting almost the same thing [report] from us … instead of partnering with one another … they are not professional enough and their attitude to work is questionable”. Yet, another manager noted the influence of ‘soft’ regulations by industry associations (e.g., Campbell, 2007; Matten and Moon, 2008) in the following quotation: “Our firm is a member of ‘Ghana Club 100’ … and we are encouraged to be pace-setters when it comes to excellence in everything, including socially responsible corporate behaviour and reporting”.

Subsidiaries acting in the above capacity understood the value of exceeding the requirements of ‘hard’ regulations which act as a coercive isomorphism (DiMaggio and Powell, 1983) for the uptake of, and disclosure of CSR performance indicators. This resulted in transformational changes in the attitudes of the subsidiaries; that is, behaviour preceded attitude change as noted by a respondent:

“There in Ghana, it’s quite common that when you’re doing well, you don’t attract much attention. On the contrary, if you become a failure, compared to other firms, then you attract all the attention, for the wrong reason, especially, by the media”

Challenges with CSR information disclosure

We note, from the interviews that, the pursuit of internal legitimacy to parent companies and external legitimacy to the institutional settings in which the subsidiaries operate, increasingly highlight the complexities faced by subsidiary managers. Most interviewed managers appear to share this viewpoint. The following quotation is typical of these points of view:

“Disclosure of CSR information is not just a matter of acknowledging the relationship between subsidiary, parent-company and external stakeholders … it is also a question of recognizing these relationships, and consistently, [aligning] the different interests of each group”.

The interviewed managers who cited the existence of dual pressures to adapt to contingencies in the local environments as well as imperatives for consistency with their parent-company were from different industries; suggesting that pressure exerted by institutional duality of MNC subsidiary (e.g., Hillman and Wan, 2005) does not appear to vary across industries similar to findings by Momin and Parker (2013). The textual data (e.g., CSR reports and sentences /logical parts of the sentences that focus on CSR on websites) lend some support to the interview findings as firms claimed that their parent companies and host-country stakeholders expected them to engage in and report their CSR performance indicators.

Additionally, the respondents emphasize the presence of some sort of mistrust on the part of the general public in respect to the CSR information they publish in their reports. This viewpoint is noted by most of the interviewed managers. They emphasize that as CSRR remains a voluntary initiative, there are oftentimes scepticisms around what is published. A typical manager puts it this way:

“There is growing mistrust about the CSR reports we produce … the view out there is that we are into [window dressing]… ”.

12
In contrast, some of the interviewed managers did not appear to share this viewpoint. They noted, rather that, a firm’s track record, to a large extent, cultivate the trust and confidence needed to gain and maintain legitimacy from stakeholders. Given the contrasted viewpoints above, the ‘real challenge’ with CSR information disclosure, similar to findings by Aerts and Cormier is: “[how do] firms use corporate communication media […] to manage perceived environmental legitimacy by signalling to relevant publics that their behaviour is appropriate and desirable” (Aerts and Cormier, 2009, p. 1).

Although, this viewpoint does not seem to enjoy overwhelming support from the managers; nonetheless, the absence of guidelines for consistent reporting constitutes a major worry. The managers noted that the absence of guidelines (e.g., the GRI guidelines) aggravate the challenges with CSRR information disclosure. One manager, for example, summarized his frustrations as follows:

“We compile and report CSR performance indicators on an annual basis, on the directives of headquarters, yet we do not have any ‘official’ [standards] upon which we prepare our report”. Another manager opted to express it this way: “We are only told [by head office] to compile and report CSR activities to our stakeholders, we are not guided by any [framework] upon which to base our report”.

In respect to this view, most of the interviewed managers emphasize that they have in place some guidelines, including, the GRI Guidelines, UN Global Compact, the Extractive Industries Transparency Initiative (EITI) that they consult in compiling and reporting their CSR performance indicators. The textual data lend some support to the interview findings as some firms claimed, and other could not claim that their CSR reports were compiled in reference to well-established frameworks.

Focus/trend of CSR information disclosure

All interviewed managers are, to a large extent, unison in their view that CSRR is not entirely under their direction, i.e., in their capacity as subsidiary managers. This viewpoint, is, for example, articulated in the following quotes:

“This firm initiated CSR reporting in Ghana five years ago, and this decision was taken by our headquarters, which promotes community involvement in all locations we operate”. One manager characterized it in these words:

“The CSR activities we report rest primarily on corporate headquarters discretionary decisions that are communicated to, and implemented by all subsidiaries”.

Although, the managers did indicate that they act on the instruction of their headquarters in CSRR matters, nonetheless, they are also, in part, guided by expediency when they report CSR issues in some circumstances. From this perspective, most of the interviewed managers argue, that in the event of adverse incidents, such as, industrial accident, they would, first and foremost, notify the appropriate local regulators or RGAs and the affected community for remedial actions, prior to notifying headquarters, for further directions. This finding suggests that pressure exerted by stakeholders (e.g., local community) and the need to gain and maintain legitimacy from stakeholders may not necessarily vary across industries, partially similar to findings by Campbell that firms act “in socially responsible ways if they do two things. First, they must not knowingly do anything that could harm […] the local community within which they operate. Second, […] they must then rectify it whenever the harm is discovered and brought to their attention” (Campbell, 2007, p. 951).
When probing around CSR activities the managers publish in their report, we obtained slightly different accounts. There are those who emphasize on voluntary/deliberate CSR-related actions, i.e. *explicit CSR*, with a strategic intent, to managers emphasizing CSR “… as a reaction to, or reflection of, a corporation’s institutional environment…” i.e. *implicit CSR* (Matten and Moon, 2008, p. 410).

Nonetheless, when asked about the specific CSR actions they publish in their reports, all interviewed managers – with no exception – were somewhat reluctant to mention, for example, instances in relation to breaches of codes of conduct, fines received for non-compliance with environmental regulations, and exploitation of child labour that could dent the image of their companies. Thus, there appears to be some elements of bias, on the part of the managers, in respect to the content of CSR reports they produce; therefore, suggesting that pressure exerted by stakeholders in the communities in which the firm operate and the need to secure/maintain legitimacy from stakeholders may not work in concert, partially similar to findings by Belal and Cooper (2011).

The textual data also lend some support to the interview findings, as with the exception of few and isolated incidents of workplace infringements, the subsidiaries, in general, do not state explicitly any infractions arising out of their business.

When it comes to where the responsibility for CSRR-related actions sits in the subsidiaries, we obtained slightly different accounts from the interviewees. Most interviewed managers emphasize how CSR and related processes are firmly embedded in their subsidiaries. This, the managers emphasize, has resulted in situations where there exists dedicated CSR department and manager. On the contrary, there are those managers who stress that, the CSRR responsibility is somewhat diffused and assigned to different departments and managers, including, Safety, Health, and Environment, Human Resource, and Public Relations.

All interviewed managers generally agree that CSR and related processes in Ghana is still *embryonic*, as there are few indicators, (if any), that *mature CSR institutional infrastructure* (e.g. CSR academic and professional course/training, CSR audit/assurance services, etc.) are making in-roads into the CSR institutional context of Ghana. Jamali and Neville (2011) uncovered a similar phenomenon, noting “CSR in Lebanon is still in its infancy and there are very few signs of the infiltration of a global CSR institutional infrastructure” (p. 613). To this end, all interviewed managers somewhat agree that a major hurdle that accounts for limited uptake of CSRR in Ghana, is the very few collaborative efforts between firms and their stakeholder groups. Building on this line of thought, one manager highlights that:

“In Ghana, CSR activities and disclosure are fragmented […] and as such, the few initiatives that materialize remain [largely ad-hoc] in nature and are often, either not communicated regularly and/or communicated in a selective manner”.

**Discussion of findings**

In this section, the findings are revisited and discussed in reference to the proposed theoretical framework (Figure 1) and the three areas at focus in the study. From the findings, it is clear that the institutional environments in which MNC subsidiaries operate in Ghana certainly affect the adoption of CSR and related processes, including, reporting activities. However, it remains unclear in relation to the extent the three institutional domains – regulative, normative and cognitive elements – collectively shape CSR reporting activities in the context of Ghana, especially, as the three institutional domains do not act independently of one another; suggesting that the three pillars “iteratively shape the CSR landscape” (Muthuri and Gilbert, 2011, p. 477). Partially similar to findings by Jamali and Neville (2011), the findings fit the picture of the CSR organizational field in the context of Ghana, with
emphasis on disparate organizations (i.e., subsidiaries of MNCs) seeking to develop understanding and templates for strategizing towards CSR information disclosure.

The formal reporting framework in Ghana is based on the Companies Act, 1963 (Act 179), and supported by the Ghana National Accounting Standards, as well as the code of professional conduct issued by the Institute of Chartered Accountants (Ghana) on its members. On disclosure, the Companies Act is silent on CSR reporting, but rather requires, among others, that annual audited accounts are laid before shareholders at an annual general meeting (e.g., Tsamenyi et al., 2007). Overall, the templates for strategizing and organizing for CSR and related processes described above have provided a unique context that consisted of formal and informal norms such as those derived from formal regulatory frameworks and informal industry associations.

