

## **Multinational Enterprise Strategies for Addressing Sustainability**

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# **Title: Multinational enterprise strategies for addressing sustainability: the need for consolidation**

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## **Abstract**

This paper examines the growing number of publications on multinational enterprise management of sustainability issues. Based on an integrative literature review and thematic analysis the paper analyses and synthesises the current state of knowledge about main issues arising. Key issues identified include: choice of sustainability strategies; management of the views of headquarters towards sustainability; local cultural sustainability perspectives in developed and developing host countries; MNEs with home in developing/emerging countries; and resource availability for implementing sustainability initiatives. Findings indicate that although the literature is tending towards growing acceptance about sustainability and its challenges most researchers have focused on corporate social responsibility and investigate their own niche problem, industry, and country, using their own chosen theory and do not consider the need for consolidation and integration of social, environmental and economic performance. Avenues for future research are identified which will provide a means for the ethical foundations of theory and practice to be improved.

## 1. Introduction

Challenges to planetary boundaries and associated ecological and social crises are confronting the global community on an almost daily basis. Sustainability is now accepted, at least in principle, as a crucial requirement that business organisations should address moving forward (e.g. Lacy et al., 2012; Hayward et al., 2013; Yin & Jamali, 2016). For many years multinational enterprises (MNEs) have been criticised as being one of the primary institutions contributing towards ‘unsustainability’ in terms of impacts on society and the environment (Linnenluecke and Griffiths, 2013; Salzmänn et al., 2005; Shrivastava, 1995; Schaltegger and Burritt, 2018). The heightened level of criticism has led numerous stakeholders such as governments, NGOs, intergovernmental organisations and consumers to demand MNEs clean up their act and refocus their efforts away from short-term economic gain and towards long-term sustainable activity.

How such a long-term perspective, balancing the needs of society and the environment with economic aspects of MNE activities, can best be built from both theoretical and practical standpoints not only remains an open question, but its resolution is of critical importance to the future of all involved. Understanding the role of MNEs is crucial and cannot be delayed. Indeed, it is this matter that lies at the heart of the study presented here.

The meaning of sustainability in business settings is subject to debate (Haugh and Talwar, 2010; Yin and Jamali, 2016). Environmental management, corporate responsibility, corporate social responsibility and corporate sustainability are all terms used, sometimes synonymously and sometimes with different meanings, within the literature (e.g. van Marrewijk and Werre, 2003; Garriga and Melé, 2004; Bansal and Song, 2017). Orlitzsky et al. (2003) examine a broad concept of CSR in the context of corporate social performance and also find there to be little evidence of the importance of trade-offs between the social and environmental which are highlighted by need for integration embedded in the sustainability concept. Scherer and Palazzo (2011, p. 922) indicate an awareness of the broader notion of sustainability when they refer to CSR as “an umbrella term for the debate on the role of business in society” and include social and environmental issues, but the importance of integration does not feature in their research. With the exception of specialised journals on ethics (e.g. on responsible leadership, see Pless and Maak, 2011) until the last few years sustainability received little attention in general management journals (Kolk and van Tulder, 2010). It should be noted that responsible leadership theory as research into the micro-foundations of CSR does explicitly build on an integrative understanding of social, environmental and economic performance (Maak and Pless, 2006; Pless et al., 2012). In particular the notion of an integrator is to the fore; someone who balances the needs of different stakeholders (Pless et al., 2012).

While CSR was originally interpreted fairly narrowly in International Business journals that looked historically at corporate social responsibility (CSR) (Pisani et al., 2017) sustainable development has emerged as a more recent topic of investigation and discussion on the corporate level, including multinational companies (Doh et al., 2016; Kolk, 2016; Kourula et al., 2017). It has become increasingly understood that when applied to corporate entities sustainability incorporates three perspectives: an economic, an environmental and a social (Haugh and Talwar, 2010) and issues associated with their

integration. In the context of sustainability, an organisation must improve performance along all of these dimensions and, apart from improving its own operations and products, contribute to sustainable development of markets and the society (e.g. Schaltegger et al., 2018).

When applied to a single business entity operating in a single setting sustainability management is complex. It then follows that as business structures become more complex understanding what it means to operate sustainably will be even more difficult. This is especially true when dealing with MNEs as they operate across national borders in a range of different contexts and face a myriad of location-specific issues (Shapiro et al., 2018). MNE structures can involve wholly owned subsidiaries, joint ventures with companies in host countries, or complex supply chain relationships. With some MNEs generating cash-flows that exceed the gross domestic product of developed countries, these organisations are influential institutions impacting both the home and host countries in which they operate (Amba-Rao, 1993).

In the past, there has been substantial interest in the negative and often unethical aspects of multinational business activity. As noted by Jamali (2010, p. 183), MNEs have often acted against the interests of host countries by “outsourcing dirty operations, sourcing labour below subsistence pay levels, and fostering poor working conditions while taking advantage of the lax social and environmental standards in foreign countries where they set [up] shop”. This perspective implies a ‘race to the bottom’ and unacceptable behaviour. Yet MNEs are also capable of improving conditions via employment and community programs and the transfer of cutting-edge technologies and organisational best practice that might otherwise be unavailable (e.g. Málovics et al., 2008). As the focus on sustainability increases, there is additional pressure for MNEs to ensure the ledger moves clearly in favour of positive outcomes for sustainable development.

Notwithstanding the fact corporate sustainability has been recognised as a legitimate business concern for MNEs for more than 15 years (Orlitzky et al., 2003; Walsh et al., 2003), to date there is little agreement concerning the ways in which sustainability is managed in this complex setting and the combination of strategies that will deliver the best results, socially, economically and environmentally. Key concerns revolve around the relationship between head office and subsidiaries or joint ventures located in other countries which might have very different cultures, regulatory requirements and institutional settings. Should and do the head offices of MNEs dictate the strategy to be followed by their subsidiaries or is a more local approach required? MNEs have more economic and political power than small and medium enterprises (SMEs) and the focus of CSR or corporate sustainability should be on how they operationalise it in business practice and not on philanthropic contributions (Weyzig, 2009). Although an increasing cohort of academics is beginning to take an interest in this area, the existing literature is diverse and unsystematic in the way in which it has developed. The purpose of this paper is to consolidate what is known, using an integrative literature review, and by identifying themes, areas of disagreement and issues unaddressed to develop a research agenda that will allow a deeper understanding of MNEs’ management of sustainability which will be useful for development of theory while also having potential to guide good practice. In doing so, the following research question will be considered:

*How does the literature suggest MNEs are strategically addressing sustainability issues in home and host countries?*

In answering this question, the paper responds to calls for additional research into the broader societal and sustainability dimensions of MNE strategy across geographic, cultural and institutional distance and provides a catalyst for new projects in this area of increasing importance (Beddewela and Fairbrass, 2016; Kolk, 2010). An answer to this question is also needed if sustainability research in the international business literature is to move towards the next stage in its development.

The rest of the paper is arranged as follows. Section 2 outlines the research method. This is followed by Section 3 in which the main themes identified from the relevant literature are discussed. The areas of agreement and disagreement in the literature are then discussed and research opportunities highlighted in Section 4. The paper concludes by summarising findings and the implications for practice.

## **2. Research method**

The research method involved two stages: data was collected using an integrative literature review based on purposive snowball sampling and the method of analysis in relation to the integrative review involved the use of qualitative, thematic techniques. Torraco (2005) identifies that the aim of an integrative review is to examine, criticise and synthesise representative literature on a topic in an integrated way leading to the generation of new frameworks and perspectives. Yorks (2008, p. 139) recognises an integrative literature review can provide a catalyst for theoretical development in a discipline where existing theory does not bring new and interesting questions to light and the literature is addressed in a “new and provocative way”. The purpose in this paper is to synthesise the current state of knowledge about MNEs and their sustainability strategies and to identify the future challenges for academic research flowing from the analysis of the literature, with implications for development of theory and practice.

