

When Hostility Fuels Cooperation: National Animosity and Multinational Firms' Use of CSR

Strategic Alliances

ABSTRACT

Cross-border alliances are typically understood as fragile under conditions of political hostility. Challenging this view, we develop a signaling-based theory of how multinational corporations (MNCs) strategically adapt alliance portfolios in response to national animosity. We argue that national animosity heightens MNCs' reputational vulnerability and impression-management pressures, motivating firms to form CSR strategic alliances as observable, partner-endorsed signals of social responsibility in host countries. We further theorize that this tendency is amplified when host-country geopolitical risk politicizes stakeholder evaluations and when firm visibility magnifies reputational spillovers. Analyses of U.S. MNCs operating across host countries support these arguments. Our study reconceptualizes hostility not only as a constraint on collaboration but also as a condition that reshapes firms' alliance choices toward credibility-enhancing governance forms.

Keywords:

National animosity; CSR alliances; Geopolitical risk; Visibility

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INTRODUCTION

Cross-border alliances are a central mechanism through which firms access complementary resources, coordinate activities, and engage with foreign partners. Prior research suggests that such collaborations facilitate communication, learning, and coordination across national boundaries (e.g., Kim, & Inkpen, 2005; Rezaei, 2025; Xia, 2011). However, cooperation across borders does not occur in a political vacuum. Divergent national interests and persistent animosity between countries often hinder interaction among individuals and organizations, undermining trust, increasing friction, and complicating the realization of collaborative synergies (Hasija et al., 2020). As a result, the alliances between firms originating from countries with opposing political interests are widely viewed as difficult to initiate and sustain (Arikan & Shenkar, 2013).

Despite these constraints, MNCs continue to operate—and in some cases actively expand their collaborative activities—in host countries characterized by high levels of national animosity. This observation raises an important yet underexplored question: why do firms seek certain types of alliances precisely in contexts where cooperation is expected to be most challenging? In this study, we address this question by focusing on a specific and increasingly salient form of collaboration—corporate social responsibility (CSR) strategic alliances.

MNCs frequently form alliances with local partners in host countries to signal commitment, enhance legitimacy, and improve visibility among local customers and institutions (Reuer & Ragozzino, 2014). Prior research demonstrates that firms use alliances with a social component to enhance corporate reputation (Berger et al., 2004; Du & Vieira, 2012; Seitanidi & Crane, 2009) and to generate social value alongside economic benefits (den Hond et al, 2015; Kolk & Lenfant, 2012). These alliances are particularly relevant in an era in which MNCs face mounting pressure from governments, civil society, and consumers to behave responsibly across global operations (Tan, 2009).

Drawing on signaling theory, CSR initiatives can be understood as mechanisms through which firms show their commitment to social and environmental norms (Zerbini, 2017). However, firms often struggle to credibly convey such commitments to external stakeholders, particularly in foreign contexts where skepticism and political sensitivities may be heightened. Prior studies document a variety of CSR initiatives undertaken by MNCs in host countries to gain legitimacy and support marketing objectives (Khan et al., 2015). Among these initiatives, CSR strategic alliances—collaborative arrangements between firms and local partners aimed at advancing socially responsible objectives—are especially effective because they provide observable and verifiable signals of a firm's intentions (Clarkson et al., 2011). Accordingly, firms may enter CSR alliances to respond to stakeholder pressure and heightened scrutiny regarding social and environmental accountability (Adams, 2002; Gray et al., 1995).

In this study, we adopt a signaling perspective to examine why MNCs are more likely to form CSR alliances in host countries characterized by high national animosity. We argue that national animosity increases reputational vulnerability and impression-management pressures for MNCs, motivating them to rely more heavily on CSR alliances to cultivate positive perceptions among local stakeholders. We further theorize that this relationship is strengthened in host countries with elevated geopolitical risk, where political tensions heighten stakeholder sensitivity toward foreign firms associated with adversarial nations. Finally, we contend that MNC visibility amplifies these effects, as highly visible firms face greater scrutiny and thus stronger incentives to engage in reputation-enhancing CSR collaborations.

This study makes several contributions. First, it challenges the prevailing view that opposing national interests uniformly suppress cross-border collaboration by showing that CSR alliances may increase under conditions of national animosity due to reputational considerations. Second, it extends the international business and CSR literature by highlighting CSR alliances as a strategic response to geopolitical and political tensions. Finally, it advances signaling theory by demonstrating how geopolitical context and firm visibility shape the effectiveness and deployment of CSR strategies in international settings.

THEORY AND HYPOTHESES

MNCs' Cross-Border CSR Initiatives

As firms expand the scale and scope of their international operations, executives face challenges that are substantially more complex than those encountered in purely domestic contexts (Rego et al., 2012). Operating across national boundaries exposes firms to a broader and more heterogeneous set of stakeholders whose social norms, expectations, and regulatory demands often diverge (Crilly, 2011; Park et al., 2014). Globalization not only increases operational uncertainty but also intensifies societal expectations regarding CSR, particularly for large MNCs (Mohan, 2006). As a result, MNCs confront heightened ethical dilemmas and greater pressure to justify their conduct beyond narrow economic performance.

Prior research suggests that firms' responsibilities extend beyond profit maximization and legal compliance to include ethical and philanthropic obligations toward society (e.g., McWilliams & Siegel, 2001; Young & Makhija, 2014). In international settings, these obligations become more salient as firms' actions are scrutinized by governments, civil society organizations, and consumers across multiple institutional environments (Park et al., 2014; Zhao et al., 2014). Consequently, business leaders increasingly view CSR engagement as an important strategic tool, not only to meet normative expectations but also to enhance corporate reputation and legitimacy in global markets (Berger et al., 2007; Huang & Li, 2024).

CSR Strategic Alliances as Governance-Based Signals

In cross-border contexts characterized by heterogeneous and often misaligned stakeholder audiences, CSR shifts from a discretionary managerial choice to a functional mechanism for mitigating relational frictions with governments, local communities, and customers, whose support is essential for firms' access to labor, regulatory approval, contractual opportunities, and market demand (Zhao et al., 2014). Such foreign environments also exacerbate information asymmetries and attributional ambiguity (Reddy & Fabian, 2020). External observers have limited visibility into firm behavior, form inferences about intentions based on incomplete information, and are more likely to attribute adverse motives when a firm's foreign identity is salient.