Although the regulatory framework of Ghana fails to provide an environment that may be conducive for CSR related reporting practices, it appears regulatory requirements of Ghana partially explain the motives, challenges, and focus/trend of CSR information disclosure of MNC subsidiaries. Contrary to Momin and Parker (2013) who suggested that inadequacies in a host-country’s laws, regulations and enforcement could “depress the CSRR of a MNC subsidiary” (p. 225) (such as lack of explicit regulatory requirements for public disclosure of CSR information), the findings of this study suggest that isomorphism of the subsidiaries’ host-society did depress their CSRR programmes, but in a very positive sense. Most interviewed managers emphasize that the RGAs’ statutory right to demand, for example, reports/inputs, in relation to; social and environmental performance of their business activities, induce/sensitize them to voluntarily make public disclosure of CSR performance indicators. Quite the opposite! Moreover, the adoption of international and voluntary codes of conduct (e.g., UN Global Compact) governs subsidiaries’ reporting of responsible practices even though in the context of Ghana, there are no prescribed rewards and punitive measures meted out to firms for non-compliance. Such voluntary codes, nonetheless, appear to explain subsidiaries’ reporting of responsible practices, especially as it does not appear to pose any threats to subsidiaries’ quest for external legitimacy (Abugre and Nyuur, 2013).

Self-regulation, however, further appear to explain subsidiaries’ responsible behaviour and reporting practices. Despite notable legislation such as The Ghana Investment Promotion Centre (GIPC) Act of 2013, The Environmental Protection Agency (EPA) Act of 1994, and The Economic and Organized Crime Office (EOCO) Act of 2010, the government of Ghana has rather looked up private initiatives that could foster responsible business practices; even as the institutional environment has helped bolster the proliferation of MNCs in Ghana (Abugre and Nyuur, 2013). Until 2006 when the Ghana Business Code (GHBC) was launched, no set norms existed to guide the responsible conduct of business (GHBC, 2017). Moreover, Ghana instituted a “Ghana Club 100” (GC100) initiative, an annual compilation of the top 100 companies that operate in Ghana. Launched in 1998 by the GIPC, the GC100 seeks to recognize successful enterprise building by providing forum for corporate Ghana to interact with government (Abugre and Nyuur, 2013). At the local level, this may play out in fostering business networks, for example, as subsidiaries mimic the best CSRR practices of companies, despite differing industry sector (e.g., Matten and Moon, 2008); suggestive of patterns of local community isomorphism, and resembling what Marquis et al. 2007 described as “what is right to do around here” (p. 934). It, therefore, appears that subsidiaries of MNCs are involved in what Jamali and Neville (2011) described as “modest patterns of mimetic isomorphism” (p. 615), and that regulatory forces alone cannot explain fully why they act the way they do in relation to CSR information disclosure in Ghana.
Revisiting institutional pressures and levels that are most useful in accounting for the challenges and focus/trend of CSR information disclosure, it appears that, the legitimating environment, and the legitimating strategy for MNC subsidiaries do very much influence CSRR practices in the developing world. Most interviewed managers contended that their CSRR practices rest on responding to institutional pressures of host-society as well as parent-company and home-country institutional agendas; suggesting that institutional duality is clearly salient in the case of MNC subsidiaries in Ghana, similar to findings by Jamali and Neville (2011). In this respect, the findings make clear that CSRR practices of subsidiary firms of MNCs in the developing world is not just a response to the need for internal legitimacy with parent-company, but also, on securing/maintaining external legitimacy with the host-society. Similar to findings by Muthuri and Gilbert (2011) the African values of community involvement appears appropriate for companies that operate in Ghana, and also are deemed to define the CSR practices that the subsidiaries disclose in their public reports in order to secure/maintain legitimacy.

The lack of references to instances in relation to breaches of codes of conduct and fines received for non-compliance with local regulations, for example, demonstrates clearly that the local community is more salient in relation to MNC subsidiaries in the developing world. Moreover, the very fact that subsidiaries are careful in selecting what to disclose in their public reports is also in itself indicative of the growing exposure to, and interpretations of locally ingrained values/expectations and cultural traditions, similar to findings by Jamali and Neville (2011). It would, therefore, be unthinkable for a subsidiary firm of MNC in the developing world not to tailor its CSRR practices to conform to locally ingrained values/expectations and norms in order not to have its legitimacy called into question (e.g., Muthuri and Gilbert, 2011).

Ghana does not seem to have well-developed CSRR and related institutional infrastructure (or a government-led CSR sector as found, for example, in the developed world such as United Kingdom) to spearhead social responsibility in the Ghanaian business environment. There are, however, isolated private sector led initiatives aimed at fostering the uptake of CSR and related practices (e.g., GC100 and GHBC initiatives) (e.g., Abugre and Nyuur, 2013; Ofori and Hinson, 2007). Consistent with findings by Jamali and Neville (2011) the findings tentatively lend support to the view that global/subsidiaries’ home-country institutional pressures run parallel to local institutional pressures in the CSR organizational field in Ghana that shape organizations to mimic the CSRR and related practices of ‘leading CSR companies’, their competitors, and peers to secure/maintain legitimacy with parent company and host-society. Mimicry, in turn, appears to underpin the observed partial homogeneity/convergence of CSRR practices amongst subsidiaries in the Ghanaian context, and which shapes their orientation towards CSRR more broadly.

Conclusion

This study has explored CSRR attitudes of subsidiary firms of MNCs in a developing-country, drawing on legitimacy and institutional theoretical lenses. The evidence from subsidiaries reporting of their CSR activities suggests that CSRR in Ghana exceeds the requirements of ‘hard’ regulations which act as coercive isomorphism (DiMaggio and Powell, 1983) for the uptake of, and disclosure of CSR performance indicators. ‘Soft’ regulations (e.g., GC100, GHBC, etc.) take a higher priority than ‘hard’ regulations, and resulted in transformational changes in the attitudes of the subsidiaries; that is, behaviour preceded attitude change amongst the subsidiaries as is evident from the findings. If ‘hard’ regulations and ‘soft’ regulations were to be prioritized or reordered in the CSR organizational field of Ghana, compliance with ‘hard’ regulations would remain the foremost responsibility of business followed by ‘soft’ regulations for voluntary compliance by industries and/or associative groupings.
The findings in this respect partially refute some of the theoretical propositions of Campbell (2007), namely that companies that operate in a relatively weak economic environment are less likely to engage in CSR behaviour if there are no well-enforced ‘hard’ regulations and/or strong private/independent organizations, and normative pressures to spearhead calls for the uptake of CSR behaviour.

Evidently, the pursuit of internal legitimacy with parent company and external legitimacy with powerful stakeholders in the host-society’s institutional environments features highly on the motives for disclosure of CSR information in Ghana. The findings indeed reveal that the subsidiaries are aware of the benefits in seeking internal legitimacy with their parent companies by compiling and communicating CSR information on their direction and guidance. Running parallel to this ‘traditional’ legitimating strategy/environment, the subsidiaries further seek external legitimacy in recognition of the host-society environment that consists of institutions, formal and informal rules and norms that tend to ‘lead the way’ both in local industry sectors and in the Ghanaian business environment as a whole. In particular, locally ingrained values and expectations that frown on social irresponsibility as suggested by Beckman et al. (2009), Muthuri and Gilbert (2011), and Jamali and Neville (2011) is more salient in informing and interpreting the CSR performance indicators that subsidiaries disclose in their public reports. Probing beyond the surface, the findings also reveal underlying pattern of CSR development that tentatively suggest that the subsidiaries interviewed are at the innovative stage where companies “begin to monitor their social and environmental performance and issue public reports on the results” as discussed in Mirvis and Googins (2006, p. 113) five-stage path of corporate citizenship.

In terms of implications, this research obviously suggests the need to develop and strengthen CSR institutional infrastructure in Ghana (e.g., strong economic/political conditions, competitive market pressures, the role of a strong state and institutions, strong normative pressures, well-mobilized and active civil society groups, etc.) in order to complement international conventions and processes of learning that will accelerate the uptake of CSRR and related practices. It is also crucial to identify and draw synergies out of existing socio-cultural values and norms that are deemed consistent with disclosure of CSR information and mainstream them into a coherent national CSRR discourse/agenda that will benefit both business and society.

While much work is still to be done to understand whether our findings are generalizable beyond the Ghanaian context, there are other ideas as to how this research can be extended. Even though qualitative research may shed light on emerging phenomenon, it is not without limitations. Quantitative studies are needed to support or refute the findings from the present study. The interviewed managers, for example, highlight the complexities arising from pressures to adapt to contingencies in local environments as well as imperatives for consistency with their parent company. Nonetheless, applying legitimacy and institutional theoretical lenses to CSRR programmes of MNC subsidiaries in other developing-countries may further our understanding of this complex phenomenon. This is especially pertinent in light of evidence from the present study suggesting that MNC subsidiaries attach differing prominence to CSRR programmes, for as Beckman et al. once said “it should not be forgotten that some of the drivers are country, company, and context specific” (Beckman et al., 2009, p. 204).

References


Article 5

Does the Mining Industry Report CSR Differently? An Investigation through the Lenses of Legitimacy and Stakeholder Theories

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DOES THE MINING INDUSTRY REPORT CSR DIFFERENTLY? AN INVESTIGATION THROUGH THE LENSES OF LEGITIMACY AND STAKEHOLDER THEORIES

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ABSTRACT

Purpose – The purpose of this study is to investigate how mining companies are reporting their social and environment-related performance information to satisfy stakeholders, and how these reporting practices have changed and evolved over time (i.e., from 2006 to 2014).

Design/methodology/approach – Using content analysis, this article reviews 27 CSR reports published between 2006 and 2014 by three major mining companies. An index of 60 items organised into six disclosure categories (employee, environment, community involvement, energy, governance, and general) was constructed to guide the review. The items in the disclosure index were adopted from the social and environmental accounting literature with some adaptations.

Findings – Results show that the disclosure categories ‘employee’, ‘environment’, and ‘community involvement’ featured the highest disclosure scores, suggestive of attempts to seek exchange and influence legitimacy, consistent with the theory of legitimacy. In contrast, ‘energy’, ‘governance’, and ‘general’ disclosures presented the lowest scores. The article concludes that by carefully combining pragmatic and moral strategies, our sample companies’ stakeholder engagement is instrumental for the building-up of ‘social license to operate’ and helps to better understand how the legitimization potential of SAER works out in a challenging context such as the mining industry.

