International Business Review 29 (2020) 101711

Contents lists available at ScienceDirect

International Business Review

journal homepage: www.elsevier.com/locate/ibusrev

Harmonization of firm CSR policies across national contexts: Evidence from Brazil & Sweden

Mohamad Mazboudi[a], Yusuf M. Sidani[a,*], Akram Al Ariss[b]

[a] American University of Beirut, Olayan School of Business, Beirut, Lebanon
[b] TBS Business School, France

ARTICLE INFO

Keywords:
Corporate social responsibility
CSR policies
Legitimacy
Brazil
Sweden
Institutional theory
Institutional voids
Convergence
Divergence

ABSTRACT

We empirically investigate differences in CSR policy adoption between Brazil and Sweden. We find that Brazilian firms adopt CSR policies to a greater extent than Swedish firms. These differences suggest that the Swedish institutional context, where the public sector is the dominant player in the social arena, may have unintended consequences on the adoption of CSR policies by the private sector. We also find that with internationalization, a trend towards harmonization in CSR policy adoption between Brazil and Sweden is likely to happen. These results suggest that Swedish firms seek to gain legitimacy through greater CSR policy adoption at the international level.

1. Introduction

The last few decades have witnessed growing attention, at a global level, to the role that businesses can play in their respective societies. Corporate social responsibility (CSR) has thus become an area of increasing interest in international business research (Zhao, Zhang, & Kwon, 2018). Differences in CSR policy adoption across national contexts raise an important question for organizational research: Why do we witness divergence versus convergence in such policy adoption? Adopting CSR policies helps firms in building their reputations as active corporate citizens in sustainable development and gaining their legitimacy across contexts. Detecting differences in CSR policies requires a much-needed understanding of the role of institutional contexts in shaping corporate behaviors (Campbell, 2007). While many studies have investigated different CSR policy adoption, we still lack a clear understanding of why firms in a developed country such as Sweden, that is known to have high standards of living, may have less CSR policy adoption relative to firms that are in poorer or less developed countries such as Brazil. There is a dire need to understand CSR policy adoption, not only in countries where there are strong institutions but also in those where institutions are weak, or where there are institutional voids. In institutional theory, voids are understood to exist when there is a combination of weak formal institutions and multiple informal institutions (Doh, Rodrigues, Saka-Helmhout, & Makhija, 2017).

Institutions have a host of implications for international business, and it is crucial for scholars to explore further how varieties in those systems impact corporate behaviors (Fainshmidt, Judge, Aguilera, & Smith, 2018). This takes particular importance as firms internationalize and become subject to new systems that may vary significantly from the ones dominant in their home countries. Nevertheless, we know little about how firms shift their attention in their CSR policies to target additional sets of stakeholders. We also know little about how institutional mechanisms impact CSR actions over time. Therefore, our objective in this study is to assess trends of convergence versus divergence in CSR by comparing the adoption of CSR policies between two countries, Brazil and Sweden, which represent two important, though markedly different, world regions. Brazil is the largest Latin American country, and Sweden is the largest Nordic country (in terms of GDP and population). Those two countries are characterized by distinct institutional differences in terms of the role of the state, regulatory frameworks, socioeconomic conditions, and the mechanisms by which private sector actors legitimize their operations.

Differences between countries' institutions have the potential to shed light on the way that firms approach and understand their societal roles. Firms in each country are subject to unique institutional demands at the national level -in addition to international demands - that can vary based on the degree of the firm international exposure (Fortanier, Kolk, & Pinkse, 2011). Indeed, there has been growing interest in trying

* Corresponding author.
E-mail addresses: mm137@aub.edu.lb (M. Mazboudi), ys01@aub.edu.lb (Y.M. Sidani), A.alariss@tbs-education.fr (A. Al Ariss).

https://doi.org/10.1016/j.ibusrev.2020.101711
Received 1 August 2019; Received in revised form 8 April 2020; Accepted 15 May 2020
Available online 20 June 2020
0969-5931/

to understand firm behavior in situations of institutional voids, where institutional mechanisms and regulatory frameworks are frail or absent (Nyuur, Ofori, & Debrah, 2016); Brazil represents one such case (Puffer, McCarthy, & Jaeger, 2016). On the other hand, Sweden provides an excellent setting where we can tell if stronger institutions relative to those in Brazil give firms greater incentives to engage in CSR policy adoption.