Torraco (2005, 2016) highlights that conceptual structuring is important when seeking to undertake an integrative literature review. This may involve the use of a guiding theory, a set of competing models or another appropriate method. An early decision was made to structure the review presented here around existing models of the different strategic relationships that can exist between head office and subsidiaries in MNE networks. This ensured the review was embedded within the existing knowledge of MNE strategies evident from the international business literature and provided a degree of structure in the early stages of the project.

In order to assess the extant MNE sustainability strategy literature it was necessary to identify relevant articles from what was a potentially very large set. Access to relevant sources was sought via Google Scholar. Google Scholar is a useful source for this purpose as it does not favour one publisher over another and the focus is not on detailed citation counts for ranking but on content related keywords. In addition, when identifying *themes* a broad base of journal articles which might be relevant is advantageous with evidence suggesting Google is at the upper end compared with Web of Science and Scopus (Meho and Yang, 2007). The initial search terms used included “MNE”, “MNC”, “sustainability”,

“strategy” and “strategies”, “home country” and “host country”, but proved to be problematic as it tracked an unmanageably large number of hits across too wide a range of issues. This was in part due to the generic nature of the search terms. For example, the word ‘sustainability’ also picked up papers related to sustainable growth that were not relevant to the study.

With this problem in mind, a protocol was used to synthesise ideas and to work towards recognition of themes emerging until saturation was reached and resources fully consumed. This process involved identifying key, seminal papers relevant to the topic and tracing subsequent publications in which these articles were cited using Google Scholar’s ‘cited by’ feature. This allowed identification of potentially relevant articles through a search of titles and abstracts. These steps were then repeated with the articles subsequently identified. The process continued until a saturation point was reached at which no new information was forthcoming. While it is possible that the decision to cease data collection at this time may have resulted in certain relevant articles being overlooked, this approach is supported by prior research (e.g. see Lemke and Luzio, 2014; Timur and Getz, 2009).

Literature identified covered a period from the year 2000 (see full list in Table 1). As the purpose of the review was to undertake an as comprehensive as possible analysis of available literature in this area, the research team did not discriminate against articles based on the journal in which the contribution was published. This decision is supported by the cross-disciplinary nature of study which considers the relationship between sustainability and MNE strategy. Furthermore, given the broad nature of the research objective, the decision was made not to rule out articles based on the research design or whether the study was quantitative or qualitative in nature.

--Insert Table 1 about here--

The data collected was analysed using a qualitative, thematic analysis. The purpose of thematic analysis is to minimally organise and describe the data, while also interpreting different aspects of the research topic (Braun and Clarke, 2006, Neuman, 2006). The method is suitable for virtually any type of data and can be used to capture both manifest and latent meaning (Clarke and Braun, 2018). Identification of themes involves searching for repeated “patterns of meaning” across the different articles in the dataset (Braun and Clarke, 2006, p. 86). As noted by Braun and Clarke (2006) in their article on constructing thematic analyses, this process requires flexibility and judgment as rigid rules might generally lead to the omission of important themes and aspects. The thematic analysis was inductive which means it was data driven and not limited by the preconceptions of the research team. That said, in line with the conceptual structuring outlined earlier, care was taken to ensure evidence about the different strategic relationships that exist in MNE networks. However, no preconceptions were held regarding what the research would reveal in relation to sustainability in the context of the broader conceptual setting; sustainability-related aspects of the analysis were entirely inductive. In undertaking the analysis, the basic procedure outlined by Braun and Clarke (2006) was followed with the data coded from which themes were then identified. Thus a full PDF of each publication was obtained and searched for relevance and potential themes. Relevant passages in each publication were identified, extracted and cut and pasted into an accumulating searchable electronic file of reviews until saturation was reached in

relation to themes, areas of agreement and disagreement, and gaps identified. In addition, all extracts accumulated from articles recorded on the main electronic file were read by another author in parallel confirming, or disconfirming, relevance of the themes identified to the research question.

### **3. Analysis of Literature**

Based on the literature review, which is discussed in the following section, two main streams can be distinguished in the existing literature relating to MNE sustainability strategies in home and host countries (Table 2).

--Insert Table 2 about here--

The first stream addresses influences from offices in industrialised countries on offices in developing countries. These include four main themes: movement from CSR to sustainability, choice of sustainability strategies, management imperatives of the head office towards sustainability, and resource availability for sustainability initiatives in home countries. The second stream includes influences from offices in developing countries on offices in industrialised countries. These also include three main themes: local cultural imperatives of subsidiaries in host countries, MNEs with home in developing/ emerging countries, and resource availability for sustainability initiatives in host countries. Each theme is considered in turn followed by identification of areas of disagreement and gaps in the literature relating to how MNE strategies do and should address sustainability. As the resource availability for sustainability initiatives affects both home and host countries both streams are presented in Section 3.3.

#### ***3.1 Stream 1 - influences from offices in industrialised countries***

##### ***3.1.1 From CSR to sustainability***

A key area that emerges from existing literature is the way in which sustainability, or the elements of sustainability, have been conceptualised and utilised in different studies (see Table 3). Concepts of sustainability differ between studies and are inconsistent (Hah and Freeman, 2014; Husted and Allen, 2006; Muller, 2006), meaning that until there is general agreement over definitions the notions of global integration and local responsiveness strategies and their advantages and disadvantages remain vague, making fair and ambitious sustainability practice hard to distinguish from rather superficial approaches. Some studies still do not define the terms used (Forcadell and Aracil, 2017) thereby continuing confusion over whether sustainability, Corporate Responsibility (CR), or CSR is the focus and what the difference might be (Bansal and Song, 2017).

--Insert Table 3 about here--

Many studies adopt their own definitions as the foundation for research. For example, in a setting that examines MNE corporate sustainability practices in emerging countries Hah and Freeman (2014) acknowledge the “lack of theoretical consensus on how multinational enterprises (MNEs) should implement corporate social responsibility (CSR) to build legitimacy” (p. 125). They then propose a

preliminary conceptual framework based on development of propositions assuming the view that “CSR is defined as instances where a firm goes beyond the firm’s interests and legal compliance to engage in activities that are able to advance social good” (Hah and Freeman, 2014, p. 128). What instances and which activities being referred to are unspecified but critical for an MNE aiming to develop sustainability strategies. Hah and Freeman’s (2014) case strategy is based on problems with how best to transfer institutional logics from home to host countries in the face of cultural differences. In contrast Jamali (2010) recognises that CSR strategies of MNEs have received scant attention in the literature and proposes a new theoretical framework based on three CSR dimensions: motivations, decision making and explicit manifestations. These are applied to 10 case studies in the Lebanon while acknowledging “the vagueness of the concept of CSR itself which remains highly elusive and contested” (Jamali, 2010, p.182).

Conceptualisation problems beset the empirical literature because corporate sustainability has to be defined and measured in the process of developing messages about the net benefits of different strategies. Prior to investigation of strategy a stance needs to be taken on what represents corporate sustainability, CSR or the environment. Definitions of CSR and corporate sustainability differ greatly in empirical work, from the narrow to the broad. Specific foci include Haugh and Talwar’s (2010) emphasis on employee training and development programs; Christopherson and Lille’s (2005) labour standards; Lam’s (2009) corporate citizenship development; through to Reddy and Hamann’s (2018) focus on black empowerment in South Africa. While the granularity of such studies promotes development of knowledge of MNE sustainability strategies in each of these focused settings, the broader understanding of sustainability strategy mostly remains ill defined.

Some empirical research expands the conceptual scope and includes environmental issues along with social matters of interest. For example, in early research Muller (2006) takes a multi-dimensional approach to measurement and examines female employment, union membership and CO<sub>2</sub> emissions, renewable energy use, recycling, environmental awareness training and vocational training. Brammer et al. (2006) co-temporally include measures of community performance, environmental performance and employee performance. Chen and Bouvain (2009) and Altuntas and Turker (2015) focus on sustainability reporting about the four dimensions of the United Nations Global Compact: human rights, labour, environment, and anti-corruption. Nonetheless, in these studies there is no attempt to address integrative issues of sustainability *per se*.