Practical implications – Faced with societal (employee) pressures, companies, through their endorsement of SAER practices, could secure/maintain their legitimacy, while conflicts persist, by portraying moral legitimacy in its varying forms; i.e., consequential, procedural, and structural legitimacy.

Social implications – Failure to adequately live up to societal (stakeholders) expectations is considered a significant threat to securing/maintaining a company’s ‘social licence to operate’ in the mining sector.

Originality/value – This is the first and novel attempt to consider pragmatic and moral legitimacy arguments/explanations of SAER practices in the mining sector using the methods of content analysis (‘frequency of disclosure’) in a longitudinal study (2006-2014). This study seeks to bridge this knowledge gap.

Article Classification - Research paper

Keywords – Social and environmental reporting (SAER), Multinational mining companies, (MMCs), Stakeholder theory, Pragmatic legitimacy, Moral legitimacy, Disclosure categories
Introduction

Despite a wealth of literature on the subject, social and environmental reporting (SAER) has attracted considerable attention from the research community for over three decades (see Deegan, 2002, for an overview of some of the research). In relation to past research, various researchers in the SAER research community have provided different explanations about why organizations might adopt SAER practices. For example, various studies have linked the type and extent of SAER practices to the apparent information demands of powerful stakeholders; to various legitimacy threatening events; or, to various institutional pressures (Azizul Islam and Deegan, 2008). However, industry context makes a difference in SAER research and practices (Kamal and Deegan, 2013; Sweeney and Coughlan, 2008). The dearth of SAER research focused on industry context is noted by Sweeney and Coughlan (2008, p. 115): "Firms in a particular industry may be more socially responsible simply by the nature of their activities [...] any investigation of CSR that fails to incorporate industry level realities will be fatally deficient". For some industries, SAER practices are proactive and/or pre-emptive attempts to mitigate adverse regulatory pressures (Gray et al., 2001); whilst for others, SAER practices serve as a “tool for influencing the perceptions and actions of social and political stakeholders” (Brammer and Pavelin, 2004, p. 87). Hence, companies that operate in controversial and/or high-risk industries with strong regulatory and normative pressures regarding their social and environmental footprints develop substantial SAER practices to secure/maintain their legitimacy (Lodhia and Hess, 2014).

Moreover, extant research (Böhling et al., 2017; Fonseca, 2010; Lodhia and Hess, 2014; Mutti et al., 2012) shows that multinational mining companies (MMCs) have challenges balancing their need for economic gains with the impact their activities have on communities and the natural environment. During the past decades, for example, MMCs have been accused of alleged human rights violations, corruption scandals, and industrial accidents, “which triggered the emergence of anti-mining groups, questioning the sector’s ability to behave sustainably” (Fonseca, 2010, p. 357). Given the mining industry’s apparent incompatibility with sustainability (Fonseca, 2010), and its legacy of social and environmental impacts, there is a certain level of distrust among stakeholders and lingering academic curiosity when it comes to SAER practices of mining companies. In addition, prior studies have tended to focus on SAER practices generally rather than focusing on how SAER practices have changed over time in the mining industry. This paper seeks to address this imbalance.

MMCs (for example, Anglo American, AngloGold Ashanti, Lonmin, etc.) operate both in developed and lesser developed countries. Like other industries that depend on the natural environment, threat to the availability and/or depletion of reserves, and calls for responsible mining activities, are issues that have attracted considerable attention in both the global mining industry, and from the research community (Fonseca, 2010; Jenkins, 2004; Lodhia and Hess, 2014; Mutti et al., 2012). Stakeholders such as host-communities and non-governmental organizations (NGOs) are sceptical about the rights of host-communities, employee health and safety, and, in general, the social and environmental ramifications of mining activities (Fonseca, 2010; Jenkins, 2004; Lodhia and Hess, 2014). The continued criticism implies that various stakeholders expect accountability and/or transparency pertaining to the social and environmental performance of mining companies.

Thus, more specifically, this research investigates how MMCs are reporting their social and environment-related performance information to satisfy stakeholders, and how these reporting practices have changed and evolved over time. This study differs from the more general reviews of SAER practices in the mining sector (e.g., Perez and Sanchez, 2009; Lodhia and Hess, 2014) as it seeks to gain an understanding of current disclosure practices, and trends on the basis of longitudinal study. In order to achieve this aim, and using content analysis, the present study analysed a total of 27
annual CSR reports from 3 MMCs covering a period of 9 years (from 2006 to 2014). The main contribution of this study is to gauge whether any changes transpired in terms of SAER practices following the adoption of the sustainable development framework (SDF) by mining companies from May, 2008. The paper unfolds as follows. The paper starts by outlining the contextual background to the study. In the next section, a review of literature and discussion on theoretical foundations motivating the study are presented. Thereafter, the methodology underlying the study is presented. Then, the findings of the study are presented, followed by discussion on findings, and, finally, the paper closes with some concluding remarks.

**Contextual Background**

Recognition of the need to focus on industry-specific perspectives in researching SAER practices is not new. Sturdivant and Ginter (1977), for instance, suggested the importance of industry context when researching SAER practices. However, over forty years later, the nature of this research agenda remains relatively unexplored. The work of Guthrie et al. (2008) contends that due to varying features of industries, there is the need to emphasize on items deemed appropriate for disclosure in SAER practices. Indeed, the apparent paradoxical nature of the expression “sustainable mining” has frequently been called into question (Fonseca, 2010); resulting in the emergence of corporate social responsibility (CSR) related standards targeted at the mining industry. In respect to this, extractive industries specific CSR standards have emerged at different points over the last two decades.

Prominent among CSR standards directed at the mining sector are the Extractive Industries Transparency Initiatives (EITI) [https://eiti.org](https://eiti.org) which enjoins mining companies to publish their payments to host governments; and the Voluntary Principles on Security and Human Rights (VPs) [http://www.voluntaryprinciples.org](http://www.voluntaryprinciples.org) which aims to address one of the most recurring human right violation and abuse in the mining sector: torture, physical harm, and the deaths caused by extractive companies as they seek to protect their investment assets in host countries. In consequence, participation in CSR standards by mining companies implies their endorsement of SAER practices (Fonseca, 2010). Extant research (Sweeney and Coughlan, 2008) suggests that companies prioritize their internal/external communication, including, SAER practices to different stakeholder groups. Jenkins (2004, p. 27), for example, remarked that “social and environmental reporting is a necessary tool in the current social and business climate as increased pressure on business performance also places a need for mining companies to distinguish themselves in a competitive market place”.

The period covered by this research (2006-2014) could be deemed appropriate because of two major events that may be considered relevant to SAER practices in the mining sector. First, a major initiative in the year 2001 led to the formation of the International Council on Mining and Metals (ICMM) [https://www.icmm.com/en-gb](https://www.icmm.com/en-gb); an industry institution that advocates sustainability-related issues in the mining sector (Fonseca, 2010). Second, among the ICMM’s most influential works is the Sustainable Development Framework (SDF); comprising a set of ten principles, public reporting of social and environmental performance, and external assurance of SAER (Fonseca, 2010). To ensure that companies report on their sustainability performance on a comparable basis, in May 2008, member companies of the ICMM committed to report on their sustainability performance (starting from 2008) and using the Global Reporting Initiative (GRI) [https://www.globalreporting.org](https://www.globalreporting.org) framework and its Mining and Metals Sector Supplement (MMSS) (Fonseca, 2010).

Extractive companies have engaged in SAER practices on a voluntary basis for at least over a decade, i.e., since the 2000s (Lodhia and Hess, 2014). Among the mining companies, *Anglo American,*
AngloGold Ashanti, and Lonmin are increasingly engaging in SAER practices in their annual reports, websites, and other means of communication. However, the current state of SAER practices of member companies of the ICMM is not clear, which motivates this research. Thus the institutional arrangement/context should be highlighted as it appears to influence multiple stakeholders in expecting mining companies to publish their social and environmental performance reports. The global mining sector has, over the last two decades, adopted varying strategic approaches to sustainability through voluntary self-regulatory initiatives (Table I).

Table I. Global Initiatives in the Mining Sector for Voluntary Self-Regulation.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Objective</th>
<th>Time frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>GMI</td>
<td>A group of 10 global mining companies responded to continued criticism with collaborative effort at industry self-regulation to justify mining and counter threat of NGO push for tougher international standards. GMI initiative in anticipation of WSSD in Johannesburg (2002) with key objective to advance understanding about how mineral and mining sector contribution to SD at global, regional, and local levels could be maximized; considered as the largest multi-stakeholder process in any industrial sector.</td>
<td>1998-present</td>
</tr>
<tr>
<td>MMSD</td>
<td>Created to meet NGO criticism on MMSD (vague recommendations) and take more concrete steps: Launch of SD Framework (adherence is a condition for membership).</td>
<td>1999-2002</td>
</tr>
<tr>
<td>ICMM</td>
<td>Close collaboration with GRI to establish reporting criteria (GRI reporting is mandatory for ICMM members). Commitment to independent third-party assurance.</td>
<td>2001-present</td>
</tr>
</tbody>
</table>

Note. GMI = Global Mining Initiative; NGO = non-governmental organization; MMSD = Mining, Minerals and Sustainable Development Projects; WSSD = World Summit on Sustainable Development; SD = sustainable development; ICMM = International Council on Mining and Metals; GRI = Global Reporting Initiative.

Source: adapted from Böhling and Murguia, 2017.