CSR strategic alliances address this credibility problem by embedding prosocial commitments within an interorganizational governance arrangement rather than leaving them as unilateral claims. CSR

strategic alliances are defined as cooperative arrangements primarily devoted to advancing CSR objectives (Thorne et al., 2017), in which two or more organizations collaborate to pursue mutually beneficial outcomes that address social or environmental concerns. Such alliances are observable, costly to initiate, and endorsed by partners, which alters the inferential environment facing stakeholders (Shah & Swaminathan, 2008; White & Siu-Yun Lui, 2005). In particular, the participation of a local partner functions as a reputational bond that is difficult to replicate through self-reporting alone. The distinctive value of the alliance form for CSR lies in its commitment and monitoring features, which transform a soft claim of concern into a more verifiable act of joint investment with an accountable local actor. From a signaling perspective, alliances increase signal cost and verifiability (Clarkson et al., 2011; Gray et al., 1995; Thorne et al., 2017), thereby enhancing credibility when audiences are skeptical.

This governance-based logic is especially consequential because CSR is frequently evaluated in environments where communication is inexpensive and stakeholders are alert to the possibility of greenwashing or symbolic compliance (Walker & Wan, 2012). When attributional cynicism is likely, firms have incentives to adopt CSR forms that are harder to imitate and easier for external audiences to assess. CSR alliances therefore represent not merely a greater level of CSR engagement, but a distinct organizational choice regarding how CSR is produced, observed, and interpreted. This choice becomes strategically substantial in politicized contexts where default inferences about foreign firms' intentions are negative and where unilateral CSR disclosures are systematically discounted.

National Animosity and CSR Alliances

In this study, we conceptualize national animosity as a sentiment-based condition of the foreign market environment that reflects systematically negative stakeholder evaluations of foreign firms. National animosity reflects the enduring hostility between countries arising from historical or ongoing military, political, or economic conflicts (Klein et al., 1998). Political and economic frictions are often intertwined, and as disputes evolve from competition to perceived threats, demonstrations of power, or the use of force, they may escalate into open military confrontation. When such conflicts are frequent or intense, they leave deep psychological imprints, embedding animosity, prejudice, and resentment in collective memory (Bar-

Tal, 2000). Even after overt conflicts subside, these antagonistic sentiments may persist, shaping divergent political positions and mutual distrust over extended periods (Klein et al., 1998). High levels of animosity between countries tend to intensify conflictual interactions and impede cooperation across political and economic domains (Leong et al., 2008). When animosity is pronounced, countries are more likely to perceive one another as threats to their strategic interests, leading to heightened disagreement and confrontation (Riefler & Diamantopoulos, 2007).

Animosity may persist as a durable interpretive schema that structures how host-country stakeholders evaluate firms associated with an out-group nation. This schema systematically depresses baseline trust, amplifies perceptions of opportunism, and elevates nationality as a salient categorization cue through which firms are sorted into moral and political categories (Jiménez & San Martín, 2018). Prior studies demonstrate that consumers are less willing to purchase products or support brands originating from countries toward which they feel animosity (Klein & Ettenson, 1999). As a result, The MNC identity itself becomes a source of reputational liability, shaping stakeholder inferences about product quality, employment practices, and political intent independent of observable firm behavior.

Consequently, MNCs originating from countries characterized by high animosity with host nations often face substantial challenges in attracting customers, building brands, and establishing legitimacy. International business research suggests that reputational effects can spill over across borders and organizational units, such that the parent firm's reputation influences perceptions of its foreign subsidiaries within the same multinational network (Nardella et al., 2023; Wang & Li, 2019; Zhou & Wang, 2020). From this perspective, MNCs are motivated to strengthen their host-country reputation to support the commercial performance and legitimacy of their local subsidiaries.

However, stakeholder skepticism constrains the informational value of conventional CSR signals. Standard disclosures and episodic philanthropic actions are likely to be discounted as symbolic compliance or strategic impression management, particularly when identity cues are politicized and attributional priors are negative (Tashman et al., 2019). This limits the firm's ability to repair legitimacy through unilateral communication. Alliance-based CSR arrangements, by contrast, alter the inference environment by

introducing credible third-party validation and embedding the focal firm in ongoing relational commitments (Dacin et al., 2007). These structural features constrain opportunistic behavior and increase the cost of defection, thereby attenuating hostile attributions and restoring the signaling value of CSR under conditions of animosity.

Accordingly, MNCs may rely on CSR strategic alliances with host-country partners as a means of mitigating adverse stakeholder perceptions and strengthening local legitimacy in environments characterized by national animosity. When relations between home and host countries are strained, CSR alliances offer a visible and credible mechanism through which firms can signal social commitment and reduce reputational vulnerability by tying the firm to locally legitimate actors and by making the firm's prosocial contribution more socially embedded and publicly confirmable (Al-Tuwaijri et al., 2004; Clarkson et al., 2008). We therefore expect that higher levels of national animosity will lead firms to allocate a greater share of their alliance activities to CSR-oriented collaborations in host countries.

Hypothesis 1: MNCs are likely to establish a higher proportion of CSR alliances relative to total alliances in host countries when national animosity between the host and home countries is higher.

Geopolitical Risk

Building on our argument that adverse host-country sentiments motivate the formation of cross-border CSR alliances, we consider boundary conditions that heighten stakeholder attention to such sentiments. A central factor is geopolitical risk in the host country, which increases the salience of political and identity-related considerations and thereby intensifies scrutiny of foreign firms' actions. Geopolitical shocks, including wars, terrorist attacks, military confrontations, and diplomatic disputes, constitute a major source of uncertainty for firms operating internationally. More broadly, geopolitical risk represents a distinct dimension of political risk arising from tensions and conflicts between nation-states that disrupt international relations and cross-border economic activity (Caldara & Iacoviello, 2022).