We focus on the adoption of CSR policies because CSR practices have been theorized to include not only actions but also policies that consider the interests of various stakeholders (Pisani, Kourula, Kolk, & Meijer, 2017). CSR thus relates to the "integration of business operations and values …reflected in the company's policies and actions" (CSRwire definition as cited in Dahlsrud, 2008). Such definitions also include the notion of "above and beyond" what is required by the laws or by governments (Campbell, Eden, & Miller, 2012). A CSR policy refers to a firm's declared intention and commitment in regards to social action (Graafland & Smid, 2019; Rhee & Lee, 2003). CSR policy adoption is one indicator of corporate social performance (CSP), (Demirbag, Wood, Makhmadshoev, & Rymkevich, 2017). Organizations seek to make an impact through the development of systems and policies that promote interactions with various stakeholders (Cuadrado-Ballesteros, Rodríguez-Ariza, & García-Sánchez, 2015).

Our study contributes to the existing literature in three main ways. First, comparative studies have the potential to enrich our understanding of individual or organizational practices that inspire our theoretical understanding (Crane, Henriques, Husted, & Matten, 2016). Along this line, this study contributes to the evolving literature that aims at understanding convergence versus divergence in CSR policy adoption; research on this topic is still limited (Tschopp & Nastanski, 2014). Second, comparative studies on a regional or an international scale that account for institutional variations are needed (Brammer, Jackson, & Matten, 2012), and the role of institutional environments in corporate decisions has been an attractive area for international business scholars (Jackson & Deeg, 2008). Scholars have highlighted the need to support the field of international CSR to include studies from new geographic contexts (Pisani et al., 2017). Our study attempts to push the boundaries of our knowledge by comparing firms' commitments to CSR between two countries with significant institutional variations. Third, the international business literature has no conclusive answers on how firms operating internationally (i.e., outside their own institutional context) could gain legitimacy (Agnihotri & Bhattacharya, 2019; Bangara, Freeman, & Schroder, 2012; Zyglidopoulos, Williamson, & Symeou, 2016). Our study examines how firms in different institutional environments, where the public sector may or may not be the dominant player in the social arena, could gain legitimacy through CSR policy adoption.

Our paper is organized as follows. First, we present the theoretical background and hypotheses. Second, we discuss our methodology. Third, we report our findings. Finally, we discuss our results and conclude.

2. Theoretical background and hypotheses

Institutional theory has increasingly been used to study multinational corporations (MNCs) as it helps in understanding an extensive variety of critical issues in MNC practice and research (Kostova, Roth, & Dacin, 2008; Saka-Helmhout, Deeg, & Greenwood, 2016). Further, institutional theory has been argued to provide a legitimate lens by which to understand CSR (Brammer et al., 2012). It would be simplistic to define CSR only in terms of the discretionary behavior of firms irrespective of the contexts in which they operate. This is one of the reasons for the call for more research in trying to understand patterns of variations in CSR across institutional contexts (Campbell, 2007). Understanding the role of various contexts in such variations broadens our theoretical understanding of why some firms decide to pursue CSR action across various locations.

It is acknowledged that CSR has been used as a signaling mechanism to establish credibility and build legitimacy (Marano, Tashman, & Kostova, 2017). CSR is associated with great value in countries with weak institutions where firms can counterbalance for institutional voids (El Ghoul, Guedhami, & Kim, 2017). For instance, Brazilian firms have used institutional voids as opportunities rather than handicaps capitalizing on weak structures to foster strong relationships with their communities (Parente, Cyrino, Spohr, & De Vasconcelos, 2013). It is thus relevant to compare two countries with different institutional contexts, one suffering from weak governmental structures, and another characterized by active governmental regulation and implementation. Moreover, it is important to uncover the extent of the "country-of-origin effects" versus "global harmonization" of CSR policies (Fortanier et al., 2011). This relates to the shifting powers of internal institutional contexts, embodied in societal needs, versus external institutional contexts, embodied in the drive for globalization and harmonization.