Prior Research

Unlike CSR, SAER focuses on disclosure of social and environmental performance information of the organization in relation to its activities (Gray et al., 2001; Kamal and Deegan, 2013; Parker, 2005). It is the provision of information in relation to the performance of an organization in terms of its interaction with the social and physical environment in which it operates (Kamal and Deegan, 2013). Indeed, as social and environmental accounting has attracted considerable attention from the research community in recent years (Parker, 2005), it has also become evident that SAER “is motivated by a desire, by management, to legitimise various aspects of their respective organizations” (Deegan, 2002, p. 282). This might be a prudent strategy for an organization, especially when unfolding events are perceived to be detrimental to the organization’s quest for being labelled as socially and environmentally responsible, possibly, for reasons of survival (Deegan, 2002; Sobhani et al., 2009). Moreover, the emergence of norm entrepreneurs such as the GRI that advances frameworks for best practices in non-financial disclosures impact on the adoption of social and environmental issues management by organizations (Sobhani et al., 2009). Since the 1970s SAER research has become established in its own right as a field of research (Deegan, 2002; Kamal
and Deegan, 2013), and has gained more prominence among the research community in recent years (Azizul Islam and Deegan, 2008; Kamal and Deegan, 2013). Most of the prior research on SAER has focused mainly on the industrialized countries of Europe, US, and Australia (e.g., Ali et al., 2017; Azizul Islam and Deegan, 2008; Kamal and Deegan, 2013; Sobhani et al., 2009). Developing countries in general are still lagging behind in SAER research, with a few exceptions (e.g., Ali et al., 2017; Sobhani et al., 2009; Kamal and Deegan, 2013). Most of the early SAER research focused on developing countries investigated the nature and frequency of social and environmental disclosure practices using content analysis (Kamal and Deegan, 2013).

The academic literature has identified the need for more SAER research to understand the perceptions of managers when it comes to the question ‘why’ it is important to report the social and environmental performance of their organizations (e.g., Deegan, 2002; Kamal and Deegan, 2013; Parker, 2005). This stream of SAER research has made contribution to the literature by uncovering findings that organizations undertake SAER practices to manage stakeholders (e.g., Azizul Islam and Deegan, 2008; Murguia and Böhl Ling, 2013); to meet community expectations; or, to secure/maintain legitimacy (e.g., Kamal and Deegan, 2013; Böhl Ling and Murguia, 2017; Deegan, 2002; Pellegrino and Lodhia, 2012). There is, however, limited research based on single industry context, and focused on the individual organization level of analysis that seeks to understand social and environmental performance issues via longitudinal studies and employing content analysis, with few exceptions (e.g., Azizul Islam and Deegan, 2008; Kamal and Deegan, 2013; Perez and Sanchez, 2009).

The need for focussed SAER research in industry context is critical particularly with the concern that while “disclosure studies have paid relatively less attention to internal contextual factors […] more disclosure studies at the organizational and individual level of analysis” might still be considered to further develop theory to explain SAER practices (Ali et al., 2017, p. 290). In addition, there is no known study, to the best of our knowledge, that reviews CSR reports published by mining companies after member companies of the ICMM committed to report on their CSR performance (starting from 2008) and using the GRI framework and its MMSS (Fonseca, 2010). For a review of SAER research in the mining context (e.g., Lodhia and Hess 2014). Thus by investigating how mining companies are reporting their social and environment-related performance indicators, and how these performance indicators have changed over time, the present study attempts to bridge this gap in the literature; in response to suggestions that “the transition to sustainability in [the mining] industry has been somewhat slow” (Lodhia and Hess, 2014, p. 46).

Theoretical Perspective

In view of the empirical nature and the objective of this study, two theories will be applied in explaining the findings: stakeholder theory, and (pragmatic) legitimacy theory. The two theories (which will be briefly explained below) were, to the best of our knowledge, first applied together by Mahadeo et al. (2011) in a study of social and environmental reporting practices of listed companies in the Island economy of Mauritius. Relying on Suchman’s (1995) conceptualization of legitimacy, it is argued that “the changes in social and environmental reporting (SER) are related to a need for companies to demonstrate an affiliation to pro-social objectives (moral legitimacy) and, to a lesser extent, are motivated by the need to manage specific stakeholders (pragmatic legitimacy)” (p. 158). In their study, Mahadeo et al. (2011) explained SER practices of companies by from stakeholder and legitimacy theoretical directions, and this is comparable to this study. According to Mahadeo et al., these theories of social issues management present distinct appreciation of the legitimacy phenomenon, and hence, “Suchman’s (1995) work on organizational legitimacy (and its overlap with stakeholder theory) provides a useful foundation for exploring and analysing SER practices” (p. 161).
Legitimacy Theory

The SAER literature suggests variety of reasons for organizations to provide social and environmental information; a great deal of which are inspired by theories such as legitimacy theory, stakeholder theory, and institutional theory (Kamal and Deegan, 2013). This study uses legitimacy theory and stakeholder theory as lenses as we believe that the organization maintains its ‘license to operate’ in society by conforming to the expectations of the community in which it operates. Legitimacy theory explains that organizations are seen to be ‘legitimate’ to the extent that there is “congruence between the social values associated with or implied by their activities and the norms of acceptable behaviour in the larger social system of which they are part” (Dowling and Pfeffer, 1975, p. 122). According to Lindblom (1994, p. 2), “when a disparity, actual or potential, exists between the two value systems, there is a threat to the entity’s legitimacy”. Thus, the organization is said to be unable to prosper or even survive if it is not seen to espouse outputs, goals, and methods that society finds acceptable (Dowling and Pfeffer, 1975).

Newson and Deegan, (2002, p. 185), suggests that “legitimacy is assumed to be influenced by disclosures of information and not simply by (undisclosed) ‘changes’ in corporate actions”. Hence, the way legitimacy theory is positioned in the SAER literature appears to predict that organizations will continue to make their current voluntary disclosures to ensure that their legitimacy is not threatened. Thus legitimacy theory provides a useful foundation to explain SAER practices by organizations. Further, legitimacy theory explains that ‘legitimacy’ is considered as a resource on which the organization is dependent (Dowling and Pfeffer, 1975; O’Donovan, 2002). However, unlike many other resources, ‘legitimacy’ constitutes a ‘resource’ that the organization is deemed to be able to impact/manipulate “through various disclosure-related strategies” (Kamal and Deegan, 2013, p. 121).

Stakeholder Theory

Stakeholder theory positions the organization in a constellation of interests or ‘stakes’ which may lie within or outside the organization and which may have competing and/or conflicting demands. The social accounting literature discusses two main variants of stakeholder theory: a managerial (instrumental) and a normative (ethical) branch (Donaldson and Preston, 1995). Of the two, while the ethical branch can be deemed as a tool for accountability, insofar as it reflects the duty of an organization to account for its actions; it is the managerial (instrumental) branch that has attracted considerable attention from the social accounting research community. The managerial branch discusses the need to control stakeholders who are deemed to have critical impact because they have more direct relations with the organization (Mitchell et al., 1997). These stakeholders can withdraw resources on which an organization is dependent, and thereby endanger its ‘survival’. Hence, stakeholders are to be managed to ensure not only their continued support, but ultimately, ensuring that the objectives of the organization are met. From this perspective, SAER is deemed as part of the tools of accountability whose role is to placate any action, actual or potential that may be detrimental to the organization. The implication of this is that organizations have to identify their target audience, and also provide information, with the potential, to influence and/or distract this group (Mahadeo et al., 2011).

Legitimacy and Stakeholder Theories: Suchman’s (1995) Concepts

The overlap between stakeholder and legitimacy theories is often documented in the literature (Azizul Islam and Deegan, 2008; Kamal and Deegan, 2013; Mahadeo et al., 2011). This study draws on Suchman’s (1995) notions of pragmatic and moral legitimacy. Pragmatic legitimacy, which “rests on the self-interested calculations of an organization’s most immediate audiences”, often involves direct
exchanges and/or dependence between the organization and audience (Suchman, 1995, p. 578). On the other hand, moral legitimacy, which rests not on judgements about whether a given activity (e.g., SAER practices) benefits the evaluator, but rather on judgements about whether the activity is ‘the right thing to do’ – reflects on beliefs about whether the activity effectively promotes societal welfare, based on the audience’s socially constructed value system (Suchman, 1995, p. 579).

Pragmatic and moral legitimacy are of relevance to SAER practices in view of the assumption that managers have significant control over their companies’ legitimation processes (Suchman, 1995, p. 585). In this study, it is contended that the notion of pragmatic legitimacy is closely associated with stakeholder management in terms of calculations of the organization’s most immediate audiences. This is for the reason that “immediacy involves direct exchanges between organization and audience […] [in much the same way as] organizational action […] visibly affect the audience’s well-being” (Suchman, 1995, p. 578). In expounding the notion of pragmatic legitimacy, Suchman (1995) elaborates on three sub-concepts, namely, exchange legitimacy (i.e., support for an organizational policy on the grounds of that policy’s expected value to a particular set of audience), influence legitimacy (i.e., the audience see the organization as responding to their interests), and dispositional legitimacy (i.e., the organization affiliates with the values of its targeted audience). In effect, SAER practices that make information disclosures in relation to exchange, influence, and/or disposition between the organization and its audiences, could serve as the basis for the pursuit of pragmatic legitimacy.

On the contrary, moral legitimacy rests on a managerial judgement that the organization and its activities, such as CSR and SAER, promote society’s welfare. Hence, in line with moral legitimacy an organization seeks to communicate a pro-social agenda (e.g., contribute to the well-being of the poor and vulnerable in society), and affirms its supports for eliminating social issues of concerns (e.g., desisting from child labour practices). According to Suchman (1995, pp. 580-581), moral legitimacy takes one of three forms, namely, consequential legitimacy (i.e., accomplishment/output of the organization; e.g., donation to charities), procedural legitimacy (i.e., embracing socially acceptable techniques and procedures; e.g., adopting best practices in social intervention), and structural legitimacy (i.e., audiences see the organization as valuable and worthy of support because of its structural characteristics; e.g., a charitable organization).

