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CSR Management Strategies, Stakeholder Engagement and MNE Subsidiaries Efforts to Foster Sustainable Development

Corporate Social Responsibility (CSR) is drawing growing academic interest in research focusing on multinational enterprises (MNEs) (Rodriguez et al. 2006). MNEs are increasingly expected to play a leadership role in improving socio-economic and environmental conditions1 in developing countries through their engagement in CSR initiatives (Robinson 2003; Torres-Baumgarten and Yucetepe 2009), and hence contributing to sustainable development, given their global influence, activities and presence (Kolk and Tulder 2010). Recognizing the role of CSR in addressing social, economic and environmental problems, CSR is now viewed as a vehicle for sustainable development. As MNEs are now becoming increasingly active in developing countries, they have greater scope than before to address global economic, social and environmental challenges through designing and implementing effective CSR programmes. Accordingly, a large number of MNEs have initiated, supported and implemented various CSR programmes in developing countries; extended their support to global initiatives; and built partnerships with established multilateral and bilateral development agencies in tackling issues including poverty, governance and human rights. Despite such efforts, global aspirations for sustainable development remain far from being met in many developing countries (Visser 2008).

Although there is now an extensive CSR literature, a conclusive definition of the concept of CSR is yet to emerge. Yang and Rivers (2009, p.156) described this position with the following comment, "CSR means something, but not always the same thing, to

everybody". Carroll (1979, 1991) conception of CSR has perhaps been the most frequently cited and describes CSR in terms of a hierarchy commencing with economic responsibilities followed by legal, ethical and philanthropic responsibilities. Recent definitions of CSR have been influenced by stakeholder theory (Freeman 1984) which suggests that companies have a responsibility to try to satisfy the expectations of a varied group of stakeholders, and that it is worthwhile for them to do so. From CSR viewpoints, stakeholders of a firm are conceptualized as individuals or groups which are either affected by or benefit from the firm, or whose rights can be violated, or have to be respected by the firm (Crane and Matten 2004).

An increasing emphasis on the inclusion of environmental responsibility as an integral component of businesses' broader social responsibilities has also emerged in recent years. The European Commission (2011, p. 6), for example, states that "to fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders".

Freeman (1984) argued that managers must address the needs of stakeholders who could influence the business's performance. A large number of internal and external stakeholders have an interest in, and influence on, a firm's activity. Accordingly, issues like stakeholder management, stakeholder dialogue and stakeholder engagements are becoming important in CSR management (Knox et al. 2005). Stakeholders are perceived to be the leading forces in MNEs' CSR due to the stakeholders' legitimacy, power and urgency (Yang and Rivers 2009). The powerful stakeholder groups that have considerable influence on CSR practices include government institutions, the community in which the business operates, non-

government organizations (NGOs), industry bodies, consumers, shareholders, employees and the parent firms (Yang and Rivers 2009). Stakeholder theory suggests that a stakeholder can influence a company's CSR focus and attitude by adopting (i) a withholding strategy, that is, by inhibiting the movement of resources to the firm; and (ii) a usage strategy, that is, by restricting the way in which the firm can consume the resources (Frooman 1999). Thus, stakeholders may influence and shape a company's CSR by controlling the resource flow directly and by taking action against a selected firm indirectly. CSR literature has argued that MNEs need to be more sensitive and responsive to the expectations of numerous stakeholders who are directly or indirectly affected by MNEs' operations in host countries (Reimann et al. 2012; Sacconi 2011).

Meaningful engagement of local stakeholders is an effective means for developing a comprehensive understanding of the local issues as well as potential avenues to address the local problems (Reed 2008)—hence the quality and durability of decision (Reed et al. 2008, Fischer 2000). Despite the importance of stakeholder engagement, Knox et al. (2005) found that only some larger companies consider identifying and prioritizing stakeholders in their CSR programmes, and that too often are limited to the 'customers' stakeholder group. Although many companies seemed reluctant to build stakeholder relationships, Knox et al. (2005) argued that stronger stakeholder relationships with multiple stakeholder groups and the sophistication in managing such relationship may affect the social and business impact of CSR. (NOTHING FOLLOWS)