Importantly, the strategic implications of geopolitical risk extend beyond countries that are directly involved in bilateral conflict. Geopolitical tensions often generate spillover effects that shape the strategic

behavior of firms originating from third countries that are not formal parties to the dispute (Balli et al., 2022; Evenett & Pisani, 2023). Host countries characterized by elevated geopolitical risk tend to be more deeply embedded in international political polarization and are subject to intensified external pressures from geopolitically opposed actors (Caldara & Iacoviello, 2022).

Geopolitical risk reshapes the informational environment in which host-country stakeholders interpret foreign firms' actions. In such contexts, political cues become more salient, media attention intensifies, and both citizens and institutions devote greater attention to signals of national alignment and foreign intent. Recurrent political tensions heighten sensitivity toward foreign firms, particularly those associated with countries perceived as adversarial. As a result, animosity-based interpretive frames are more likely to be activated, and firm behavior is evaluated through a politicized rather than a purely economic lens. In this way, geopolitical risk amplifies the animosity mechanism by increasing audience attention and scrutiny.

When international tensions are salient, host-country stakeholders are more likely to rely on national identity-based heuristics, which raises the likelihood of reputational penalties for firms perceived as politically misaligned or indifferent. Consistent with this logic, stakeholders exhibit greater resistance toward goods, services, and investments originating from countries with which the host nation harbors strong animosity (Fong et al., 2015). Consequently, MNCs operating abroad face heightened exposure to host-country political risks that extend beyond market fundamentals (Eduardsen & Marinova, 2020). These challenges are further intensified when firms originate from home countries that maintain strained political relations with host countries characterized by high geopolitical risk, thereby magnifying reputational vulnerability and legitimacy pressures.

Under these conditions, CSR alliances constitute a particularly effective strategic response. Unlike stand-alone CSR disclosures or unilateral initiatives, CSR alliances embed firms in relational commitments that are more difficult to reverse and more readily validated by external audiences. By partnering with local actors on socially valued initiatives, MNCs can credibly signal commitment to host-country welfare, attenuate adverse stakeholder inferences, and draw on partner legitimacy in ways that are resilient to

skepticism. Accordingly, heightened geopolitical risk is expected to amplify the reputational consequences of national animosity between home and host countries, increasing the marginal value of credible signals and strengthening firms' incentives to allocate a greater share of their alliance portfolios toward CSR-oriented collaborations.

Hypothesis 2. The geopolitical risk of a host country strengthens the positive relationship between home–host country national animosity and the proportion of CSR alliances that an MNC establishes in that host country.

MNC Visibility

Because reputational processes are inherently attention dependent, such that reputational benefits require stakeholder awareness and reputational penalties arise only when audiences are attentive, we further consider firm visibility as a critical boundary condition shaping MNCs' incentives to form CSR alliances. Firm visibility has received increasing attention in adjacent areas of management research as a key factor shaping stakeholder scrutiny and social pressure. In the context of foreign direct investment, visibility reflects the extent of stakeholder recognition in host-country environments (Chen & Yan, 2018). Specifically, an MNC's visibility refers to the degree to which its activities in a host country are observable to local stakeholders, including consumers, labor groups, regulators, media, and the general public (Puck et al., 2013; Wang et al., 2024). This observability determines how salient an MNC's actions are to external audiences and influences the firm's strategic responses to risks arising from national animosity.

Prior research suggests that firm visibility significantly affects the intensity of social and political pressure firms experience (Puck et al., 2013; Yu et al., 2017). Meznar and Nigh (1995) argue that higher visibility increases the likelihood that a firm becomes the target of stakeholder scrutiny. When a firm's visibility is high, both its positive and negative actions are more likely to be noticed and evaluated by stakeholders. As a result, the motivation to manage reputation and legitimacy is strongly conditioned by an MNC's level of visibility in the host country.

Under national animosity, visibility expands the downside of being misinterpreted and the scope of potential spillovers. Highly visible MNCs are more likely to be treated as symbolic representatives of

their home country, making them focal targets for identity-based evaluations and collective sentiment (Moschieri et al., 2024). This increases the expected cost of relying on weak signals, because hostile audiences can more easily dismiss unilateral CSR claims while still punishing the firm for perceived insincerity. Visibility therefore heightens the need for credible, externally validated forms of prosocial commitment that can survive adversarial interpretation (Eesley & Lenox, 2006; Gomez-Carrasco & Michelon, 2017; Rindova et al., 2005).

At the same time, visibility increases the potential upside of credible CSR alliances, because alliance-based signals are more likely to be noticed, discussed, and incorporated into stakeholder beliefs. When the firm is already in the spotlight, partner endorsement can shift narratives more effectively than private efforts, and the alliance's observable governance features make it easier for third parties to treat the firm's commitment as substantive. The combination of higher exposure and higher informational returns implies that visible firms should be more willing to pay the costs of alliance-based CSR to manage legitimacy in hostile settings. Accordingly, MNC visibility is expected to amplify the positive relationship between national animosity and the proportion of CSR alliances formed in the host country.

Hypothesis 3. MNC visibility strengthens the positive relationship between home–host country animosity and the proportion of CSR alliances that an MNC establishes in the host country.

METHODOLOGY

Sample and Data

Our initial sample consists of 323 multinational corporations (MNCs) headquartered in the United States with overseas subsidiaries during the period from 2005 to 2020. Information on firms' international operations was obtained primarily from Compustat Geographic Segment Data, supplemented with Compustat Industrial Annual Data and CRSP data. To be included in the sample, firms were required to exhibit international diversification, defined as having significant non-U.S. subsidiaries and foreign sales. Finally, we constructed a sample of 2,343 firm-year panel dataset.