Recent empirical research looks to include all three aspects of the triple bottom line of sustainable development. Escobar and Vredenburg (2011) view sustainability strategies as simultaneously seeking economic, social and environmental benefits. They analyse annual reports of four major oil and gas MNEs from 2000 to 2005 and while observing that “Sustainable development pressures vary according to the idiosyncrasies of each industry” Escobar and Vredenburg (2011, p. 41) find there are both global and business unit emphases within sustainable development strategy based on ecological footprint, stakeholder engagement, and development of new products as well as increased efficiencies. Brown and Knudsen (2012, p. 1) likewise take a broader view and examine corporate sustainability in the pharmaceuticals industry as balancing economic, social and environmental considerations “so as to



maximise efficiencies from globalization and to minimise the fragmentation of corporate organisational cultures”.

Knowledge about how MNEs manage their sustainability strategy is checked by these diverse notions of how sustainability is envisaged, in particular the granular approaches taken to aspects of CSR, meaning that the integration aspect of sustainability is yet to be considered. As conceptual frameworks behind the literature on sustainability and MNE relationships in home and host countries exhibit considerable diversity, implications for what would be good strategy in a comprehensive sustainability setting remain for consideration in future research, which could draw on key frameworks and distinctions proposed in the sustainability management literature (e.g. Dyllick and Hockerts 2002; van Marrewijk, 2003; van Marrewijk and Wempe, 2003; Schaltegger and Burritt, 2005).

Movement in the literature from CSR, to CR, to sustainable development, to sustainability strategies has been a lengthy process, with authors still using all these terms in their research. While it would be helpful for awareness of the differences between these concepts to be agreed upon by researchers before they choose their individual research focus it might take an initiative such as the UN Sustainable Development Goals (SDGs) to be the catalyst for such movement to occur. Sometimes the literature interprets CSR in a narrow way to focus on social responsibility (Campbell et al., 2012; Duran and Bajo, 2014; Rathert, 2016). Duran and Bajo (2014) argue for the term CR instead of CSR. They suggest “CR is a more accurate term, and it embraces the three dimensions of sustainability: economic, environmental and social criteria” (Duran and Bajo, 2014, p. 301). While a useful observation, this has not stopped authors using the term CSR to address these and other criteria (Famiola and Adiwoso, 2016). Also such a definition of CR is similar to a triple bottom line view on sustainable development (Yin and Jamali, 2016). Nevertheless, as the essence of sustainability goes beyond the triple bottom line to include addressing the interaction and possible trade-offs between social, environmental and economic performance, a clear gap exists, pointing the necessary direction for future research foundations, and the importance of sustainability strategies.

### *3.1.2 Choice of sustainability strategies.*

Literature provides a mixed picture of whether MNE sustainability strategies should be focused on global circumstances, or whether local considerations should dominate. A global sustainability strategy establishes a unified, centralised, common standard for operational performance in markets throughout the world (Bartlett and Ghoshal, 1989) applicable to MNE subsidiaries, joint ventures, suppliers and contractors (Tan, 2009). This means in practice that regions might be subject to the imposition by head office of global sustainability strategies with negative and/or beneficial impacts. The polar extreme is a local, decentralised, or fragmented sustainability strategy where operations in different host countries fully respond to local context, culture and regulations (Muller, 2006). While it has been argued a global standardisation strategy can lead to efficient transmission of sustainability practices to subsidiaries and to consistent and comparable results across the business, a local adaptation strategy has the advantage of considering specific ecological and social issues and motivating better performance through local ownership and legitimacy (Muller, 2006). Kolk and Perego (2010) studied an international panel of 212

Fortune Global 250 companies, and found a direct link between stakeholder orientation, governance enforcement regime in the country and adoption of a sustainability assurance statement.

The literature suggests early emphasis of MNE sustainability strategy was on these polar global and local extremes before three more recent strategies appeared to be more balanced with regard to local and global interests combined. The new focus involves 'glocal' (Arenas and Ayuso, 2016; Chaudhri, 2006; Jain and De Moya, 2013), 'transnational' (Bartlett and Ghoshal, 1989; Bondy and Starkey, 2014; Brown and Knudsen, 2012; Husted and Allen, 2006; Ruud, 2002) and 'regional' strategies that combine elements of both the global and local approaches. A glocal strategy balances central sustainability standards, for example, standardised issues of global concern such as planetary environmental issues, health, and education, with interpretation and resolution in a locally sensitive manner (Jain and De Moya, 2013). The transnational sustainability strategy, promotes an iterative process: global standardisation to increase administrative efficiency and cost competitiveness, local adaptation to the cultural, social, and environmental aspects of host countries, and feedback through the dynamics of global learning and global application of local experiences (Cruz and Boehe, 2010). However, as emphasised by Barkemeyer and Figge (2014) and Arenas and Ayuso (2016) notwithstanding their different labels, glocal and transnational are very similar strategies through which to apply sustainability practices. Considering local fairness and ecological issues is mainstreamed as an integral part of strategy. Regional strategies also bring global and local together in this richer way.

A second tendency that can be observed in the literature is that forces moving MNEs towards the more extreme strategies have again emerged. Global headquartering strategy suggests a push towards the dominance of global standards (Barkemeyer and Figge, 2014) while a revised view of the critical importance of local cultural traits which acknowledge a substantively different attitude towards Western perspectives on social responsibility is also emerging (Barsoum and Refat, 2015). Indeed, Barkemeyer and Figge (2015) argue glocal and transnational strategies have failed to integrate sustainability management strategies aimed at greater efficiencies for business with those resulting in improvements for the locally vulnerable. What emerges from the literature is a set of strategies about which there are different normative opinions as to which is best for MNEs and society. Evidence with regard to how each works in practice in a range of different settings, however, remains underdeveloped.

Finally, given that most MNEs do not operate throughout the world but in different regions, a third tendency is that a common regional sustainability strategy may be instituted by an MNE to mediate between global and local strategies. For example, Gruber and Schlegelmilch (2015) examine investments of MNEs from developed economies in Africa and find fairly autonomous strategising regional headquarters with their own cultural traits are often located in the Middle East. Likewise, Sharfman et al. (2004) observe significant differences between region-specific stakeholder preferences for social performance and for region-specific social issues in economic trading groups such as the European Union (EU), the North American Free Trade Association (NAFTA), and the Association of South East Asian Nations (ASEAN). However, regional influences are under-researched creating a need to compare actual autonomy, authority and responsibility allocated by headquarters to subsidiaries in host countries, with

the requirements of regional headquarters in developing corporate sustainability programs (Gruber and Schlegelmilch, 2015).

An advantage of glocal, transnational and regional strategies is the ability to gain knowledge from managers who are close to local and regional markets and thereby obtain location-based competitive advantages (Jamali, 2010). This should be of benefit to the whole organisation by encouraging innovations in local knowledge which lead to continuous improvement in global standards (Morand and Rayman-Bacchus, 2006). To promote fairness and respect such local knowledge should be captured and where appropriate transferred to and be of benefit to other parts of the MNE (De Chiara and Russo Spena, 2011; Pereira and Amatucci, 2014). Furthermore, the willingness to implement a certain strategy and sustainability measures may be increased by explicitly considering local circumstances.

Yang and Rivers (2009) link the issue of legitimacy to MNEs' propensity to apply home or adapt host country CSR practices. MNEs are likely to adapt local practices to gain legitimacy where the institutional environment of the host country is different, and stakeholders are demanding. This strategy is also appropriate if the parent company suffers from legitimacy problems at home or internationally. However, if the subsidiary is strongly connected to the head office, then seeking internal legitimacy may outweigh external legitimacy, and the company would be less likely to adapt host country local CSR practices.

The theme of legitimacy is also explored by Husted et al. (2016) who find a relationship between CSR certification and distance. Studying automotive suppliers in Mexico, the authors find that MNE subsidiaries adopt national certification to overcome the liability of foreignness, whereas domestic firms seek global certification to help them overcome the disadvantage of localness (Husted et al., 2016). Administrative distance, along with MNE subsidiary size, and experience in the host country also influence MNEs motivation to commit to CSR in emerging economies (Reimann et al., 2015). Reimann et al. (2015) find that the greater the administrative distance between MNE's home and the subsidiary host countries, the lesser the subsidiaries' commitment to CSR in the emerging economy. However, this is dependent on the size of the subsidiary, with greater commitment to CSR found among larger MNE subsidiaries (Reimann et al., (2015).