In conclusion, this study contends that Suchman’s (1995) conceptualization of organizational legitimacy, and in light of its overlap with stakeholder theory, provides useful theoretical lenses for explaining SAER practices of organizations. Hence, consistent with Kamal and Deegan (2013), the study predicts that there could be some time lag between the implementation and adoption of the SDF by member companies of the ICMM (2008) and related peaks in social and environmental information disclosures that might come later (2014); similar to disclosures reported in Kamal and Deegan (2013).

Research Methods

As ICMM’s member companies have varying financial year ends, the 2008 period covered in the CSR reports varies. However, most member companies have a 31 December year end. Of the member companies, only 9 complied with the requirement for an inclusion of external assurance statements in their respective 2008 annual CSR reports published in 2009 (see e.g., Fonseca, 2010). This study selected the 9 companies that included external assurance statements in their 2008 CSR reports as a proxy for the top mining companies on the basis that “all companies were expected to seek assurance in accordance with the SDF” (Fonseca, 2010, p. 361); and, arguably, the 9 companies are the epitome of “conformers to external demands” (Böhling et al., 2017, p. 28), as far as this study is concerned. 5
out of the 9 companies were excluded from the sample on the grounds that the final versions of annual CSR reports from 2006 to 2014 were not publicly available during searches on the companies’ websites, ICMM’s website, and open databases of CSR reports, such as corporateRegister.com between May and August 2017. The widely used searching engine, www.google.com, served as a complement to searching information about annual CSR reports of the companies in our sample. The 3 companies selected are Anglo American Limited (ANGAME), AngloGold Ashanti Limited (ANGASH), and Lonmin Limited (LONMIN).

For practical reasons, the study considered that the annual CSR report for each year (e.g., 2006) is published the next year (i.e., 2007), as companies require time to collect and collate data in order to finalize their annual reports. The annual CSR reports (2006-2014) of all 3 companies in our sample were collected for this study. Apart from the 2008 reports coinciding with the implementation of the SDF, the inclusion of the reports for 2006 and 2007 were to allow us examine CSR reporting patterns 2 years (2006-2007) prior to the implementation of the SDF, and over the next 7 years (2008-2014). The annual CSR reports (2006-2014) has been chosen to provide insights into how the reporting of social and environment-related performance information has changed over time and importantly, during a period where there were changing expectations on the mining industry as a result of the implementation of the SDF. Thus a total of 27 annual CSR reports (3 reports each from 2006 to 2014) were collected and analysed. One of the strengths of the longitudinal approach is that it enables researchers to examine more closely potential associations between CSR reporting and the context in which the study is carried out. The 19-year longitudinal study of Azizul Islam and Deegan (2008), the 14-year longitudinal study of Kamal and Deegan (2013), and the 4-year longitudinal study of Mahadeo et al. (2011), for instance, clearly illustrate this viewpoint.

Content Analysis

Consistent with prior studies (e.g., Azizul Islam and Deegan, 2008; Kamal and Deegan, 2013; Mahadeo et al., 2011; Perez and Sanchez, 2009; Sobhani et al., 2009) this study used content analysis to measure social and environment-related performance information across the period of the study. The present study used content analysis because this procedure provides researchers with a systematic approach to analyse large and unstructured dataset such as CSR reports. Content analysis has been widely used in researching CSR reporting. Guthrie et al. (2004) stated that content analysis aims at analysing published information systematically and objectively by “codifying qualitative and quantitative information into pre-defined categories in order to derive patterns in the presentation and reporting of information” (p. 287). As a technique for analysing the content of text, the importance of a particular subject is assumed to reflect in the frequency at which it is captured in a report (Krippendorff, 2004). Inspired by prior studies that used content analysis, this study tackled technical requirements in relation to content analysis, including, for example, the basis of classifying items of disclosure and unit of analysis in order to be effective (see e.g., Guthrie et al., 2004; Guthrie and Abeyeskera, 2006; Krippendorff, 2004).

In the SAER literature, the common units of analysis used include frequency of disclosure (e.g., Kamal and Deegan, 2013; Haque and Deegan, 2010), frequency of disclosure/percentage score (e.g., Perez and Sanchez, 2009), word counts (e.g., Azizul Islam and Deegan, 2008; Mahadeo et al., 2011), sentence counts (e.g., Hackston and Milne, 1996; Sobhani et al., 2009), and high/low disclosure ratings (e.g., Fonseca, 2010; Murguia and Böhling, 2013). The present study used ‘frequency of disclosure’ as the unit of analysis for all 6 disclosure categories in relation to social and environment-related performance information. Consistent with Kamal and Deegan (2013), for CSR-related performance disclosures, the present study adopted the same themes used by Azizul Islam and Deegan.
(2008), which were in themselves adopted from Hackston and Milne (1996), after some adaptation. These are environment, energy, employees, community, and ‘general’. In contrast, for CSR-related governance disclosure, the study adopted from the social and environment-related governance disclosures index (SEGDI) developed by Kamal and Deegan (2013), with some adaptation. The need to integrate CSR-related performance disclosures and CSR-related governance disclosures is borne out the contention held by Jamali et al. (2008) that “corporate governance is a necessary pillar for a genuine and sustainable CSR orientation” of organizations such as business corporations (p. 457).

Hence, the 6 categories of disclosure are governance, environment, energy, employees, community, and ‘general’ disclosure. In using frequency of disclosure as the unit of analysis, the present study is inspired by Kamal and Deegan (2013) and “primarily focused on the presence or absence of disclosure” in relation to particular CSR performance information (p. 123). Thus, in coding all 27 CSR reports (2006-2014), if a particular company’s CSR report discloses CSR performance information that comes under any of the 6 disclosure categories (i.e., either the explicit/specific presence or absence of a particular CSR performance information), a score of 1 is assigned, and 0 otherwise. Following the above processes, the study arrived at a final index of 50 specific CSR-related performance disclosures; and 10 specific CSR-related governance disclosures, resulting in 6 general themes (also implying a maximum score of 60 in any particular year) (see Appendix II, for details of the disclosure index): Governance Disclosure; Environmental Disclosure; Energy Disclosure; Employees Disclosure; Community Involvement Disclosure; and ‘General’ Disclosure. Since the aim of this study is to gain an understanding of current SAER practices, and trends in the mining industry, directly assessing the relevance of particular categories of disclosure is beyond the scope of the present study.

**Research Findings**

In examining at the extent of disclosure by each company in our sample, i.e., Anglo American Limited (ANGAME), AngloGold Ashanti Limited (ANGASH), and Lonmin Limited (LONMIN), annual CSR reports were collated for each of 6 categories; governance, environment, energy, employees, community involvement, and general. In general terms, the study observed that disclosures were made in line with the companies’ mission and vision statements. Moreover, disclosures were also premised on chairman’s forewords, and chief executive’s letters. Across time, while the general trend of annual disclosure is marginally upward from 2006, there is a decline in 2010, and then, a marginally increasing trend in annual disclosure is uncovered from 2011. From 2006 to 2008, disclosure was approximately 49% (i.e., 88 out of a possible 180 disclosures) of the index used by this study. From 2009 to 2014, the disclosures increased marginally and resulted in almost 105 out of a possible 180 disclosures (60 items multiplied by 3 companies) in the year 2012 (Figure 1). Figure 1 synthesizes overall scores for all categories of disclosure and for all 3 companies for the period of study (2006-2014). The relatively low disclosures from 2006 to 2008 is consistent with our expectations as it coincided with continued criticism by NGOs that led to more concrete steps to establish voluntary reporting criteria (GRI is mandatory for ICMM member companies) as well as commitment to independent third-party assurance mechanism (Table 1).
Continued criticisms and pressures by NGOs that push for tougher international standards against the global mining industry in the 1990s and 2000s, arguably, compelled the industry to endorse the sustainability discourse, at least, over the last couple of decades (1998-2018) (Table I). The contention that mining is a “dirty business” along with fears of stricter government-led regulations, arguably, pushed MMCs to adopt triple-bottom-line reporting mechanism (Böhling and Murguia, 2017). Hence, the adoption of voluntary self-regulation mechanisms may have been to assuage the continued criticisms from powerful stakeholders such as NGOs, host-societies’ regulators, and the media that expect accountability/transparency in relation to the social and environmental performance of mining companies. In respect to this, Murguia and Böhling (2013) argued that sustainability reports take into consideration stakeholder concerns that are “crucial part of CSR activities and a step to secure the social license” (p. 207); in order that they are seen as legitimate (Dowling and Pfeffer, 1975), and, thus meet the expectations of the industry’s stakeholders. Indeed, the disclosure practices of the MMCs in our sample could be contended as part of their strategic response to ensure that their legitimacy is not threatened (as identified in the theory section of the present study).

In reviewing the SAER practices of the individual companies, the study found that Lonmin reports showed rapid growth in the extent of disclosures. From very little disclosures in 2006 (31% of all the recorded disclosures in 2006), Lonmin attained maximum disclosure scores in 2012 (37% of all the recorded disclosures in 2012), and, thereafter, marginal decline in disclosures was uncovered in 2013 and 2014. Lonmin disclosed a total of 296 items during the period of study, which is almost 36% of the total disclosures (Figure 2). As LONMIN clearly has the highest disclosures, it is imperative that, consistent with prior studies (e.g., Perez and Sanchez, 2009), we investigate what accounts for the relatively high disclosures, especially, in 2012 (Figure 2). In respect to this, it is important to consider that in 2012 Lonmin published a relatively long version of its “Sustainable Development Report”, which could justify the higher disclosures for the report of that year. In particular, we contend that the “tragedy at Marikana” is the ‘trigger’ event that explains the high disclosures in 2012. This contention is, for example, articulated in the following quote from the acting CEO’s letter to the 2012 “Sustainable Development Report”:

Figure 1. Total disclosure in relation to CSR-related performance and governance disclosures between 2006 and 2014
“This year has been like no other in the history of Lonmin, with the tragic events of August 2012 which took place at Marikana becoming a seminal episode for our company, our sector, our industry and our country”. The consequences of these events will be felt for many years to come” (Lonmin plc; Sustainable Development Report, 2012).