Measurement

Dependent variable: the proportion of CSR strategic alliances formed by an MNC in a given host country. This measure is calculated as the number of CSR-related strategic alliances divided by the total number of strategic alliances that the firm entered in the same host country and year. Alliance-level data were obtained from the SDC Platinum database, which provides comprehensive coverage of global alliance formation (Goeltz, 2010). Following Thorne and colleagues (2017), we classified alliances as CSR-related based on Sustainalytics' Social, Governance, and Policy (SGP) categorizations. The SGP framework encompasses environmental, social, and governance dimensions, including ten thematic areas such as operations, supply chain, products and services, employees, customers, community and philanthropy, business ethics, corporate governance, and public policy. Sustainalytics' methodology integrates more than 70 core and industry-specific indicators to assess firms' ESG engagement (Sustainalytics, 2014). Alliances associated with these domains were coded as CSR strategic alliances.

Independent Variable: national animosity between the home and host countries. Following Arikan and Shenkar (2013), political animosity was measured as the cumulative number of bilateral conflicts between the home and host countries in the prior year using dyadic-level data from the International Crisis Behavior (ICB) Project. This measure captures overt political tensions and confrontations between country pairs. We standardized it in estimates. We also added other two measures about relative economic animosity and unobservable societal sentiments in robustness tests.

Moderating Variable: Host-Country Geopolitical Risk. Following recent international business research (Bussy & Zheng, 2023; Bai et al., 2025), we measure host-country geopolitical risk (GPR) using the country-level GPR index developed by Caldara and Iacoviello (2022). The GPR index is based on automated text analysis of articles related to geopolitical tensions published in 11 leading international newspapers, including The New York Times, Financial Times, and The Wall Street Journal. The index captures both threats and realizations of geopolitical events and has been validated against a human-coded benchmark. To construct an annual measure, we computed the mean of the monthly country-level GPR values for each year.

Moderating Variable: MNC Visibility. Following Brammer and Millington (2006), MNC visibility was measured using media coverage data from the Factiva database, which aggregates news content from over 8,000 global sources. Firm visibility was operationalized as the natural logarithm of the average annual number of media mentions (hits) associated with each firm. To reduce sensitivity to short-term fluctuations in media attention, we used the three-year average of media hits preceding the observation year.

Control Variables. We included a comprehensive set of control variables to account for alternative explanations. Firm-level CSR performance was controlled using data from the KLD database. KLD gives scores on many dimensions including some CSR strengths and weaknesses of each firm. We integrate them and subtract the number of weakness from the number of strengths to get a net CSR score for the focal firm (Waddock & Graves, 1997). Consistent with prior research, we controlled for firm profitability measured by return on assets, firm size measured by natural logarithm of total assets, and financial leverage measured by debt-to-equity ratio (Bear et al., 2010; Mahoney & Roberts, 2007). Slack resources measured as the ratio of current assets to current liabilities and sales growth calculated as the annual growth rate of sales were also controlled (Luo & Du, 2015). Tobin's Q was included as a proxy for firm market valuation (Wang et al., 2023). Industry effects were controlled using dummy variables based on two-digit Standard Industrial Classification (SIC) codes (Graves & Waddock, 1994). Financial and industry data were obtained from Compustat. We also included firm fixed effects and year fixed effects to control for unobserved heterogeneity and common temporal shocks.

Analysis

Given the panel structure of the data, we employed panel regression techniques to test our hypotheses. A Hausman (1978) test indicated systematic differences between fixed-effects and random-effects estimates, suggesting that the regressors were correlated with the error terms. Accordingly, we adopted fixed-effects linear regression models to control for time-invariant firm characteristics and unobserved heterogeneity across firms (Wooldridge, 2002).

Table 1 shows the descriptive statistics and correlations of variables used in this research. None of the correlations among the independent variables were sufficiently large to raise concerns about multicollinearity.

Insert Table 1 About Here

Table 2 presents the results of the time and year fixed-effects linear regression models for CSR scope conformity. Model 1 includes only the control variables, while Model 2 incorporates the independent variable, national animosity. The findings from Model 2 indicate that the national animosity between the home and host country significantly increases the proportion of CSR strategic alliances formed by an MNC in the host country, as evidenced by the positive and significant coefficient ($\beta = 0.03, p < .001$). Thus, Hypothesis 1 is supported. Models 3–5 examine the moderating effects in greater detail. Model 3 tests the moderating effect of host country GPR, showing that the interaction between national animosity and the proportion of CSR alliances in the host country is significantly positive ($\beta = 0.01, p < .001$). This indicates that in host countries with high GPR, the positive relationship between national animosity and the proportion of CSR strategic alliances formed by an MNC in the host country is strengthened. Thus, Hypothesis 2 is supported. Model 4 evaluates the moderating effect of MNC visibility. The results suggest that MNC visibility positively moderates the relationship between national animosity and the proportion of CSR strategic alliances formed by an MNC in the host country ($\beta = 0.02, p < .001$). Hypothesis 3 is supported. In figures 1 and 2, our inference regarding the direction and statistical significance of the interaction effects is supported by a graphical representation of these results. Finally, Model 5 incorporates the independent variable (national animosity), the two moderators, and their interaction terms. The results remain consistent with those of the previous models, reinforcing the robustness of the findings.

Insert Table 2, Figure 1 and Figure 2 about Here

Robustness Tests

We employed other two measures of national animosity. First, relative economic animosity was operationalized as trade imbalance asymmetry between two nations, calculated as the difference in the share of bilateral imports relative to each country's total trade in the previous year (Reuveny, 2000). Unequal distribution of trade gains has been shown to heighten perceptions of dependence and increase the likelihood of political or military conflict (Gilpin, 1981; Mansfield & Pollins, 2001; Morrow, 1997). Asymmetries in trade flows are often interpreted as antagonistic behavior by the disadvantaged party (Powell, 1996; Nijssen & Douglas, 2004). The measure is defined as: Relative Economic Animosity_{*ij,t-1*} = $\left(\frac{\text{Imports}_{ij,t-1}}{\text{Total Trade}_{i,t-1}} \right) - \left(\frac{\text{Imports}_{ij,t-1}}{\text{Total Trade}_{j,t-1}} \right)$. Second, to capture unobservable societal sentiments such as prejudice and consumer hostility that are not directly reflected in trade or conflict data, we followed Stein (2003) and estimated the dyadic error term from a conflict probability model. This residual term serves as a proxy for latent animosity embedded in public sentiment and expectations of reciprocal behavior between nations. Table 3 and Table 4 show that the results are consistent with our main findings.