But while MNEs face country level CSR requirements, there has been a greater push towards harmonisation of global CSR standards. Analysing the CSR reports of a sample of top 250 firms listed in the Fortune Global list, Fortanier et al. (2011) find that global standards and guideline not only increase the level of CSR reporting, but also reduce the role of domestic institutions that shape CSR practices. This suggests the adoption of global standards may in the future lead to greater harmonisation of sustainability practices and reporting.

Furthermore, given the narrow CSR specific focus of much research extant evidence does not draw attention to systematically understanding strategy in any particular industry as Table 3 illustrates. Two or more studies only occur in automotive, banking, chemicals, oil and gas and retailing leaving considerable scope for research into MNE home and host sustainability strategies in industries in which

clusters of environmental, social and economic sensitivities conglomerate and where trade-offs might be needed.

### *3.1.3 Sustainability imperatives of head office*

For effective implementation of an MNE's sustainability strategy literature recognises the essential need for different levels of formal and informal authority to be allocated to managers concerned with sustainability in home and host countries. Epstein and Roy (2007) see this as a challenging task to be led by top management supporting the view that environmental and social performance are of critical importance throughout the organisation. The question then becomes how much authority should be delegated to managers in subsidiaries under the different strategies and what structures to adopt.

With a global strategy little formal authority is delegated, decisions and standards are centralised, and hierarchical means of control over implementation by subsidiaries is instituted (Lam, 2009). Structural arrangements to bring about successful implementation of centralised strategy are complex in cases where multiple geographic locations and multiple industry segments exist (Epstein and Roy, 2007). Such complexity is increased in the context of global, transnational, regional and local sustainability strategies because authority is delegated to local managers who consult with headquarters on strategy (Hah and Freeman, 2014) but adjust for local circumstances which can lead to fragmented and ad hoc decision making (De Chiara and Russo Spena, 2011; Muller, 2006). At the extreme, local, decentralised strategy is still guided by headquarters and the strength of such guidance depends on the specific sustainability issue of concern. Sharfman et al. (2004) argue that with environmental performance, as firms increasingly realise that potential competitive advantages can be obtained, a central approach might be expected, such as in relation to the imposition of environmental management systems on subsidiary managers. The implication is that the MNE headquarter will decide which particular sustainability issues it sees as critical and which can be delegated to managers of subsidiaries who then will be held accountable. The result is that decision making infrastructure is needed to address the range of sustainability sub-strategies some global, some engaging the local, but most involving a combination of the two. With such structures in place learning within the MNE can take place to improve performance over time with the strength of home and host stakeholder views taken into account depending on the issue (Cruz and Boehe, 2010).

Literature also discusses the mechanisms by which sustainability strategies can be implemented. These are assisted by the development of new electronic communication technologies which network all managers in an MNE, whatever their level or geographic location (see Chudnovsky and Lopez, 2003). This growing practical reality runs somewhat counter to the mixed evidence about geographical distance raised by Campbell et al. (2012) and Jamali (2010). Campbell et al. (2012) find support in the US banking sector between 1990-2007 for the hypothesis that the greater the distance between the home and host countries, the lower the likelihood of the foreign affiliates engaging in CSR in the host country. In contrast Jamali (2010) argues that the corporate sustainability team at headquarters may not be able to pay much attention to the genuine impact of strategy on society in the target country because of geographical and cultural distances between the home and host countries. Nevertheless, Jamali's (2010)

interviews of managers of MNE subsidiaries in the Lebanon indicated geographic distance presented no problems for coordination of global and local sustainability strategies “because of virtual teams and electronic patterns of communication” (p. 194). However, the same may not be said for countries where reach of the internet is limited, or restricted by state policy. It remains to be established by further research whether geographical distance which might be overcome effectively by new information technologies and whether it works for influences from headquarters to subsidiaries, or also the other way around.

### ***3.2 Stream 2 - influences from offices in developing countries***

#### ***3.2.1 Local cultural imperatives of subsidiaries in host countries***

Local cultural considerations are also a concern in the literature addressing MNE sustainability strategies. Cultural differences may affect perceptions of the best MNE sustainability strategy to adopt. Duran and Bajo (2014, p. 303) state “Culture is a set of shared values, goals, attitudes, and practices that characterise a group of people, institutions, and organisations, and these values and attitudes vary in important ways around the world”. While MNEs attempt to create a strong organisational culture that transcends national boundaries, studies by Hofstede (1980) in which he analyses the data from IBM’s middle managers across their global subsidiary network, and the Global Leadership and Organizational Behavior Effectiveness (GLOBE) (House, et al., 2004) demonstrate that national culture influences the way managers and employees respond to various issues and challenges.

Husted (2005) argues that in addition to economic reasons to deal with environmental sustainability, a country’s national culture should be considered in any discussion related to the issue. Using Hofstede’s dimensions of culture, the study found relational evidence between power distance, individualism, and masculinity-femininity dimensions and a country’s social and institutional capacity for sustainability (Husted, 2005). Vachon (2010) studied the linkage between national culture and corporate sustainable development practices in 55 countries and found two of Hofstede’s national culture dimensions (high degree of individualism and uncertainty avoidance) are linked to a higher degree of sustainable practices by corporations.

Miska et al. (2018) use the cultural dimensions from the GLOBE project to predict sustainability practices. Using data from 1924 companies in 36 countries and nine cultural clusters, the study finds a positive relationship between future orientation, gender egalitarianism, uncertainty avoidance, and power distance on corporate sustainability practices, whereas performance orientation practices have a negative impact on sustainability practices.

Two generic cultural perspectives are brought together in an MNE, those universalistic principles evident in the home country, termed “hypernorms” which transcend cultures (Bondy and Starkey, 2014), and cultural traits in host countries. A key concern is whether home and host culture views of sustainability issues are complementary or competitive as this influences the strategy used and mechanisms needed for implementation. Cultural distance between home and host countries may differ with each issue, each industry, each country and each region but a hypernorm might override these. In the cut and

thrust between MNE headquarters and local cultural considerations Bondy and Starkey (2014) suggest that, although problematic in practice, conceptually hypernorms can transcend local cultural values to ensure balanced inclusion of universal and local values in blended global and local sustainability decision making strategies. To check the process Scherer (2015) suggests building on discourse ethics to understand the logical, rational argumentation by which the norms are agreed and conflict overcome, although new problems will need new norms to be developed for successful blended decision making. Brenkert (2018) objects that such peaceful outcomes founded in understanding practice and the rational moral changes required do not eventuate, with the result that insuperable tensions from local cultural considerations remain.

One tension, often unspoken in the literature, is that home country culture can be subsumed within the notion of universal standards and global strategy which is rolled out across all MNE units – subsidiaries, joint ventures, suppliers, etc. (Bondy and Starkey, 2014). Bondy and Starkey (2014) in a study of 37 MNEs found little attention paid to local cultural norms, implying an unfair calculus is being used by MNEs when developing and implementing sustainability strategies. This does not have to be the case as it depends on whether stakeholders are involved in the process through which universalistic standards are developed. A formal global strategy can be complemented by an emergent local concern leading to a global strategy stemming from meaningful local participation “through such things as including representatives from different countries or communities in the development of their global CSR policy” (Bondy and Starkey, p.14; Pinkse and Kolk, 2012). Somewhat in contrast, Jain and De Moya (2013, p. 212) argue for a glocal approach to corporate sustainability which “rejects cultural imperialism and thereby top-down hegemony and encourages multinational enterprises to adopt a bottom-up CSR strategy that is sensitive to local contexts and accommodates local culture.” In this process, whether bottom-up, top down or through both based on a twin-track approach (Schaltegger and Burritt, 2010), it will become apparent whether and how some goals, such as improved environmental performance common to different cultures and key to inter-generational equity and staying in the space of planetary boundaries, can best be built into strategy (Sharfman et al., 2004). Such matters are barely touched upon in contemporary research publications.