In contrast to our expectations, the higher disclosures for Lonmin in 2012 might not justify the relatively lower disclosures in the subsequent years, i.e., 2013 and 2014. Quite the opposite! The decrease in the extent of disclosures by Lonmin in 2013 and 2014 could, tentatively, lend empirical support to the contention that mining companies “are ‘cherry-picking’ issues and manipulating the reporting process to portray an image of a socially and environmentally responsible company” (Fonseca et al., 2014, p. 76). Nonetheless, this observation is a rather contentious issue, as many scholars (e.g., Böhling and Murguia, 2017; Fonseca, 2010; Fonseca et al., 2014) and institutions have criticized GRI-based SAER practices on the grounds that it lacks robustness in producing reliable information, despite external assurance requirement instituted by the ICMM.

The disclosure practices of ANGAME fluctuated over the period from 2006 to 2011. Its disclosures reached a maximum in 2012 (34% of all the recorded disclosures in 2012). It provides the second highest level of disclosure with a total of 277 disclosures during the period of study, which represents about 33% of all the recorded disclosures (Figure 2). From 2012 its disclosures continuously decline, which is about 33% of all the recorded disclosures in 2013 and 2014 (compared to the highest level of disclosure by LONMIN, which is approximately 36% of all the recorded disclosures in 2013 and 2014) (Figure 2). The other mining company in our sample (ANGASH) has clearly the lowest disclosures with a total of 257 disclosures during the period of study, which is about 31% of all the recorded disclosures; despite providing the joint-highest level of disclosure (along with Lonmin) in 2008.
Also, the disclosure practices of \textit{ANGASH} fluctuated over the period of study (2006 to 2014). For example, \textit{ANGASH}, provided the joint-highest disclosure scores in 2008, but it sharply fell after 2008, recording the least amount of disclosures in 2011, which is about 25\% of all the recorded disclosures in 2011 (Figure 2). From 2011, it showed continuous rapid growth in disclosures, reached maximum and remained consistent at around 32\% of all the recorded disclosures in 2013 and 2014 respectively (see Appendix III for total disclosure by individual companies in our sample).

The findings suggest that the policy direction of a company could have effects on disclosure practices. Thus a company might review the content of its CSR reports to advance understanding about how, for example, social or environmental criticism or pressures from stakeholders such as employees and NGOs have been addressed. Besides overall lowest disclosure scores of \textit{ANGASH}, it is crucial that pattern of disclosures and disclosure practices, provide a company with the means to communicate legitimate behaviour to its stakeholders. Nonetheless, a company might, perhaps in reaction to the claim that mining companies tend to cherry-pick issues to report on, and as a result manipulate the reporting process (Fonseca et al., 2014), review the content of its CSR reports, as was the case of \textit{ANGASH}, with effect from 2009 (which impacted on disclosures in the 2009 and subsequent reports). \textit{ANGASH} puts the need to tailor its CSR reports to the company’s social context as follows:

“In 2009 we undertook a review of the way in which we compile our sustainability report taking into account a wide range of internal and external perspectives. We wanted to ensure that our reporting remained aligned with leading practice, was focused and accessible to users, and maintained a transparent approach to reporting against our commitments and performance. We have implemented a series of changes to our reporting which are designed to: align the company’s reporting with the needs and interests of our stakeholders, including employees, and social and business partners; and give these groups a clearer sense of sustainability issues which are shared concerns, their potential impact on our business, and the way in which we, together with partners, are managing them” (AngloGold Ashanti; Sustainability Review, 2009, p. 4).

These findings are consistent with those of Perez and Sanchez (2009), who argued that changes in a company strategy towards CSR reporting explain variations in disclosure scores in the mining sector, especially as CSR reporting of companies evolves through the years. In addition, Böhling and Murguia (2017) states that stakeholder theory contains arguments about SAER practices and disclosure gaps. They contended that “triggers” in relation to SAER practices and disclosure gaps “creates effects for those who use the reports, for those who may be interested in them or who are affected by what is written in them” (p. 26).

Turning to the disclosure categories, the summary (aggregated) totals over 9-year period from 2006 to 2014 are displayed in Appendix IV for all disclosure categories. It is uncovered that the most extensive disclosures were in the ‘Employee category’ (168 disclosures), followed by the ‘Environmental category’ (151 disclosures), while the ‘Community Involvement category’ (145 disclosures) comes in third place. In fourth place comes the ‘Energy category’ (128 disclosures). The ‘Governance category’ and the ‘General category’ had disclosures of 127 and 111 respectively. Thus we found a total of 830 disclosures (approximately 51\%) in terms of social and environment-related performance and governance issues across the period of study (2006-2014). It is evident from Figure 3 that all 6 disclosure categories fluctuated across the period of study, with no clear pattern emerging. While the general trend of all disclosure categories is upward between 2010 and 2012, the ‘Employee category’ consistently accounted for the highest proportion of total disclosures across the period of study. For example, from 2006 up until 2010, all disclosure categories, except the ‘General category’ and the ‘Energy category’, showed rapid decline in disclosure scores. However, from 2006, the ‘General category’ and the ‘Energy category’ sharply increased; up until 2010, when the extent of
disclosures decreased, accounting for 6.7% (60 out of 900 possible disclosures) and 7.2% (65 out of 900 possible disclosures) for the period 2006 to 2010 respectively (Appendix IV and Figure 3).

Figure 3. CSR-related performance and governance disclosure trends by category between 2006 and 2014

The finding of the highest number of disclosures in the ‘Employee category’ is interesting. The fact that mining companies disclose more on employee information may imply that employees are, relative to other disclosure categories, more important to various stakeholders, and, therefore, must be taken care of, in order to be seen as legitimate. This finding suggests that pressure exerted by stakeholders might not vary across industry sectors; similar to findings by Azizul Islam and Deegan (2008), that employee information is the most disclosed category by companies in the Bangladeshi clothing industry in terms of its social performance. Moreover, this finding is partially consistent with those reported in Perez and Sanchez (2009), who argued that the disclosure categories of ‘Context and Commitment’ and ‘Social Performance’ present the best disclosure scores, when reviewing CSR reports published between 2001 and 2006 by 4 mining companies.

While our disclosures index is not the same as those of Perez and Sanchez (2009), items of disclosure categorized under ‘Social Performance’ are closely related to the ‘Employee category’ and the ‘Community Involvement category’ used by the present study. Given the mining industry’s endorsement of the sustainability discourse and the pragmatic steps taken to “reverse its ‘horrible image’” (Böhling and Murguia, 2017, p. 6), it is not surprising that the ‘Environmental category’ attracted the second highest level of disclosure. This contrasts with findings by Perez and Sanchez (2009) in their study of the evolution of sustainability reporting of 4 mining companies (BHP Billiton, Anglo American, Lafarge, and Cemex). While it is evident that the ‘Environmental category’ of disclosure, has showed rapid growth over the period of study (Figure 3), in contrast, the work of Perez and Sanchez (2009) showed that the ‘Environmental category’ had relatively slow growth in the extent of disclosures.
The third most extensive disclosures in the ‘Community Involvement category’ might reflect the fact that issues of company-community relations do attract considerable interest from the industry’s stakeholders. In respect to this, the findings from this study are similar to findings by both Azizul Islam and Deegan (2008) and Perez and Sanchez (2009), involving the clothing and mining industries respectively, therefore, suggesting that pressures for community-based disclosures exerted by industry-specific stakeholders, remain high, irrespective of the industry sector involved. The three most extensive disclosures; i.e., the ‘Employees category’, the ‘Environmental category’, and the ‘Community Involvement category’, seem consistent with and/or confirm more concrete steps taken in response to continued criticism associated with company-community relations, health and safety issues of employees, and risks associated with hazardous waste in mining companies/facilities – all of which continue to attract considerable global attention and criticisms from NGOs from the latter 1990s (Table 1).

However, towards the end of 2012, the “tragedy at Marikana” has implied that Lonmin, in particular, and the 2 remaining companies in our sample (ANGAME and ANGASH) would be expected to focus their disclosures more on the ‘Employee category’ and related information such as found in the ‘Environmental category’ and the ‘Community Involvement category’ in their respective reports. In contrast to our expectation, the ‘trigger’ effects of the “tragedy at Marikana” failed to energize the companies in our sample to increase disclosure levels in the subsequent years (2013 to 2014), perhaps in response to the industry’s stakeholder scrutiny threatening their legitimacy (Figure 3). Quite the opposite! This suggests that, unlike as claimed by Murguia and Böhl (2013), mining-related conflicts tend not to persist if managers take a step to secure the companies’ social license through managing stakeholder expectations rather than engaging in reporting practices.