Insert Table 3 and Table 4 about Here

To further validate our findings, we re-estimate our models using the absolute number of CSR alliances formed by an MNC in each host country as the dependent variable, while controlling for the total number of alliances the firm establishes in that host country. Given the count nature of the dependent variable and the presence of overdispersion, we employ negative binomial regression models with firm and year fixed effects (Haunschild & Beckman, 1998). The results, reported in Table 5, are highly consistent with our main analyses, providing additional support for our theoretical arguments.

Insert Table 5 about Here

Moreover, we employ analyst coverage as an alternative proxy for MNC visibility. Greater analyst attention increases the extent to which firm information is disseminated and scrutinized in capital markets, thereby enhancing public visibility. Analyst coverage is measured as the number of financial analysts

issuing earnings forecasts for a firm in a given year (Bushee & Miller, 2012; Farrell & Whidbee, 2003; Gentry & Shen, 2013), with higher values indicating greater visibility. The results using this alternative measure are consistent with our main findings and are reported in Table 6.

Insert Table 6 about Here

As an additional robustness check, we replace national animosity with political affinity as the key independent variable and re-estimate all baseline and moderation models. Following Bertrand and colleagues (2016), political affinity captures the extent to which countries share similar national interests in global affairs. We operationalize this construct using voting behavior in the United Nations General Assembly (UNGA), which provides a time-varying measure of political alignment between a firm's home country i and host country j in year t (Gartzke, 1998). Specifically, political affinity reflects the similarity between the voting portfolios of countries i and j , denoted V_t^i and V_t^j . The measure is calculated as $1 - 2 \frac{D_t(V_t^i, V_t^j)}{D_t^{\max}}$, where D_t represents the sum of absolute metric distances between the voting positions of the two countries in year t , and D_t^{\max} denotes the maximum possible distance. This transformation yields a scale ranging from -1 to 1 , where -1 indicates completely opposing voting patterns and 1 indicates identical voting behavior. The results, reported in Table 7, reveal patterns that are opposite to those observed when national animosity is used as the independent variable. Specifically, greater political affinity between home and host countries is associated with a reduced propensity for MNCs to form CSR alliances. Moreover, host-country geopolitical risk and firm visibility significantly strengthen this relationship. These findings further reinforce our argument that CSR alliances function as a reputational and signaling response to political distance rather than political alignment between countries.

Insert Table 7 about Here

DISCUSSION

This study theorizes CSR strategic alliances as a distinctive, relational governance response to hostile cross-national audiences. The core move is to shift the analytic focus from whether national animosity “reduces cooperation” to how it alters the relative attractiveness of alliance forms that vary in credibility, observability, and local embeddedness. CSR alliances differ from unilateral CSR claims because they are jointly produced, publicly legible, and anchored in partner organizations that can confer endorsement while simultaneously constraining opportunism (Thorne et al., 2017). Under conditions of national animosity, these properties become strategically important. The same hostility that heightens skepticism toward foreign firms also increases the marginal value of signals that are costly to fabricate and easier for stakeholders to verify. Accordingly, national animosity does not uniformly suppress alliance formation; rather, it reshapes alliance portfolios by shifting collaboration toward arrangements that generate third party–validated social value and embed firms within locally legitimate networks.

The framework clarifies the mechanism through which national animosity reshapes corporate behavior by altering both the reputational stakes firms face and the conditions under which their actions are interpreted as credible. By politicizing firm identity, national animosity heightens stakeholders’ sensitivity to nationality-based cues and increases the likelihood that firm behavior is evaluated through a moral or political lens rather than a purely economic one (Rodriguez et al., 2006). As a result, firms become more exposed to reputational threats that can undermine their standing and restrict access to key transactional opportunities. At the same time, animosity reshapes the interpretive environment in which firms attempt to signal prosocial intent. Heightened skepticism, reduced partner willingness, and more stringent legitimacy thresholds narrow the set of actions that stakeholders view as credible rather than instrumental. Within this context, CSR alliances represent a particularly viable organizational response. They enable firms to address heightened reputational pressures while relying on collaborative arrangements whose credibility is reinforced through third-party participation and ongoing relational commitments. Accordingly, CSR alliances are most likely to emerge when reputational pressures are high but firms retain access to partners whose legitimacy remains intact under politicized scrutiny.

The proposed moderators sharpen this logic by identifying contexts in which interpretive polarization and audience attention intensify reputational pressure that shapes firms' strategic responses. Host-country geopolitical risk intensifies attention to international conflict cues and raises the salience of "foreignness" as an interpretive lens, increasing the expected reputational penalty from inaction and raising the return to credible prosocial commitments. In such contexts, CSR alliances offer a governance-based signal that can counteract default hostility by making the firm's local social contribution more observable and less reversible. Firm visibility similarly strengthens the mechanism because visibility shapes both the probability of stakeholder attention and the scope of reputational spillovers. Highly visible MNCs are more likely to be evaluated through simplified identity categories and are more vulnerable to amplification by media and activist intermediaries; accordingly, relational CSR that leverages partner endorsement becomes disproportionately valuable as an insurance-like investment in legitimacy. The joint implication is that CSR alliance formation responds to animosity most strongly when audience attention and interpretive polarization are high.

These arguments contribute to several literatures by specifying a mechanism that links geopolitical frictions to alliance design. In alliance research, the study advances beyond aggregate "alliance propensity" by theorizing composition—which categories of collaboration expand when relational hazards rise (Ryu et al., 2018; Sutch et al., 2018). The predicted shift toward CSR alliances clarifies why observable cooperation may persist, or even intensify in a specific form, under conditions that otherwise undermine cross-border exchange. In CSR research, the study foregrounds a governance-sensitive and relational mode of CSR that is more credibly tied to local stakeholders than stand-alone CSR disclosures (Wickert, 2021). Rather than treating CSR as an internally chosen level of prosociality, the framework treats CSR alliances as an interorganizational arrangement with commitment and monitoring features that shape stakeholder inference. In nonmarket strategy and international business, the study positions animosity as an audience-level constraint that operates through identity-based evaluation, and it specifies how firms can partially reconstitute legitimacy by contracting into locally endorsed social collaborations.