Brown and Knudsen (2012) consider Hofstede’s research into the consequences of culture where national cultural differences are seen as determinants of corporate sustainability, for example through an individualistic market-based approach of people in the US or a social approach typical in European countries (e.g. Matten and Crane, 2005). Matten and Crane (2005) argue that corporations have replaced state administration of citizenship especially where government has not taken up such administration particularly in developing countries. In these circumstances corporations act as a provider, enabler of, and channel for, citizen’s rights. Such traits could encourage MNEs to recognise and identify cultural distance between home and host countries when deciding upon their sustainability strategies. Literature indicates some aspects of national culture, such as bribery and corporate corruption, are frowned upon as they affect ethics adopted by MNE home and/or host managers (e.g. Tan, 2009; Tan and Wang, 2011). They can lead to acceptance of ethical relativism and conditioning of Western managers to agree to what is regarded as unethical behavior in home countries if business is to survive overseas (Tan, 2009). Axinn et al. (2004) studied the perceived importance of ethics and social

responsibility among MBA students in the United States, Malaysia and the Ukraine. They found that culture affected both values and ethics (Axinn et al., 2004), and conflict between contrasting cultures is seen to drive the way corporate sustainability strategy is implemented.

Corporations also develop and preserve their own cultures and embed them in their MNE strategies as home and host organisations interact dynamically over time (Epstein and Roy, 1998). Cruz and Boehe (2010, p. 258) in a case research of a French multinational and its Brazilian subsidiaries recognize corporations have embedded CSR as part of their internal culture and “integrated sustainable development into their internal operational and managerial routines.” Related organisational learning looks for contributions which will translate local sustainability wins into global sustainability strategy (Haugh and Talwar, 2010). The aim is to gain legitimacy by bringing together divergent expectations of different cultures in which subsidiaries are located while recognising the tensions between standard practices in one country which are not seen as ethical in another (Tan and Wang, 2011). As local cultures are being more heavily exposed with trade routes and economies being heavily reconfigured and business in regions such as Africa and South-East Asia rapidly expanded, there is some urgency in systematically examining MNE sustainability strategies to consider equitable mixes of local and global perspectives on sustainability, especially integration aspects which are largely ignored in the literature. Ongoing research into the theoretical and practical processes of resolution in these circumstances is essential, Brenkert (2018) suggesting that understanding visible and invisible forms of power holds the key.

Filatotchev and Stahl (2015) provide a seminal paper on MNEs balancing global and local requirements (glocal or transnational) in a sustainability (termed CSR in their paper) context. The focus is on global integration in relation to pillars of sustainability rather than recognizing the interdependence between these pillars and what this might mean for sustainability strategy, such as trade-offs and ways to overcome these through innovation. Instead, emphasis is placed on appropriate governance control and incentive systems as the means to achieve sustainable development, with the conventional top management perspective focusing on sustainability and lower level managers being motivated conventional economic and financial goal. Although these arguments are already well rehearsed in the sustainability management control literature (Figge et al., 2002; Gond et al., 2012; Schaltegger, 2011; Schaltegger et al., 2015), the dynamics of changes in sustainability strategy relative to strategic sustainability control remain research in progress.

### *3.2.2 MNEs with home in developing/ emerging countries*

With a growing number of MNEs being based in developing or emerging economies attention is beginning to be directed towards possible differences in sustainability strategies depending on the location of headquarters (Doh et al., 2016). Four main possibilities reflect the location of MNE headquarters and location of subsidiaries in either home or host countries as shown in Figure 1. The vast majority of studies are of situations where the MNE's home country is in a developed country, and the host MNE subsidiary is located in an emerging or developing country (depicted as setting A in Figure 1). Nevertheless, recent attention has been paid to setting B, with MNE headquarters located in a

developing or emerging country and subsidiaries in developed countries. Although only a few studies of have been undertaken of setting B, with home in a developing country and host in developed countries, but several issues are beginning to emerge.

--Insert Figure 1 about here--

Doh et al. (2016) summarise the literature and highlight the need for MNEs based in developing countries to overcome “potential skepticism and negative perceptions of quality, reliability and trustworthiness” (p. 303) in ways which MNEs with a home base in developed countries do not have to, through ethical codes, CSR actions and sustainability reporting. Chinese MNE CSR disclosures are examined by Miska et al. (2016) and, from the examples cited, these include both social and environmental themes and their links with the tensions between global integration and local responsiveness. While focus in the past has been on actions to achieve MNE legitimacy in host countries Miska et al. (2016) find state influence to be a significant antecedent of global integration and a push to establish CSR standards. Another significant, though less surprising, antecedent influence is the role of international authorities such as the United Nations Global Compact, which in developed countries has been found to have a differential influence depending on whether code or common law prevails with greater influence in code law countries such as France where state and international authorities work together (Hörisch et al., 2017).

In a further empirical CSR based paper, Preuss et al., (2016) adopt a Multi-Dimensional Framework of CSR, but not a sustainability framework as it does not cover environmental or integration factors. They examine codes of conduct for sample companies for 179 MNEs from 18 developing countries in Latin America, sub-Saharan Africa, the Middle East and Asia and find MNEs in developing countries are more likely to adopt a code of conduct than domestic companies in the same countries. Scope exists for extension of the study to consider sustainability issues. Finally, Zyglidopoulos et al. (2016) examine empirically corporate social performance of MNEs from 5 developing countries, Brazil, Russia, India, China and South Africa. They use data points from Asset 4 which provides 226 key performance indicators (KPIs) that form the basis for the rating process of firms’ three ESG performance pillars - environmental, social and corporate governance. While integration issues are not addressed the research does confirm developing country MNEs have higher levels of corporate social performance in this context compared with their domestic-only counterparts in order “to overcome the liability of foreignness and reputational and legitimacy deficits” (Doh et al., 2016, p. 309).

The focus in international business literature has mainly been on individual CSR issues, including the environment (Kolk and Fortanier, 2013). Nonetheless, a recent turn towards consideration of sustainable development has occurred in light of the need to embed the United Nations Sustainable Development Goals into MNE thinking a development which has been described as “a promising area for future research” (Kolk, 2016, p. 32). From a sustainability perspective, especially according to the analysis of the problems of integrating different social, environmental and economic performance dimensions, based on the research in this integrative review it is very early days.



Illustrated in Figure 1, settings C and D have been subject to little research. Studies of setting C, with MNC activities entirely in developed countries as home and host, include de la Cruz Déniz-Déniz and Garcia-Falcon (2002), Morand and Rayman-Bacchus (2006), Pinkse et al. (2010) and Aguilera-Caracuel et al. (2013). Peng and Lin (2008) considers setting D with MNE home and host in developing countries (Taiwan and China). Beyond this the emphasis is on broad based studies which include developing countries as home and host locations as part of a wide set of countries examines, such as Christmann and Taylor (2001), Ruud (2002) and Surroca et al. (2013).

### **3.3 Streams 1 and 2**

#### *3.3.1 Resource availability for sustainability initiatives in home and host countries*

MNE sustainability strategies, whether global, local, or some combination of the two, depend on the availability of resources to implement programmes (Christmann, 2004; Epstein and Roy, 2007). All activities compete for resources, and sustainability activities within an MNE are no exception (Barkemeyer and Figge, 2014). As a precursor to assessing MNE resource allocation in a survey of 98 US manufacturing companies, Epstein and Roy (2007) find in just under 70% of cases the decision to allocate financial resources for environmental programs is decentralised at the business unit level, meaning in 30% of companies surveyed central allocation takes place. Hence, both centralised and decentralised approaches are used by the MNEs operating in the US. In the MNE setting the question is whether adding the factor of foreignness to the decision might tip the balance more towards centralisation of financial resource allocation because the geographic and institutional distance between central and subsidiary managers is increased (Campbell et al., 2012).