The finding of the second least number of disclosures in the ‘Governance category’ – higher only than the ‘General category’, albeit, interesting, is equally worrying. The fact that there were fewer (127 disclosures) throughout the period of study – and, moreover, the ‘Governance category’ is the only disclosure score to show a sharp decrease from 2010 to 2012, might, suggests that there were fewer pressures from the industry’s stakeholders for governance-related information (Figure 3). Nonetheless, this finding contrasts with those reported by Perez and Sanchez (2009), who argued that mining companies’ ‘Context and Commitment’ (equivalent to the ‘Governance category’ in the present study), applied as an ‘Assessment Category’, produced one of the highest number of disclosure scores. A plausible explanation for the low number of disclosures in the ‘Governance category’ might be an intentional (strategic) practice of the Boards of the companies to emphasize on concrete manifestations of CSR, rather than CSR governance disclosures to boost SAER practices.

The items of disclosure included in the ‘General category’ are those that cannot be conveniently included in the other disclosure categories. Consistent with Sobhani et al. (2009), the ‘General category’ of disclosures in this study included: CSR in corporate mission/ vision, and/or value, CSR information presented under separate report/title, CSR report focused on special themes, involvement of ‘expert review panels’ in evaluating CSR information, endorsement of industry-specific self-regulatory initiatives, and CSR information regarding adoption of known frameworks in reporting (Appendix II). The ‘General category’ of disclosure could potentially demonstrate companies’ commitment to accountability. The potential reasons for the low disclosures could stem from the fact that the items of disclosure included in this categories are largely ‘taken for granted’ in the industry, in much the same way that pressure exerted by the industry’s stakeholders for disclosure could have also been minimal. Nonetheless, the low number of disclosures is consistent with findings reported in Perez and Sanchez (2009), who argued that the 4 companies in their sample “obtained the lowest scores and did not present a clear evolution trend”, in the ‘Accessibility and Assurance’ category (equivalent to
the ‘General category’ in the present study), when used as one of the ‘Assessment Category’ of disclosures (p. 958).

**Discussion on Findings**

From a stakeholder and pragmatic legitimacy perspective, it should be expected that mining companies would disclose much social and environmental information targeted at particular audiences in light of continued criticism from the industry’s powerful stakeholders such as international NGOs. Hence, as contended by Suchman (1995), by establishing direct relationships with particular audiences, an organization could be described as pursuing exchange legitimacy on the premise that such “organizational action […] visibly affects the audience’s well-being” (p. 578). Consistent with legitimacy arguments (e.g., Neu et al., 1998), for an organization to maintain its *license to operate*, it must manage its SAER practices to enhance its legitimacy *vis-à-vis* its various publics. In line with stakeholder theory, the dominance of the “Employee category” of disclosures (Figure 3) is consistent with our expectations. By providing details of employee health and safety programmes, including accident statistics, as part of their SAER practices, the present study contends that; similar to arguments put across by Newson and Deegan (2002), mining companies seek to secure/maintain influence legitimacy insofar as such disclosures potentially demonstrate that they are responding to the interests of their employees (i.e., promoting employees’ safety and physical/mental health).

The more visibility given to the “Employee category” of disclosures specifically addressing the issue of the “tragedy at Marikana” is initially not surprising. Guthrie and Parker (1989) argued that corporate disclosure policies are reactive to major social and environmental events. In line with their argument, it is our expectation that there should be correspondence between peaks of the “Employee category” of disclosures, and the August 2012 “tragedy at Marikana” as the trigger/significant event. While this study provides evidence supportive of legitimacy theory (i.e., 2012 recorded peaks in the “Employee category” of disclosures); it also contrasts the quest for legitimacy by companies via public disclosures (see e.g., Böhling and Murguia, 2017; Fonseca, 2010), as our sample companies’ disclosures for subsequent years after the “tragedy at Marikana” (2013-2014), surprisingly showed rapid decline in the extent of the “Employee category” of disclosures. In relation to this, Suchman (1995) contends that influence legitimacy can be pursued when “the organization incorporates constituents into its policy-making structures or adopts constituents’ standards of performance as its own” (p. 578). This evidence is also found in respect to disclosures on occupational health, safety, accident statistics, and welfare of employees across our sample companies.

Suchman’s (1995) notion of moral legitimacy points out the need for the organization to show commitment to societal welfare by emphasizing on “judgements about whether the activity is “the right thing to do”” (p. 579). In this study, it is contended that the categories of disclosures (e.g., employee, environmental, community involvement, governance, etc.), to certain extent, are manifestations of the three sub-concepts of moral legitimacy, namely, consequential, procedural, and structural legitimacy. Thus through disclosures on activities such as recruiting minorities and/or women, procuring from disadvantaged groups, employee health and safety, and education, companies can express an affiliation with socially positive endeavours, and thereby show high levels of structural legitimacy. Based on our disclosure index (Appendix II), and with particular reference to the “Employee category” and the “Community involvement category”, social interventions such as procurement from disadvantaged groups, support for local enterprise development, provision of resettlement schemes for affected communities, and recruitment of racial minority can be seen as “valuable and worthy of support because [their] structural characteristics locate [them] within a morally favoured taxonomic category” (Suchman, 1995, p. 581).
Moreover, the findings that mining companies disclose information in relation to social responsibility decision-making structure and governance (e.g., board committee for CSR, management committee for CSR, etc.), suggest a strategy to garner procedural legitimacy to the extent that the “proper means and procedures are given a positive moral value” (Suchman, 1995, p. 580). Hence, the pursuit of consequential legitimacy can be inferred from the information on social intervention and beneficiaries that companies disclose in their SAER practices. In respect to this, companies demonstrate that social activities are part of their outputs, and, as a result, clearly demonstrate that companies do not only produce economic outputs such as profits and/or dividends to shareholders.

Further, social disclosures in the form of community involvement activities (Appendix V) feature prominently in the disclosure categories used by this study. Over the period of study (2006-2014), there is more visibility in terms of the type of community involvement activity (e.g., support for local enterprise development, procurement from disadvantaged groups, health, education, housing, infrastructure, etc.), the identity of the beneficiaries (e.g., local entrepreneurs, children, students, indigenes of host communities, etc.), and the partners and/or organizations involved (e.g., local businesses, schools, hospitals, etc.). In line with legitimacy theory explanation, this behaviour by mining companies indicates a development that is consistent with both Dowling and Pfeffer’s (1975, p. 122) and Lindblom’s (1994) arguments that SAER practices are used to demonstrate congruence between organizational activities and “the norms of acceptable behaviour in the larger social system” of which organizations are a part.

Environmental disclosures are the second most disclosed SAER practices. Although the overall disclosures over the period of study (2006-2014) increased from the 2006 level, the disclosures are, to varying extent, statements registering companies’ concerns about the external environment (e.g., prevention/repair of damage to the environment, pollution control, environmental management certification, award received in relation to environmental policies and programmes, etc.). Hence, this lack of explicit engagement with the environment is not new to the mining industry, and has attracted attention in prior studies (e.g., Böhling and Murguia, 2017; Fonseca et al., 2014; Murguia and Böhling, 2013). In respect to Fonseca et al. (2014), the authors proposed a “desirable” SAER framework which, they argue, could limit “cherry-picking” when it comes to environmental and other disclosures to focus on in SAER practices (pp. 76-77). Böhling and Murguia (2017) contend that lack of precision/quality might drive an organization to externally report information about some environmental performance through “various pragmatic strategies to please its constituents” (p. 27). In this study, it is contended that the environmental disclosures, to a certain extent, reflect symbolic representations of companies’ commitment to environmental stewardship that is consistent with the notion of moral legitimacy (Suchman, 1995). Nonetheless, such environmental disclosures, this study contends, are deemed “the right thing to do” in effectively promoting societal welfare (p. 579).

Concluding Remarks
The present study has documented recent changes in the social and environmental disclosures by mining companies – after the adoption of the GRI reporting framework and the commitment to independent third-party assurance from 2008. We have further sought to interpret the changes in light of continued criticism as well as pressures/threats from powerful stakeholders such as international NGOs that push for responsible practices in the mining sector. This study showed a general trend toward the adoption of best practices in terms of reporting guidelines; while reporting titles and accolades, for example, resonate with societal expectations of mining companies. Disclosure of social and environment-related information under stand-alone (separate) title such as “Report to Society” is a
distinct feature of all 27 reports produced by our sample companies, and reviewed over the period of study (2006-2014). These findings indicate a development toward SAER practices.

In respect to theoretical perspective, this study has argued that Suchman’s (1995) notion of pragmatic legitimacy has common features with stakeholder management to the extent that it focuses on evidence of exchange and influence effects between the organization and audiences such as stakeholders. Moreover, the notion of moral legitimacy (Suchman, 1995) indicates that the organization demonstrates commitment to social norms, values, and belief systems, This, in turn, is consistent with the concept of a social contract; a theoretical construct that is widely applied in SAER research (see e.g., Deegan, 2002, p. 293; Azizul Islam and Deegan, 2008; Kamal and Deegan, 2013; Mahadeo et al., 2011).

Evidently, changes in SAER practices in the mining sector are, to a certain extent, driven by the need to conform to social norms, values, and beliefs ‘best practices’ for legitimacy reasons. Evidence from the categories of disclosure (employee, environment, community involvement, etc.) suggests attempts at stakeholder management (NGOs, employees, local communities, etc.) in support of the concepts of exchange and influence effects consistent with legitimacy theory. Since the mining sector’s impact is felt most in communities (environment) in which mining activities take place, it is not surprising that the disclosure categories of ‘Employee’, ‘Environment’, and ‘Community Involvement’ were the three most widely disclosed categories. Nonetheless, in this exploratory research, our expectation was that there might be an increasing trend of other disclosures in our disclosure categories (i.e., ‘Energy’, ‘Governance’, and ‘General’) because the companies in our sample might tend to engage in various pragmatic strategies to please their constituents for legitimacy reasons. This article concludes that by carefully combining pragmatic and moral strategies, our sample companies’ stakeholder engagement is instrumental for the building-up of ‘social license to operate’ and helps to better understand how the legitimization potential of SAER works out in a challenging context such as the mining industry.