Importantly, the proposed mechanism is distinct from several nearby accounts that would yield superficially similar predictions. The predicted association between animosity and CSR alliances is not reducible to a generic “more CSR under pressure” account (Godfrey, 2005; Godfrey et al., 2009), because it is conditional on the availability of credible relational signals and on the distribution of attention. It is also not a simple altruism response to political tension. Rather, it is strategic and audience oriented, grounded in credibility and legitimacy considerations.

Interprettively, the argument yields a broader implication about how firms manage contested legitimacy under politicized environments. When national identity becomes a liability, firms can respond by altering the form of engagement in ways that reconfigure information flows, endorsement structures, and attributional processes. CSR alliances represent an instance of this broader pattern: firms respond to hostility not only by changing substantive practices, but by selecting governance arrangements that make those practices credible to skeptical audiences. This emphasis on governance as an informational device is central to understanding how strategic action remains possible under heightened ideological polarization.

CONCLUSION

This study develops a theory of CSR strategic alliances as a governance-based response to national animosity. By conceptualizing animosity as an identity-activating audience condition, the framework explains why MNCs may reallocate collaboration toward relational CSR under politicized hostility. Host-country geopolitical risk and firm visibility amplify this reallocation by intensifying attention and expanding reputational spillovers, thereby increasing the marginal value of credible, partner-anchored social commitments. We imply that geopolitical hostility not only suppress interorganizational cooperation; it can redirect cooperation toward alliance forms designed to restore credibility and local embeddedness when unilateral claims are discounted.

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Table 1 Descriptive statistics and correlations

Variables	Mean	SD	1	2	3	4	5	6	7	8	9	10	11
The proportion of CSR													
1 alliances	0.03	0.46	1.00										
2 National animosity	0.02	0.30	0.03	1.00									
3 Host country GPR	0.31	0.25	0.02	0.69	1.00								
4 MNV visibility	2.71	1.93	0.36	-0.09	-0.03	1.00							
5 CSR performance	0.62	2.01	0.04	0.00	0.01	0.08	1.00						
6 Firm profitability	0.03	0.10	0.06	-0.01	0.01	0.19	0.12	1.00					
7 Firm size	6.17	2.85	0.03	-0.01	-0.04	0.03	-0.01	-0.06	1.00				
8 Firm leverage	0.42	0.19	0.09	0.03	0.06	0.12	0.08	0.32	-0.05	1.00			
9 Slack resources	2.02	2.13	-0.15	0.02	0.02	-0.15	0.02	0.31	-0.10	0.26	1.00		
10 Sales growth	0.12	0.26	0.24	-0.02	0.02	0.55	0.10	0.10	-0.02	0.05	-0.16	1.00	
11 Tobin's Q	1.98	1.47	0.15	-0.02	0.01	0.25	0.00	-0.03	0.03	-0.09	-0.27	0.38	1.00

Notes: n = 2,343; correlations with magnitude larger than 0.02 are significant at the p < .05 level

Table 2 Fixed effect models for the proportion of CSR alliances in the host country

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
National animosity (Political animosity)		0.03*** (0.00)	0.05*** (0.01)	0.01* (0.00)	0.04*** (0.01)
National animosity (Political animosity) × Host country GPR			0.01*** (0.00)		0.03*** (0.01)
National animosity (Political animosity) × MNV visibility				0.02*** (0.00)	0.02*** (0.01)
Host country GPR	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00† (0.00)	0.00 (0.00)
MNV visibility	0.02*** (0.01)	0.02*** (0.01)	0.04*** (0.01)	0.00 (0.00)	0.01 (0.01)
CSR performance	-0.00* (0.00)	-0.00* (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Firm profitability	0.00*** (0.00)	0.00*** (0.00)	0.00*** (0.00)	0.00** (0.00)	0.00 (0.00)
Firm size	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Firm leverage	-0.04* (0.02)	-0.04** (0.02)	-0.09** (0.03)	0.01 (0.01)	-0.06* (0.03)
Slack resources	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Sales growth	-0.00 (0.01)	-0.00 (0.01)	0.01 (0.02)	-0.00 (0.00)	-0.00 (0.01)
Tobin's Q	0.00 (0.00)	0.00 (0.00)	0.01** (0.00)	-0.00† (0.00)	0.00 (0.00)
Constant	-0.00 (0.00)	-0.00 (0.00)	-0.02*** (0.01)	-0.00 (0.00)	-0.00 (0.00)
Industry fixed effect	Yes	Yes	Yes	Yes	Yes
Firm fixed effect	Yes	Yes	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes	Yes	Yes
N	2,343	2,343	2,343	2,343	2,343
R-square	0.27	0.27	0.32	0.32	0.34

Robust standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, † p<0.1; two-tailed tests.

Table 3 Fixed effect models for the proportion of CSR alliances in the host country (relative economic animosity as independent variable)

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
National animosity (Relative economic animosity)		0.07** (0.03)	0.01** (0.00)	0.02*** (0.01)	0.01** (0.00)
National animosity (Relative economic animosity) × Host country GPR			0.02*** (0.01)		0.05*** (0.00)
National animosity (Relative economic animosity) × MNV visibility				0.03*** (0.00)	0.02*** (0.00)
Host country GPR	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
MNV visibility	0.00* (0.00)	0.00* (0.00)	0.04*** (0.01)	0.00* (0.00)	0.01* (0.00)
CSR performance	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	0.03*** (0.01)
Firm profitability	-0.01 (0.01)	-0.01 (0.01)	0.00*** (0.00)	-0.01 (0.01)	-0.00** (0.00)
Firm size	0.00** (0.00)	0.00** (0.00)	0.00 (0.00)	0.00** (0.00)	0.00*** (0.00)
Firm leverage	0.00** (0.00)	0.00** (0.00)	-0.08** (0.02)	0.00** (0.00)	0.00 (0.00)
Slack resources	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	-0.02 (0.02)
Sales growth	0.02 (0.02)	0.01 (0.02)	0.01 (0.02)	0.01 (0.02)	0.00 (0.00)
Tobin's Q	0.00† (0.00)	0.00† (0.00)	0.01** (0.00)	0.00† (0.00)	-0.00 (0.01)
Constant	0.02 (0.04)	0.04 (0.04)	0.03 (0.04)	0.04 (0.04)	0.04 (0.04)
Industry fixed effect	Yes	Yes	Yes	Yes	Yes
Firm fixed effect	Yes	Yes	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes	Yes	Yes
N	2,343	2,343	2,343	2,343	2,343
R-square	0.23	0.24	0.24	0.24	0.24

Robust standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, † p<0.1; two-tailed tests.