Where MNEs are based in developed countries the possibility arises that financial resources should be transferred to subsidiaries to promote sustainability activities in less wealthy countries. However, whether MNEs do support corporate sustainability activities in subsidiaries in developing countries depends in part on home office perceptions of the 'liability of foreignness' where MNEs are disadvantaged purely because they are not local (Surroca et al., 2013).

In contrast, Campbell et al. (2012) test whether MNEs based in developing countries with subsidiaries in developed countries are more likely to be receptive to a local strategy. They find competitive pressures facing subsidiaries in developed host countries means few slack resources are available to finance corporate sustainability spending (Campbell et al., 2012) with local considerations being downplayed. Jamali (2010) also identifies control and coordination problems when MNE home offices do choose to allocate resources to subsidiaries for sustainability purposes. As a result, subsidiaries examined have under-resourced subsidiary staff/public relations units. At this point systematic evidence about practice is in short supply and needs to be gathered across many different settings before any conclusion can be reached about the benefits from MNE financial investment in sustainability of host countries.

Although assessment of the advantages of different sustainability strategies is an empirical question, Barkemeyer and Figge (2014) use resource-based theory to argue that there should be a tendency towards a headquartering effect in decision making which leans towards MNE adoption of a global

sustainability strategy, potentially because of the dominance of salient stakeholders in the home country. Campbell et al.'s (2012) earlier results provide support for this view because as geographic distance increases they find the presence of fewer personal contacts and social interactions lead to the dominance of global strategy. Hence, social relationships which could be enhanced through corporate sustainability strategy behind the relationship between MNE headquarters and subsidiaries are seen to impact sustainability strategy in a negative way for the host country.

In bringing financial resources and social relationships together to help understand resource determinants of MNE sustainability strategy, Lam's (2009) interview evidence finds Chinese employees in subsidiaries in China require a monetary incentive to implement local CSR programs. This evidence from China indicates conditioning towards the overarching need for employees to gain financial benefits restricts the perceived value of local MNE sustainability strategy in the companies examined as it is disconnected from employee quality of life and personal development (Lam, 2009, p. 140). Investment is suggested from MNE home offices in developed countries to subsidiaries in China to advance awareness of, and home/host partnerships in social responsibility. At the same time, the product markets work to provide goods which reflect sustainability preferences in developed countries. Local sustainability imperatives such as providing resources for corporate sustainability in subsidiaries to encourage understanding of different religious perspectives (see Barsoum and Refaat, 2015) seem not to be sufficient to drive MNE behaviour away from a criticised global imposition. Other literature confirms interactive social, environmental and economic considerations only favour a local strategy when improvements in financial and non-financial performance are available, as Peng and Lin (2008) find in their empirical study of top manufacturers from Taiwan undertaking green investment in China.

It seems if local strategy does not encourage understanding that financial resources to increase employee rewards in host countries and improved social outcomes need to move together, then a global social element of sustainability strategy is imposed. Research examining such an apparent trade-off and to turn it into a win-win is needed to help understand options and build knowledge about what companies do in a broader set of contexts.

Studies such as Cruz and Boehe (2010) in the retail sector provide a start, by exploring the home of two MNEs in France each with a subsidiary in Brazil. They develop the notion of 'transverse CSR management' which brings together different managers from top, functional, and country subsidiaries, along with external stakeholders, in a central entity to facilitate "global integration and performance, competitive advantage building, local responsiveness, and worldwide learning at the same time" (Cruz and Boehe, 2010, p. 260). Cruz and Boehe (2010) provide an instance of where they argue, based on their multiple case evidence, four challenges (global integration and performance, creation of competitive advantages based on corporate sustainability, local capability and responsiveness to local issue, and worldwide learning from local sustainability activities) can be met. This is achieved through four mechanisms which facilitate global integration and performance, competitive advantage building, local responsiveness, and worldwide learning at the same time. Expansion of these ideas in an integrated set of studies could provide a better foundation for understanding how resources are best deployed to gain from the different MNE sustainability strategies available.

Reviewing the literature, it is apparent that there are both areas of disagreement amongst researchers and a range of gaps appearing both of which are relevant to management and merit further research. These are examined next.

#### **4 Discussion**

Several areas of explicit and implicit disagreement emerge from the literature. These relate to the meaning of sustainability; the aspects of corporate sustainability on which to focus research, the industries and countries to include in case and empirical work, diversity in theoretical foundations, and normative possibilities.

As each research study conducted is unique, researchers give the appearance of talking past each other as they reveal their logical propositions about the best framework to apply for the good of all parties, or as they publish evidence about what is happening in a well specified, narrow case or empirical setting.

Within available literature some tendencies towards overcoming disagreement and developing agreement are evident. It is clear general agreement that MNE sustainability strategy research has not been a key object of attention, so far. Development of a structured classification of notions about sustainability and sustainable development in the international business operation context of MNEs would help towards revealing the areas in need of systematic investigation. For example, recent development of a multi-level approach to analysis is promising (Brown and Knudsen, 2012) and needs extending from current case work to systematic analysis. Although sustainable development is promoted as an issue for MNEs to take into account (Escobar and Vredenburg, 2011) and is now also being included in developing/emerging home country MNE literature (Doh et al., 2016), available literature barely begins to address the full ambit of sustainability issues and in the main defaults to consider individual or at best several environmental and social issues. Furthermore, integration of the issues has remained excluded, so far.

Second, some movement towards closure should be acknowledged about what sustainability actually means when applied in MNE strategy settings (Haugh and Talwar, 2010; Yin and Jamali, 2016). This needs to be encouraged. Although few studies acknowledge the breadth of scope for study of sustainability settings some, such as Bondy and Starkey (2014), provide an excellent starting point. They admit to the complex array of sustainability issues faced at all levels of the corporation and consider the process for choice of these in local and global strategies. As universalistic ethical and business principles about the need to address sustainability issues become institutionalised at the international level, for example in the United Nations Global Compact, the United Nations Sustainable Development Goals (UN SDGs) and Global Reporting Initiative (GRI) indicators, a comprehensive map for assessment of social, environmental and economic performance is emerging. This is not to say available tools are unproblematic. For example, some have criticised the United Nations Global Compact as being purely aspirational and lacking enforcement and appropriate forms of accreditation. The same could be said for the UN SDGs. However, others argue that principles-based initiatives such as the Global Compact could be effective and it is corporate commitment that will determine the extent to which each platform is ultimately effective in promoting and improving sustainability (Rasche and Waddock, 2014).

Furthermore, Voegtlin and Pless (2014, p. 180) point out that initiatives like the Global Compact encourage a dialogue between different sectors of the international community, such as “international organisations, civil society groups, and private business with the aim of achieving a broad consensus on global ethical standards”. While this is promising, Bondy and Starkey (2014) suggest although there is general agreement as to the abstract universalistic principles behind sustainability driven global perspectives, real local contingencies such as cultural and historical contexts of corporate sustainability issues, also need to be taken into account by MNEs in strategy.

Thirdly, there is disagreement over the impact of distance between home and host on MNE sustainability strategy. Further exploration and examination is needed of the role of new communication technologies for transmission of strategies, ideas, policies and feedback, and for building teams of people at all levels and with different functions. Although Chudnovsky and Lopez (2003) find geographical distance is not important to the dissemination of sustainability strategies between managers at different levels, provision of adequate technical and financial resources is necessary for any local disadvantage with access to be overcome. The mixture of cultural distance with geographical and institutional distance and resource dependency needs further unravelling in future research.