Sweden has been categorized among the "outspoken CSR countries" in terms of national CSR policymaking (Peters, Höcker, & Scholz, 2007). Such countries utilize multiple mechanisms by which CSR is used to complement important policy goals. Brazil, on the other hand, is situated among the "reserved CSR countries" where there is no coherent CSR strategy policymaking by the public sector. In essence, in those contexts, CSR is understood as a mechanism by which private sector actors fill institutional gaps. Thus, Sweden and Brazil are situated on opposite ends as far as CSR public policy is understood. Basically, the different institutional contexts in both countries are associated with different ways by which policymakers on the one hand, and the private sector on the other, understand their role and positioning vis-à-vis CSR strategy making.

CSR policy adoption is used a signal of legitimacy that a firm is addressing a problem, a failure of institutional governance, in its host market (Rathert, 2016). It reflects a firm's espoused commitment to a course of action charting their societal responsibility and direction. Of course, firms may act upon their own policies or may just use CSR policy adoption in a ceremonial way (Graafland & Smid, 2019). CSR policies are thus used by firms to create bridges with various stakeholders, such as the case of local communities in the case of environmental policies (Raj, Kuznetsov, Arun, & Kuznetsov, 2019). The past few years have witnessed an increase in CSR policy adoption due to various competitive and social pressures and has become a part of contemporary business practice (Azmat & Ha, 2013). Indeed, MNCs have been reported to mimic the behaviors of other firms, closely tracking their competitors' CSR policies in order to determine changes in their own CSR behavior and policy adoption (Park & Ghauri, 2015).

2.1. Convergence & divergence

One of the major topics to researchers in international business is addressing the global-local question (Preuss, Haunschild, & Matten, 2009). This question relates to the pressures that firms face in responding to global practices keeping in touch with local needs. Therefore, examining changes in organizational behaviors across different international settings is instrumental in having relevant and applicable international business research (House et al., 2004). It is valuable to understand why and when certain managerial practices transfer from one place to another, while other practices do not. This also applies to the degree to which firms are becoming more similar to -or disparate from- each other in their managerial practices and approaches.

To address the global-local question, the convergence/divergence dynamics have been used in many organizational fields including human resource management (Brewster, Mayrhofer, & Smale, 2016), corporate governance (Rossouw, 2009), ethics (Bailey & Spicer, 2007), economics (Serapio & Shenkar, 1999), and higher education (Vaira, 2004). Likewise, the need to understand convergence/divergence dynamics in CSR has been a growing area of inquiry (Jamali & Neville,

2011; Misani, 2010). The bulk of the convergence/divergence debate revolves around the extent to which the move towards a global marketplace has been causing organizations to adopt similar approaches. In some cases, local or regional institutional forces necessitate continuous adherence to local demands to sustain local legitimacy (Park & Cave, 2018). In other cases, firms find it better to conform to global practices to attain global legitimacy (Schembera, 2018).

Sometimes the powers of convergence are not enough to counter the power of national institutions. Gooderham, Nordhaug, and Ringdal (1999) argue that variations in institutional structures are more likely to generate divergent management practices, thus limiting convergence efforts. Dominant local institutions play a role in sustaining implicit taken-for-granted norms and practices (Brammer et al., 2012; Campbell, 2007; DiMaggio & Powell, 1983). Moreover, some firms purposefully resist convergence as a means to assert their own unique identities (Jamali & Neville, 2011).

Firms differ in their CSR practices reflecting their exposure to various social and economic systems (Demirbag et al., 2017). For instance, Chen and Bouvain (2009), in a cross-national study, conclude that international standards promoting CSR are only having a limited effect; firms differ significantly in the way they promote and report CSR. Kolk (2005) notes increased importance for a firm's region of origin in regards to its environmental reporting due to substantial differences in the domestic contexts and regulatory frameworks. Also, Chapple and Moon (2005) find considerable differences in CSR reporting as explained by differing national business contexts among several Asian countries. They conclude that there is not even an "Asian" pattern of CSR, let alone convergence into a global form of CSR.