Table 4 Fixed effect models for the proportion of CSR alliances in the host country (unobservable societal sentiments as independent variable)

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
National animosity (unobservable societal sentiments)	0.09*** (0.02)	0.14*** (0.02)	0.14*** (0.02)	0.10*** (0.02)	
National animosity (unobservable societal sentiments) × Host country GPR		1.44*** (0.37)		1.09** (0.36)	
National animosity (unobservable societal sentiments) × MNV visibility			0.24*** (0.06)	0.20*** (0.05)	
Host country GPR	-0.14 (0.22)	-0.03 (0.22)	-0.15 (0.22)	-0.02 (0.22)	-0.82** (0.30)
MNV visibility	0.19*** (0.04)	0.20*** (0.04)	0.21*** (0.04)	0.22*** (0.04)	0.04 (0.13)
CSR performance	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.01*** (0.00)	0.21 (0.14)
Firm profitability	-0.26*** (0.06)	-0.27*** (0.06)	-0.19** (0.06)	-0.18** (0.06)	-0.00*** (0.00)
Firm size	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.12 (0.17)
Firm leverage	-0.01*** (0.00)	-0.01*** (0.00)	-0.01*** (0.00)	-0.01*** (0.00)	-0.17*** (0.02)
Slack resources	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.12 (0.10)
Sales growth	0.20*** (0.01)	0.20*** (0.01)	0.20*** (0.01)	0.20*** (0.01)	0.00 (0.01)
Tobin's Q	0.09*** (0.01)	0.09*** (0.01)	0.09*** (0.01)	0.09*** (0.01)	0.24*** (0.03)
Constant	0.27* (0.14)	0.26† (0.14)	0.27* (0.14)	0.26† (0.14)	2.94*** (0.75)
Industry fixed effect	Yes	Yes	Yes	Yes	Yes
Firm fixed effect	Yes	Yes	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes	Yes	Yes
N	2,343	2,343	2,343	2,343	2,343
R-square	0.32	0.33	0.33	0.34	0.34

Robust standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, † p<0.1; two-tailed tests.

Table 5 Negative binomial models for CSR alliances in the host country with fixed effect

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
National animosity (Political animosity)		0.12*** (0.03)			0.14*** (0.03)
National animosity (Political animosity) × Host country GPR			0.03*** (0.01)		0.02* (0.01)
National animosity (Political animosity) × MNV visibility				0.01*** (0.00)	0.01** (0.00)
Host country GPR	0.01 (0.02)	0.02 (0.02)	0.02 (0.02)	0.02 (0.02)	0.02 (0.02)
MNV visibility	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)
Total number of alliances	0.27† (0.14)	0.30* (0.14)	0.25† (0.14)	0.23† (0.14)	0.25† (0.14)
CSR performance	0.01 (0.02)	0.01 (0.02)	0.01 (0.02)	0.01 (0.02)	0.01 (0.02)
Firm profitability	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
Firm size	0.00 (0.00)	0.00† (0.00)	0.00† (0.00)	0.00 (0.00)	0.00 (0.00)
Firm leverage	-0.14 (0.10)	-0.13 (0.10)	-0.14 (0.10)	-0.15† (0.09)	-0.14 (0.09)
Slack resources	0.02 (0.03)	0.02 (0.03)	0.02 (0.03)	0.01 (0.03)	0.01 (0.03)
Sales growth	0.01 (0.04)	0.01 (0.04)	0.00 (0.04)	0.03 (0.04)	0.02 (0.04)
Tobin's Q	0.01** (0.00)	0.01* (0.00)	0.01* (0.00)	0.01* (0.00)	0.01* (0.00)
Constant	-0.01 (0.01)	-0.00 (0.01)	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)
Industry fixed effect	Yes	Yes	Yes	Yes	Yes
Firm fixed effect	Yes	Yes	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes	Yes	Yes
N	2,343	2,343	2,343	2,343	2,343
R-square	0.27	0.27	0.28	0.29	0.29

Robust standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, † p<0.1; two-tailed tests.

Table 6 Fixed effect models for the proportion of CSR alliances in the host country (analyst coverage as the measure for MNC visibility)

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
National animosity (Political animosity)		0.12** (0.05)			0.12* (0.05)
National animosity (Political animosity) × Host country GPR			0.07*** (0.02)		0.04* (0.02)
National animosity (Political animosity) × MNV visibility (analyst coverage)				0.02*** (0.00)	0.01* (0.00)
Host country GPR	0.07† (0.04)	0.08† (0.04)	0.09* (0.04)	0.08† (0.04)	0.09* (0.04)
MNV visibility (analyst coverage)	-0.01 (0.02)	-0.01 (0.02)	-0.00 (0.02)	-0.00 (0.02)	-0.00 (0.02)
CSR performance	-0.02 (0.02)	-0.03 (0.02)	-0.02 (0.02)	-0.02 (0.02)	-0.02 (0.02)
Firm profitability	-0.00† (0.00)	-0.00† (0.00)	-0.00 (0.00)	-0.00 (0.00)	-0.00 (0.00)
Firm size	0.00* (0.00)	0.00* (0.00)	0.00** (0.00)	0.00* (0.00)	0.00** (0.00)
Firm leverage	0.18 (0.17)	0.20 (0.17)	0.19 (0.17)	0.16 (0.19)	0.19 (0.18)
Slack resources	0.07 (0.05)	0.07 (0.05)	0.06 (0.05)	0.05 (0.05)	0.05 (0.05)
Sales growth	-0.01 (0.07)	-0.01 (0.07)	-0.01 (0.07)	0.04 (0.07)	0.02 (0.07)
Tobin's Q	0.01** (0.01)	0.01* (0.01)	0.01† (0.00)	0.01† (0.01)	0.01 (0.01)
Constant	-0.00 (0.01)	-0.00 (0.01)	-0.01 (0.01)	-0.01 (0.01)	-0.01 (0.01)
Industry fixed effect	Yes	Yes	Yes	Yes	Yes
Firm fixed effect	Yes	Yes	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes	Yes	Yes
N	2,343	2,343	2,343	2,343	2,343
R-square	0.27	0.27	0.28	0.28	0.28