Next is the concern over different conceptual underpinnings of normative ethical suggestions for appropriate MNE sustainability strategies. Disagreement still exists over whether MNEs abuse their ability to transfer pollution to countries with lax regulation, exploit vulnerable workers such as through child labour (Christopherson and Lillie, 2005), or take advantage of underpaid labour (Miller, 2006), even when international standards about decent work conditions are available and local laws are in place (Tan, 2009). Yet, even though it should not be the case there remains contradictory opinion about whether MNE managers feel they should comply with local norms where bribery and corruption are rife (Tan, 2009). Further information is needed about cultural traits which discourage and those which encourage sustainability in different industries and countries and where a need for global standards should dominate because of basic universal human rights, including a right to a clean environment. Key are theories helping managers to overcome actual and potential trade-offs, supporting processes of integration and achieving contributions to sustainable development. A possible area for investigation would be linking choice of MNE sustainability strategy to the growing literature on responsible leadership in a more explicit way. In recent years the responsible leadership literature has been extended to begin considering the qualities needed for responsible leadership and how these qualities can be developed within potential leaders by organisations (Stahl et al., 2017). As highlighted by Stahl et al. (2017, p. 365) responsible leadership involves balancing contradictions in management roles and determining when “different is different and when different is simply wrong”. This is relevant to the study of sustainability in MNEs for cases where a trade-off between the best financial outcome and the common good exists. Stahl et al. (2017) offer several suggestions for how responsible leadership can be built within global organisations and it would be useful to investigate empirically these possibilities in the context of sustainability and CSR. Of particular interest for future investigation is how managers in this complex setting counter-balance the various monetary and non-monetary incentives that drive change in relation to sustainability (Miska et al., 2014). The way in which intercultural competencies are developed in the context of responsible leadership at the individual level and how this then contributes

to the choice and success of sustainability strategies in MNE settings would also benefit from further study (Miska et al., 2013). There is also a need to focus on ethical consequences of additive actions mainstreamed in the set of negative externalities represented by the SDGs (Weidema et al., 2018).

Research into several discernible courses of action emerge as normative possibilities for MNEs, given that they have more power and influence than many nation states and they can be expected to take on a more active role as global citizens through integrative responsible leadership (Maak et al., 2016). Inquiry is needed into how best to ensure MNE Boards of Directors accept responsibility for developing and implementing strategy addressing the triple bottom line and global-local conflicts between economic, social and environmental performances. In support, organisational principles need to be developed in codes of personal expectations of corporate leaders, to ensure authority is provided and responsibility assumed in circumstances where decisions should be made based on moral reasoning about trade-offs between performances. When and wherever there are weak institutions governing society MNE leadership is called upon to develop a sustainability strategy which engages head office and local stakeholders in dialogue; integrates the parties in formal and informal planning and feedback processes; aims constantly to raise standards to the highest available, whether at a country, industry, company or individual level; and adopts a collaborative business case for sustainability with its focus on addressing needs of the vulnerable (Maak et al., 2016; Schaltegger and Burritt, 2018). Because of their broad reach, corporate leaders should campaign for, support and build upon existing activities of international bodies, such as the United Nations, to assume a special role in responsible sustainability leadership. The role should be to complement and where necessary develop and resource these institutions to change current morally unacceptable and unsustainable MNE activities, boosting transparency about actions taken to improve unacceptable practices at different scales. Leading MNEs would then include but extend their impacts on sustainability beyond the narrower state-based focus. In short, as examined by Maak et al. (2016, p. 467) “the moderating effects of individual-level influences (such as cognitive and social complexity) and organizational and societal level-factors (such as power distance and corporate governance).” Finally, managers of MNEs hosted in emerging economies where social and environmental standards might be relatively low, should be singled out for close examination in relation to influences on sustainability strategies adopted and integrated across international aspects of their businesses.

Evolving from discussion of MNE sustainability strategies in home and host countries further research gaps become apparent (see Table 4):

*What works?* The diverse set of extant studies about strategy remains shrouded in uncertainty about which strategies work best in practice and why. While numerous conceptual frameworks have been developed there has been little systematic testing of suggested frameworks. Where evidence is gathered about different strategies the reductionist approach adopted means there has been a broad spread of themes, locations, regions and industries examined. Each study makes a small contribution to knowledge by filling a gap in the complex set of possible research settings but because of the great diversity of settings available comprehensive knowledge about successful strategies for business, communities, and governments and why they work remains a long way off and needs to be the focus of

future research. Likewise, available to guide future research, are conventional theories such as institutional, legitimacy and resource dependency as well as the previously untried which provide a systematic foundation for analysis (e.g. systems theory), and organisational learning and transformation theories necessary for moves away from granular aspects of CSR towards sustainability strategies with a focus on integration.

--Insert Table 4 about here--

*How do strategies work?* Identification of what the key corporate sustainability issues are and how to address them strategically arises in part from understanding the dynamics of knowledge development over time. For example, in the environmental context recent topics of interest can be tracked from problems with the ozone layer, to global warming, water scarcity and implications for biodiversity, but how these aspects emerged as issues for MNEs and identification of what the next critical issue might remain to be discovered. In the broader setting key issues where planetary boundaries are, or are close to being, exceeded have been linked to corporate sustainability and provide a guide to future problems for which further development of sustainability strategies are needed (Rockström et al., 2009; Whiteman et al., 2013; Schaltegger et al., 2018). Global and transnational sustainability strategies provide a means for iterative learning and scenario projection involving the integration of local operations, regional and home headquarters and better understanding of the way strategy can be improved through planning and feedback mechanisms, education and training.

*Which issues are key?* Given the set of available case and empirical studies into the sustainability strategies MNEs do use it remains unclear which sustainability issues are better addressed centrally through global strategy, which locally and which need teasing out through cooperative and/or conflictual processes. Although each situation could depend on the urgency of an issue brought on by institutional pressure, the saliency of different stakeholders to the ongoing survival and success of the MNE, home and host country domicile, and the efficacy of international sustainability-related authorities, development of a systematic clustering of classes of sustainability issues by success of different strategies would be instructive. It could also examine the possible need for MNEs to prioritise and adopt different sustainability strategy mixes if they are to consider and build upon antecedents and best address issues.

*The role of intermediaries.* Although literature exists on the effects of regional MNE structures on moves towards global and transnational sustainability strategy such regional influences are in a constant state of development as more populist approaches to government are encouraging breakup of some regional agreements. Barkemeyer and Figge's (2014) headquartering effect may well be strengthened by countries looking out for themselves instead of seeking benefits of a regional nature. It is to be expected that MNEs might act in a contrary manner as they look to transfer home offices to new countries to secure regional market benefits. Key challenges to be solved are whether the transfer of ethical sustainability positions of home country companies to subsidiaries in other countries is desired and accepted, and whether a transfer of ethical views back to the home country can be observed. These complexities of contemporary regulatory institutional settings are worthy of investigation. Finally, the

relative strength of UN agencies serving as intermediaries between national and regional cultures might be expected to increase pressure on MNE home countries to adopt glocal sustainability strategies as attempts are made to move towards a common understanding about key topics such as those represented by the UN SDGs.

## **5 Conclusion**

MNEs are often painted as the saviour or pariah of trade and commerce, social and environmental impacts. A stream of research has examined MNE sustainability strategies across home and host countries with the view of adding to debate and providing evidence about the worth of MNEs in modern society. Interrogation of the literature reveals a set of publications introducing numerous conceptual frameworks as the foundation for assessing MNE activity. It also presents a diverse set of evidence about strategies in place with considerable emphasis on which is the right one and settling somewhere in the middle either as a compromise, or a reflection of reality depending on whether the view is from a normative theory or positive empirical perspective.

Much remains to be teased out in this growing research space as the number of papers increases and more information is gathered about MNE sustainability strategies in a broader set of industries, a wider set of countries and different regions, and across different institutional, cultural, geographic and resource based distances between home and host countries.

It is acknowledged in the methods section that, relative to the search of multiple databases, searching a single database, Google Scholar, might in principle have limited the identification of articles and themes. Nevertheless, because the main themes identified are derived from the full range of publications in the literature review set and as exact citation numbers are not required for a thematic analysis, there are no a priori grounds to expect that any main themes have been omitted. It is acknowledged that there is no hard boundary between main themes identified and overlaps can exist, for example, global-local issues are relevant in the section dedicated to the conceptualizations of sustainability as well as in the section focused on the choice of sustainability strategies. This means that in practice the best way of addressing the issues arising may rely on an iterative process over time whereby, for example, the sustainability concept adopted is co-determined with strategy choice.