The findings have implications for stakeholders such as NGOs that push for tougher international standards that can lead to broader social benefits rather than merely symbolic disclosures. Our findings also indicate that various stakeholder groups can, to some extent, identify themselves with specific (social) intervention activities and access more detailed information from the current and subsequent annual reports. More specifically, disclosures in relation to the ‘Employee’ category reveal companies’ (immediate) reactive strategy (e.g., the “tragedy at Marikana” and Lonmin’s 2012 report) to shore-up their ‘license to operate’ and thereby portray that they are mindful of societal (employees) interests. Thus, when faced with societal (employee) pressures, companies, through their endorsement of SAER practices, could secure/maintain their legitimacy, while conflicts persist, by portraying moral legitimacy in its varying forms; i.e., consequential, procedural, and structural legitimacy.

Despite the fact that ‘frequency of disclosure’ as unit of analysis may provide evidence of the specific presence or absence of a particular SAER practice, it has its limitations. Future research employing, in particular, ‘word counts’, ‘sentence counts’, and ‘high/low disclosure ratings’ as unit of analysis, are needed to support or refute our findings. Moreover, since MMCs have mining activities in varying institutional contexts, it would appear that facility/site specific SAER practices may depend on the presence of absence of disclosure requirements under given regulatory regimes. Indeed, there could be context-specific socio-cultural arenas that might cause better transparency and disclosure practices. Nonetheless, applying institutional theory as a lens to SAER research in facility/site specific SAER practices may further our understanding of this complex phenomenon; for, as Craig Deegan once said,
“Researchers [are needed] to further develop theory to explain corporate social and environmental reporting practices” (Deegan, 2002, p. 303).

References


Appendix I: Reports Reviewed

**Reports reviewed**

**ANGLO AMERICAN**


**ANGLOGOLD ASHANTI**


22


LONMIN


Appendix II: Social and Environment-related Performance/Governance Disclosure Index

Items of Disclosure

**Government**
1. Providing commentary on behalf of the board to the effect that the board has commitment to and recognizes the crucial role of CSR to the company;
2. Providing commentary on behalf of the board to the effect that the board or a sub-committee of the board takes regular account of the significance of social and environmental matters to the business of the company;
3. Providing commentary on behalf of the board regarding the practice of ‘good governance’ throughout the company, e.g., explicit commitment by the board in the fight against conflict of interest, corruption, etc.;
4. Providing commentary on behalf of the board to the effect that the governance system encompasses ethics, transparency and accountability;
5. Providing commentary on behalf of the board regarding the quality of the company’s key relationships with stakeholders (e.g., employees, host-communities, suppliers, investors, regulators, customers, NGOs, etc.), e.g., steps taken by the company towards building and/or re-building trust with stakeholders groups;
6. Providing commentary on behalf of the board regarding its commitment to establish and maintain appropriate ethical standards, e.g., implementation of a whistle blowing policy, etc.;
7. Providing commentary on behalf of the board to the effect that the company has commitment, policy, or initiatives to promote corporate social responsibility related practices amongst all;
8. Providing commentary on behalf of the board to the effect that the board has specific remuneration and/or audit committee or performance review board;
9. Providing commentary on behalf of the board regarding the existence of a board committee in charge of ‘work environment’ related governance;
10. Providing commentary on behalf of the board regarding the existence of a board committee in charge of ‘employee’ (occupational) health, safety, welfare, and recreation related governance.

**Environment**
1. Pollution control in the conduct of the business operations; capital, operating and research and development expenditures for pollution abatement;
2. Statements voicing the company’s concern about the water shortage, e.g., plans and/or activities directed at addressing water shortage;
3. Statements indicating that pollution from operations or damage to the environment has been or will be reduced;
4. Prevention or repair of damage to the environment resulting from processing or natural resources, e.g. land reclamation or reforestation;
5. Conservation of natural resources, e.g. recycling glass, metals, oil, water, and paper;
6. Using recycled materials; e.g., using recycled water, using recycled materials in the production process, etc.
7. Efficiently using materials resources in the manufacturing process;
8. Supporting/maintaining environmental campaigns; e.g., certification [ISO 14001]
9. Receiving an award relating to the company’s environmental programmes or policies;
10. Preventing waste, e.g., switching to lower water quality grade in place of potable water used in the production process, migration of water from discontinued mines, etc.

**Energy**
1. Conservation of energy in the conduct of business operations;
2. Using energy more efficiently during the production process;
3. Utilizing waste materials for energy production and/or recovering waste energy in the production process
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<table>
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<tbody>
<tr>
<td>4</td>
<td>Disclosing energy savings resulting from current energy mix or energy savings resulting from planned (future) energy mix;</td>
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<tr>
<td>5</td>
<td>Discussing the company’s efforts to reduce energy consumption;</td>
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<tr>
<td>6</td>
<td>Disclosing increased energy efficiency achieved in recent production;</td>
</tr>
<tr>
<td>7</td>
<td>Research or activities aimed at improving energy efficiency in the production process;</td>
</tr>
<tr>
<td>8</td>
<td>Receiving an award for an energy conservation or optimization programme;</td>
</tr>
<tr>
<td>9</td>
<td>Statements voicing the company’s concern about the energy shortage, e.g., mining is an energy-intensive business</td>
</tr>
<tr>
<td>10</td>
<td>Statements disclosing the company’s energy policies/strategies, e.g., establishing energy plans or forecast.</td>
</tr>
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</table>

### Employee

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<td>1</td>
<td>Reducing or eliminating pollutants, irritants, or hazards in the work environment, e.g., occupational health programmes;</td>
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<td>2</td>
<td>Promoting employee safety and physical or mental health, e.g., safety training programmes;</td>
</tr>
<tr>
<td>3</td>
<td>Disclosing accident statistics, e.g., providing accident statistics in annual reports;</td>
</tr>
<tr>
<td>4</td>
<td>Diversity in employment, e.g., recruiting/supporting racial minorities and/or women;</td>
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<tr>
<td>5</td>
<td>Occupational health and safety management system certification, e.g., OHSAS 18001;</td>
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<tr>
<td>6</td>
<td>Providing employee welfare programmes, e.g., providing advisory services towards managing employee financial debt burden;</td>
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<tr>
<td>7</td>
<td>Receiving a safety award;</td>
</tr>
<tr>
<td>8</td>
<td>Recognizing and rewarding performance, e.g., recognizing exceptional performance;</td>
</tr>
<tr>
<td>9</td>
<td>Conducting research or programme to improve work safety;</td>
</tr>
<tr>
<td>10</td>
<td>Providing training and development programmes for employees.</td>
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### Community Involvement

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<tbody>
<tr>
<td>1</td>
<td>Donations of cash, products or employee services to support established community activities, events, organizations, education and the arts;</td>
</tr>
<tr>
<td>2</td>
<td>Sponsoring public health projects and/or medical care and medical research in the broader community;</td>
</tr>
<tr>
<td>3</td>
<td>Using external ‘expert panels’ in assessing community intervention programmes, e.g., stakeholder consultations, surveys, forum, community consultants, etc.;</td>
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<tr>
<td>4</td>
<td>Sponsoring educational conferences, seminars, or art exhibits;</td>
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<td>5</td>
<td>Internship or part-time employment for students, e.g., providing internship or part-time jobs for students from local communities;</td>
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<td>6</td>
<td>Providing re-settlement arrangements for communities affected by mining activities, e.g., providing housing and other infrastructure for mining-induced displacement and re-settlement;</td>
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<td>7</td>
<td>Sponsoring/supporting local enterprise development programmes;</td>
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<td>8</td>
<td>Funding scholarship programmes, bursaries, or activities for community, e.g., impartation of skills to community members;</td>
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<td>Other special community-related programmes or activities, opening the company’s facilities to local communities or public, responding to community complaints, etc;</td>
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<tr>
<td>10</td>
<td>Supporting national pride/government sponsored campaigns, e.g., procuring from lesser developed countries, procuring from disadvantaged groups based in local communities, etc.</td>
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### General

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<tr>
<td>1</td>
<td>Disclosing/reporting to groups in society other than shareholders and employees, e.g., indicating Stakeholders as ‘addressee’ in the chief executive’s letter;</td>
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</table>
Using external ‘expert review panels’ in appraising the contents of CSR reports, e.g., publishing comments/reports issued by external ‘expert review panels’ upon completion of review activities;

3 Disclosing/reporting and acknowledging, albeit, briefly, the past year’s challenges and performance in relation to the current year’s performance;

4 Disclosing/reporting and forecasting, albeit, briefly, future expectations or projections in relation to current CSR performance;

5 Providing prominence to CSR reporting practices, e.g., evidence of stand-alone CSR reports, etc.;

6 Using well-known frameworks in compiling and reporting CSR performance, e.g., using the Global Reporting Initiative (GRI) framework, triple bottom line, etc.;

7 Providing prominence to CSR reporting practices by focusing on special CSR-related theme(s) in the annual presentation of CSR performance, e.g., using annual theme(s) as the basis of reporting CSR performance, using reporting accolades, tag lines, etc.;

8 CSR initiatives that are specific to the mining industry, e.g., endorsing the extractive industries transparency initiatives (EITI), etc.;

9 Providing commentary on behalf of the board or management that the CSR report reflects the company’s overall sustainability policy, strategy, or strategic planning;

10 Providing commentary on behalf of the board or management that the CSR report relates the company’s mission and values to its CSR performance and priorities.

---

**Appendix III: Total Disclosure by Company (2006-2014)**

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Appendix IV: Disclosures in percentage over the years (2006-2014)

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Appendix V: Number of Companies disclosing each item per year (maximum = 3)

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