

Call for papers

Special Issue of *Business and Politics*

Corporate Responsibility, Multinational Corporations, and Nation States

Guest Editors

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Corporate Responsibility (CR) has emerged as an important area of concern and opportunity for multinational corporations. This special issue of *Business and Politics* poses the following questions: how do multinationals respond to the twin pressures of globalization and localization in deciding their CR policies in subsidiaries? Under what conditions do multinationals grant autonomy to their subsidiaries to give more salience to CR policies that address country-specific (or community specific) needs as opposed to working within a global CR strategy developed at the headquarters located abroad? Under what conditions does the multi-domestic/global mix of the product-market strategy align with the multi-domestic/global mix of CR strategies? We invite both theoretical and empirical papers from all social science disciplines (business, economics, political science, sociology, and public policy). We welcome all methodological approaches.

Bartlett and Ghoshal (1989) identify three approaches (global, international, multi-domestic) for multinationals to manage the twin pressures of globalization and localization within product-markets. Global strategies are predicated on an integrated (economic) world market encouraging firms to adopt a common product-market strategy across countries. If political boundaries and social customs significantly impact the nature of institutions, then global strategies may be less useful. If the institutional context requires responsiveness to local needs, multi-domestic strategies which require transferring parents' expertise and adapting to foreign markets may be preferable. Analogous to the market environment, multinationals' CR policies face similar global-local tensions. Globalization creates incentives for governments and all stakeholders including transnationally networked citizen groups to influence firms and their subsidiary's activities. These groups are aided by new channels of information flows and a consolidating media industry whereby local events are quickly transformed into transnational news. In effect, multinationals face 'two-level games' (Putnam, 1988) in both product-market and socio-political CR environments (the nonmarket environment, Baron, 1995) where what they do in one sphere impacts the other one, and vice versa (Prakash, 2002; Griffin and Koerber, 2011).

Yet, multinationals need to make strategic choices. They can choose from a menu of CR initiatives that focus on different issue areas, stakeholders or functions and this can vary across their subsidiaries. Given that corporate resources devoted to CR are finite, how do multinationals decide the scope and scale of CR initiatives in different countries and how might this cohere with their product-market strategies? For analytical simplicity we classify two salient dimensions of CR initiatives, scope and type.

Scope of CR Initiatives

Global/Regional

Multinationals can design or subscribe to common CR initiatives which are pursued across subsidiaries. These initiatives can have a distinct home country character or they might seek to reflect the core skills and expertise of the firm (e.g., financial firms and financial literacy). Regardless of the specific factor influencing CR design, the analytically important feature is that these initiatives are pursued across subsidiaries (or across subsidiaries in a given region) irrespective of nation state boundaries. They are woven into global/regional corporate strategy and often reflect efforts at global/regional branding.

Local/Domestic

At the other end of the continuum, multinationals might allow subsidiaries considerable leeway in the choice and design of CR initiatives. Subsidiaries may subscribe to national level CR initiatives organized by industry associations without a global counterpart. Beyond some global principles, the corporation is not committed to the pursuit of a specific type of CR or a specific issue area. The magnitude and direction of CR initiatives is directed by local subsidiaries, local managers, or host country conditions.

Types of CR Initiatives

Multinationals have the opportunity to pursue CR in different issue areas affecting different stakeholders. Indeed, the global-local choice may vary depending on the type of CR being pursued. For analytical simplicity, we identify the following types of CR initiatives where the multinational may focus its efforts.

Functional

Human resources. These initiatives are directed toward raising the economic, social, and political opportunities for employees, contract workers, and potential employees in the workplace. They could seek to enhance employee voice, improve employee benefits, wages, working conditions, and so on. They could focus on a specific subset of employees or specific issues such as women representation, diversity, stigma, and ethnic or linguistic capabilities. Often directed toward internal stakeholders, workplace/labor CR initiatives often appeal to pools of potential employees and broader actors via the media influencing corporate reputation, trust, credibility and prestige.