The importance of understanding management and ethical perspectives on the interface between headquarters and subsidiaries, and the mechanisms through which resources are allocated to sustainability activities in headquarters and MNE units of activity, whether in developed, developing or emerging economies cannot be overstated. However, it can be concluded from the suggestions made that because of the early stage of development of the literature understanding of the complex and uncertain notion what sustainability aspects are, could or should be covered in which way and the benefits stemming from MNE engagement with cross-country strategies will provide a mine of information for future researchers to come.

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Table 1. Studies of MNE Strategies by Sustainability Issue

Author	Date	Sustainability issue
Dowell, Hart and Yeung	2000	Global environmental standards
Christmann and Taylor	2001	Environmental performance
Ruud	2002	Environmental practices
de la Cruz Déniz-Déniz and Garcia-Falcon	2002	Social response (environment and social response processes included). 1) establishing the corporate social posture, (2) Analysing the stakeholders' environment, (3) formulating the corporate social response, (4) Implementing the corporate social response, and (5) Controlling the process and its results (p. 356-7)
Chudnovsky and Lopez	2003	Environmentally friendly management practices
Kolk and Levy	2004	Global climate change
Christmann	2004	Environmental policies
Christopherson and Lillie	2005	Labour standards
Muller	2006	CSR: female employment, union membership and CO2 emissions; renewable energy use, recycling, environmental awareness training and vocational training
Husted and Allen	2006	CSR Global – 4 items on environment (environmental degradation; Local – job creation
Brammer, Pavelin and Porter	2006	Corporate social performance – multidimensional - community performance; - Environmental impact. environmental performance: policies, systems, reporting, and performance; Employee performance: health and safety, training and development, equal opportunities, employee relations, job creation, and job security
Morand and Rayman-Bacchus	2006	CSR – balancing profitability and responsibility
Epstein and Roy	2007	Environmental strategy
Peng and Lin	2008	Green management adoption – environmentally friendly production - green production (GP), green RandD (GRD), and green marketing
Chen and Bouvain	2009	CSR Reporting – Global Compact
Tan	2009	CSR
Cruz and Pedrozo	2009	CSR – social and environmental impacts - governance structure, corporate ethics, and organisational learning
Lam	2009	CSR – corporate citizen development
Jamali	2010	CSR
Pinkse, Kuss and Hoffmann	2010	Global environmental strategy
Haugh and Talwar	2010	CSR - employee training and development programs
Gifford, Kestler and Anand	2010	CSR standard for sustainable development – worker safety, minimize environmental degradation, limit exposure to toxic substances, and improve environmental restoration, local communities local stakeholders

Author	Date	Sustainability issue
Huemer	2010	CSR – workers’ rights and environmental concerns
Cruz and Boehe	2010	CSR - which reflects the incorporation of sustainable development into corporations’ strategies - companies go beyond compliance and engage in actions that can advance social causes
Chan	2010	Corporate environmentalism
De Chiara and Russo Spena	2011	CSR practice
Escobar and Vredenburg	2011	Sustainable development as simultaneously seeking economic, social and environmental benefits
Lam	2011	Sustainable environmental development programs
Aguilera-Caracuel, Aragón-Correa, Hurtado-Torres and Rugman	2012	Environmental standardization
Bondy, Moon and Matten	2012	CSR
Brown and Knudsen	2012	Corporate Responsibility balancing economic, social and environmental considerations in a responsible way.
Campbell, Eden and Miller	2012	CSR – cultural, administrative, geographic and economic distance (CAGE)
Kolk and Fortanier	2013	Environmental reporting and disclosure
Surroca, Tribó and Zahra	2013	Corporate Social Irresponsibility
Jain and De Moya	2013	CSR as sustainable development - CSR reporting - philanthropic
Aguilera-Caracuel, Hurtado-Torres, Aragón-Correa and Rugman	2013	Environmental performance
Bondy and Starkey	2014	CSR
Hah and Freeman	2014	CSR activities that are able to advance social good
Pereira and Amatucci	2014	CSR
Tatoglu, Bayraktar, Sahadev, Demirbag and Glaister	2014	Voluntary environmental management practices
Altuntas and Turker	2015	CSR - Global Compact four main principles: human rights, labour, environment, and anti-corruption
Ilhan-Nas, Koparan and Okan	2015	CSR (home), CSP (host), CFP (host) community relations, women and minority, employee relations, environment and products
Gruber and Schlegelmilch	2015	CSR
Park, Song, Choe and Baik	2015	Strategic and responsive CSR
Park and Ghauri	2015	CSR activities – 12 item scale

Author	Date	Sustainability issue
Barsoum and Refaat	2015	CSR
Shah and Arjoon	2015	Corporate sustainability initiatives
Beddewela and Fairbrass	2016	CSR – legitimacy seeking behaviours – community initiatives
Marano and Kostova	2016	CSR - pollution prevention, recycling, charitable giving, community engagement, promotion of women and minorities in organizations, and fair treatment of unionized workforce
Arenas and Ayuso	2016	CSR - social, ethical and environmental issues
Famiola and Adiwoso	2016	CSR - how organisations respond and behave toward their environment, employees, customers and other stakeholders
Yin and Jamali	2016	Strategic CSR
Doh, Husted and Yang	2016	CSR - developing country MNEs
Miska, Witt and Stahl	2016	CSR - global integration and local responsiveness of Chinese MNEs
Preuss, Barkemeyer and Glavas	2016	CSR – codes of conduct in developing country MNEs
Zyglidopoulos, Williamson and Symeou	2016	Corporate Social Performance – environmental and social performance of developing country MNEs
Rathert	2016	CSR – home and host countries
Forcadell and Aracil	2017	CSR – banking and financial inclusion
Marano, Tashman and Kostova	2017	CSR Reporting
Reddy and Hamann	2018	Social responsibility, Black empowerment policy.

Table 2. Themes on MNE Sustainability Strategies

Main themes (proxies)	Influence from offices in industrialised countries over offices in developing countries	Influence from offices in developing countries over offices in industrialised countries
From CSR to sustainability	X	
Choice of sustainability strategies	X	
Management imperatives of head office towards sustainability	X	
Local cultural imperatives of subsidiaries in host countries		X
MNEs with home in developing/ emerging countries		X
Resource availability for sustainability initiatives in home and host countries	X	X

Table 3. Studies of MNC Sustainability Strategies by industry, region and country

Focus of study	Country/ Industry	Number of Studies
<b>Home country</b>	Developed	23
	Developing/Emerging	3
	Developed/ Developing/Emerging	5
<b>Host Country</b>	Developed	6
	Developing/Emerging	26
	Developed/ Developing/Emerging	4
<b>Region - Home</b>	Home Developed	4
	Home Developing/Emerging	0
	Home Developed/ Developing/Emerging	6
<b>Region - Host</b>	Host Developed	1
	Host Developing/Emerging	3
	Host Developed/ Developing/Emerging	5
<b>Industry</b>	Automotive	2
	Banking	3
	Business support, Consumer, Finance, IT/Media, Natural resources, Other manufacturing, Pharmaceutical/chemical, Real estate, Transport	1
	Chemicals	2
	Chemicals (SIC Code 28), Energy and petroleum (SIC Code 29), and Industrial machinery (SIC Code 37)	1
	Chemicals and Automobile	1
	Chemicals, Industrial machinery, Energy and petroleum	1
	Chemicals, Metals and machinery production, and Electronics	1
	Consumer products (beverage), Consumer/business products (automotive), and Services (banking)	1
	Electronics	1

Focus of study	Country/ Industry	Number of Studies
	Environmentally sensitive sectors	1
	Food and beverage manufacturing	1
	Food manufacturing	1
	Gold mining	1
	Industrial enterprises	1
	Information technology, Electronic, Plastics, Pharmaceuticals, Consumer packaged goods, and Apparel industries	1
	Manufacturing	1
	Manufacturing and mining	1
	Oil and automobile	1
	Oil and gas	2
	Outward foreign direct investment	1
	Pharmaceuticals	1
	Retailing	3
	Salmon farming	1
	State-controlled and not state-controlled	1
	Various	6

Figure 1: Office location possibilities of MNE headquarters and subsidiaries