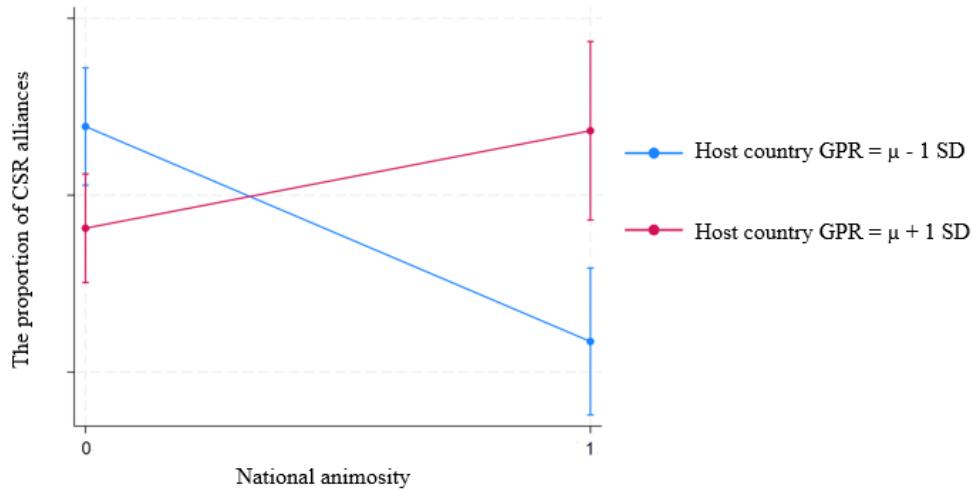
Robust standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, † p<0.1; two-tailed tests.

Table 7 Fixed effect models for the proportion of CSR alliances in the host country (political affinity as the independent variable)

Variables	Model 1	Model 2	Model 3	Model 4	Model 5
Political affinity		-0.13*			-0.13*
		(0.05)			(0.05)
Political affinity × Host country					
GPR			-0.06**		-0.04*
			(0.02)		(0.02)
Political affinity × MNV visibility				-0.01***	-0.01*
				(0.00)	(0.00)
Host country GPR	0.04	0.05	0.06†	0.05	0.06†
	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)
MNV visibility	-0.00	-0.00	-0.00	0.00	-0.00
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
CSR performance	-0.01	-0.01	-0.01	-0.00	-0.01
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Firm profitability	-0.00*	-0.00*	-0.00†	-0.00*	-0.00†
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm size	0.00*	0.00*	0.00*	0.00†	0.00*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Firm leverage	-0.00	0.02	0.01	-0.02	0.02
	(0.23)	(0.23)	(0.23)	(0.25)	(0.23)
Slack resources	0.04	0.04	0.03	0.02	0.02
	(0.05)	(0.05)	(0.05)	(0.05)	(0.05)
Sales growth	-0.02	-0.02	-0.02	0.02	0.00
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Tobin's Q	0.01*	0.01*	0.01†	0.01	0.01
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Constant	0.00	0.00	-0.01	-0.01	-0.01
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Industry fixed effect	Yes	Yes	Yes	Yes	Yes
Firm fixed effect	Yes	Yes	Yes	Yes	Yes
Year fixed effect	Yes	Yes	Yes	Yes	Yes
N	2,343	2,343	2,343	2,343	2,343
R-square	0.16	0.17	0.18	0.19	0.19

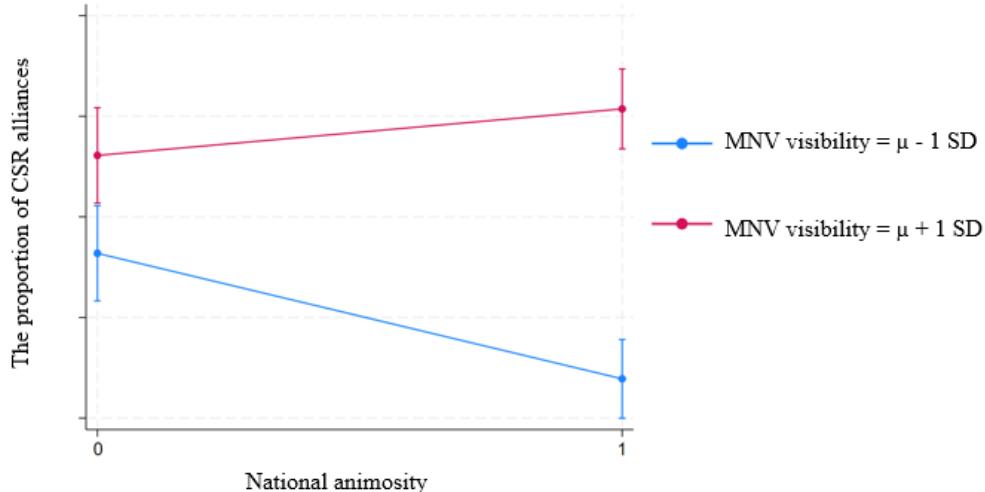
Robust standard errors in parentheses. *** p<0.001, ** p<0.01, * p<0.05, † p<0.1; two-tailed tests.

Figure 1 Moderating effect of host country GPR



Note: Predictive margins with 95% confidence intervals

Figure 2 Moderating effect of MNC visibility



Note: Predictive margins with 95% confidence intervals