Marketing. A key activity here is encompassing new product features, for example, the introduction of seat belts by Volvo or the introduction of hybrid cars by Toyota. Consumer-oriented CR encompasses product and process innovations (e.g., less carbon, water, or energy content) as well as promotion, advertising and distribution strategies. Green marketing, pass-through philanthropy for consumers, improved product functionality (e.g., miniaturization), and new products (carbon offsets, etc.) are often the earliest evidence of consumer oriented CR.

Supply chain. These initiatives are directed at securing the acquisition or accumulation of needed inputs. Needed inputs include capital, raw materials, and technology. Supply chain CR initiatives may focus on monitoring and enforcement of supply chain codes of conduct; carbon, water or energy footprints from the extended enterprise; developing supplier innovations or securing sustainable supplies (e.g., concentrated detergent in smaller bottles, minimizing packaging, and reforestation). This includes securing permits to operate (e.g., licenses for mine sites, fishing permits), socially responsible funding, or access to non-renewable resources.

Cross-Functional/Corporate

Development. These initiatives are directed at building social capital, creating infrastructure and capabilities in communities to build commerce, stabilize households, and improve public health, education, or general welfare. These may be directed at the local community or at the underprivileged sections of the society that may not be directly affected by the corporation. The objectives are three: first, to enhance the human capital; second to improve the physical infrastructure for the underprivileged to leverage their human capital and third, to enhance the social capital of a given community. Initiatives can range from providing tangible, bricks, and mortar resources for community events such as hospitals and schools to a transferring of skills and expertise (e.g., fundraising, project coordination, access to capital, grant writing) for enhancing community infrastructure.

Environment. These initiatives seek to generate positive environmental externalities or reduce the production of negative environmental externalities associated with producing the organization's goods and services. These activities can be directed at specific actors (e.g., community groups impacted by contaminated water streams) or institutions (e.g., investors, regulators).

Corporate governance. These initiatives seek to improve corporate governance and voluntarily create new rules regulating the generation and/or the disbursement of the residual or profit. These activities could seek to provide for investor protection, new financial disclosure requirements, limits on executive compensation, and so on.

In exploring the scope and type dimensions in multinational corporations and their subsidiaries, papers might explore questions such as:

- How do home country factors influence what types of CR initiatives multinationals might pursue abroad in their subsidiaries and the sequencing of such initiatives?
- Similarly, how do host country factors influence what types of CR initiatives multinationals might pursue in specific subsidiaries and the sequencing of such initiative?
- How and why do CR initiatives of OECD multinationals differ from non-OECD multinationals? Do they attach varying salience to home country and host country factors? How do CR initiatives within South-to-South multinationals differ from North-to-North multinationals?
- Do multinationals within specific sectors seek global CR initiatives? Under what conditions, do multinationals defer to their subsidiaries regarding CR policies and implementation? When is a blended approach to CR preferred?
- Does pursuit of CR differ in horizontal FDI as opposed to vertical FDI?
- Beyond subsidiaries, how and why multinationals differ regarding their willingness to infuse their global supply chains or distribution chains with CR?
- Do CR policies influence mode of entry? To what extent do multinationals view CR as core to their strategy influencing their core business decisions?
- In what ways transaction cost and resource-based perspectives help us understand how multinational corporations make CR choices?
- Does the absence of CR safeguards force multinationals to exit certain markets? What lessons can be drawn from such experiences for understanding theories of global business and nation states?

Tentative Dates and Timetable

Initial submission: March 15, 2011

CR Workshop for the short-listed papers in Seattle: May 5-6, 2011

Final submission: June 15, 2011

Editors send papers out for review: July 1, 2011

Authors invited to revise and resubmit: September 30, 2011

Revised papers due: January 30, 2012

Delivery of full set of papers and guest editors' introductory paper: March 1, 2012

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