CORPORATE SOCIAL RESPONSIBILITY PRACTICES OF MULTINATIONAL COMPANIES IN THEIR HOME AND HOST COUNTRIES

A thesis submitted for the award of
Doctor of Business Administration Degree

By
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October 2017
STATEMENT OF ORIGINALITY

The thesis contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. I give consent to the final version of my thesis being made available worldwide when deposited in the University’s Digital Repository**, subject to the provisions of the Copyright Act 1968.

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ACKNOWLEDGEMENTS

This dissertation is the milestone that represents my learning outcome in the past few years. Immense support from various individuals and organizations has made delivering this academic work possible. It all starts with a place offered by the University of Newcastle, Australia to study this doctoral program which provides a valuable opportunity for pursuing self-actualization. The dedicated teaching offered by the faculty from the Newcastle Business School pave the way for writing this dissertation independently possible. The excellent supervisor assigned, Dr. Marcus Craig Rodrigs, excels his role diligently and professionally in every possible way to ensure the completion of this dissertation. The cordial assistance offered by the administrative staffs in the research office through email communication helps to clarify the doubts during the research. Numerous multinational companies being contacted during the research process make contribution to provide their feedback to the survey in a way allowing the theory can be tested from a cross-national point of view. The unwavering support from my family members also provide a stable environment during the writing of this dissertation. The above acknowledgements declared are about this research as it is.
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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>APEC</td>
<td>Asia-Pacific Economic Cooperation</td>
</tr>
<tr>
<td>BE</td>
<td>Business ethics</td>
</tr>
<tr>
<td>CSP</td>
<td>Corporate Social Performance</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>CSRP</td>
<td>Corporate Social Responsibility Performance</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental impact assessments</td>
</tr>
<tr>
<td>EMNC</td>
<td>Emerging-market multinational corporation</td>
</tr>
<tr>
<td>EPI</td>
<td>Environmental Performance Index</td>
</tr>
<tr>
<td>EPZ</td>
<td>Export processing zones</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>GCI</td>
<td>Global Competitiveness Index</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
</tr>
<tr>
<td>IB</td>
<td>International business</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>LDC</td>
<td>Less developed countries</td>
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<tr>
<td>LBO</td>
<td>Leverage buyouts</td>
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<tr>
<td>M&amp;A</td>
<td>Merger and acquisition</td>
</tr>
<tr>
<td>MBO</td>
<td>Management buyouts</td>
</tr>
<tr>
<td>Mercosur</td>
<td>Mercado Común del Sur</td>
</tr>
<tr>
<td>MNC</td>
<td>Multinational corporation</td>
</tr>
<tr>
<td>MPI</td>
<td>Market Potential Index</td>
</tr>
<tr>
<td>NAFTA</td>
<td>North American Free Trade Agreement</td>
</tr>
<tr>
<td>NBS</td>
<td>National Business System</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organization</td>
</tr>
<tr>
<td>OFDI</td>
<td>Outward foreign direct investment</td>
</tr>
<tr>
<td>OLI</td>
<td>Ownership, Location, Internalization</td>
</tr>
<tr>
<td>PE</td>
<td>Private equity</td>
</tr>
<tr>
<td>R4I</td>
<td>Resources-for-infrastructure</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>RI</td>
<td>Relational intelligence</td>
</tr>
<tr>
<td>SCSR</td>
<td>Strategic Corporate Social Responsibility</td>
</tr>
<tr>
<td>SE</td>
<td>Stakeholder engagement</td>
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<tr>
<td>SM</td>
<td>Stakeholder management</td>
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<tr>
<td>SOE</td>
<td>State-owned enterprise</td>
</tr>
<tr>
<td>SWF</td>
<td>Sovereign wealth fund</td>
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<tr>
<td>TMT</td>
<td>Top management team</td>
</tr>
<tr>
<td>WOS</td>
<td>Wholly-owned subsidiaries</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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Abstract

CSR as a notion means the society’s economic, legal, ethical, and discretionary expectation on the firm at a given point in time. Under the global economic and political environment, the cross-national difference in terms of culture, administration, geography, and economy is the hard reality that should be taken into account when discussing the relationship between CSR and MNCs. Although Dunning’s (1988) OLI paradigm wisely guides MNCs’ FDI decision making when they seek natural resource, market, efficiency, and strategic asset or capability around the world, the same paradigm does not provide enough information regarding with the appropriate CSR practices MNCs can adopt to increase their performance. Firms internationalize because it will enhance their performance (Contractor, Kundu, and Hsu, 2003). Another competing opinion that has the same weight also shows that MNCs’ corporate social irresponsibility behavior will increase with their multi-nationality (Strike, Gao, and Bansal, 2006). It leads to the big question proposed in this research which enquires “Has globalization eroded MNCs’ corporate social responsibility performance (CSRP) in their home and host countries during the firms’ internationalization process?” To find solution to this question, this research will aim not only to identify the factors that influence MNCs’ CSR performance but also to investigate the possible impact strategic CSR has on managing the cross-national differences that affect MNCs’ CSR performance. The methodology of this research is a quantitative, cross-sectional research design that is tailored to the functionalist paradigm. 37 items of the survey and 6 hypotheses constructed are based on the theoretical framework deduced from the theories in international business and business ethics. The questionnaire is administered to 220 MNCs randomly selected from a population of 500 MNCs listed on the Fortune Global 500. The quality of the instrument is firstly examined through item analysis, reliability and validity tests. Descriptive and inferential statistical analysis are applied on the collected data in order to test the hypotheses and provide solution to the research problem. The research findings lead to conclude that (1) risk and uncertainty of MNCs’ global operations, cross-national distance, a host country’s international environmental law practices, and sustainable development of a host country are prominent issues that will influence MNCs’ CSR performance, (2) SCSR partially mediates the influence CAGE and ENV have on MNCs’ CSRP. In academia, this research makes
contribution to the body of knowledge by establishing the causal relationship between social issues and MNCs’ CSRP. In practice, this research shows that MNCs can utilize strategic CSR to manage cross-national differences and turn diversity into value to mitigate the negative impact the social issues may have on their CSRP.