Countries differ in the role that governments (or the public sector) take in filling social needs and gaps, and thus institutional voids vary from one context to another. In the absence of effective governmental mechanisms to achieve societal aims, CSR surfaces as a compromise between stakeholder demands and business interests (Gruber & Schlegelmilch, 2015; Park, Chidlow, & Choi, 2014). The needs for such a compromise diminish in those countries where governments fill societal gaps. Firms, through their CSR policies, try to gain local legitimacy by responding to unique stakeholder expectations within their own institutional contexts.

On the other hand, there are perspectives that argue for a convergence in CSR policy adoption. There are growing pressures that limit the role of local institutions and frameworks in shaping corporate behavior (Gonzales, 2008). Forces of globalization and growing powers of MNCs have helped in the diffusion of certain practices across the globe (Elkington, 1997). Convergence is further aided by developments in communication channels and growth in inter-organizational interdependency and collaboration across countries (Mcgaughey & Cieri, 1999). Institutional isomorphism, whereby practices become diffused due to various forces, causes firms to converge in their CSR policy adoption (DiMaggio & Powell, 1983; Matten & Moon, 2008).

Whether global legitimacy would supersede local legitimacy has been an area of recent research attention (Husted, Montiel, & Christmann, 2016). To respond to forces of globalization, firms may seek global legitimacy rather than mere local legitimacy. Such legitimacy could be acquired by embracing global initiatives such as the United Nations Global Compact (UNGC) or the Global Reporting Initiative (GRI), (Chen & Bouvain, 2009; Tschopp & Nastanski, 2014). Some firms find themselves increasingly adopting strategies to gain global rather than local legitimacy (Scherer & Palazzo, 2011). In that regard, for example, Fortanier et al. (2011) find that global standards are associated with harmonization of CSR practices across national contexts.

A stream of literature stemming from economic sociology and political economy has emphasized the role of policy networks on institutional convergence at an international level (e.g., Dahan, Doh, & Guay, 2006). Policy networks refer to "a self-organizing group that coordinates a growing number of public (decision-makers) and private (interest groups) actors to formulate and implement public policies" (Dahan et al., 2006, p. 1578). Firms may impact the institutional development within their environments by participating in those networks within transnational social and economic systems. This stream of literature suggests that CSR convergence could be the result of convergence in institutional policies.

2.2. Hypotheses

Policies refer to declared firm intentions or affirmed formal commitments to behave in a particular manner (Rhee & Lee, 2003; Vveinhardt & Zygmantaite, 2015). CSR policies, in particular, reflect a form of a promise to implement social agendas targeting various stakeholders (Gray, Bebbington, & Walters, 1993; Graafland & Smid, 2019). Some scholars have argued that CSR policies have been shown to impact a variety of outcomes including labor productivity (Flammer, 2015), dysfunctional organizational behavior (Vveinhardt & Zygmantaite, 2015), and consumer perceptions (Papadopoulos, Dimitriadis, Chatzoudes, & Andreadou, 2011). Kolk and Van Tulder (2004) noted that more explicit ethical policies prompt firms towards strategic choices reflecting broader awareness of stakeholder needs.

CSR policy adoption and implementation have been an area of growing interest (Ioannou & Serafeim, 2015). Firms adopt voluntary policies for a variety of reasons, most relevant of which is the desire to achieve more legitimacy vis-à-vis various stakeholders (Enderwick, 2018; Ioannou & Serafeim, 2015; Khan, Lew, & Park, 2015; Husted et al., 2016). Legitimacy is a resource and key to survival whereby firms implement mechanisms to manipulate that resource (Deegan, 2002). Mechanisms supporting legitimacy, however, may vary depending on the institutional context where they exist.

How institutional environments impact corporate decisions has been an attractive area for international business scholars (Jackson & Deeg, 2008). Till recently, little attention has been given to comparing various institutional contexts (Jackson & Deeg, 2008). Legitimacy has been perceived as a survival-enhancing phenomenon that results from conforming to institutionalized myths in the organizational environment (Deephouse, Bundy, Tost, & Suchman, 2017; Meyer & Rowan, 1977). Legitimacy is constructed through a degree of fit between a firm and its institutional context (Deephouse et al., 2017). Therefore, the institutional context is considered an essential factor in how firms use CSR policy adoption as a mechanism to support legitimacy.

2.2.1. Cross-country comparisons

CSR in Sweden has tended to reflect the unique institutional context facing Swedish firms, which differs from that of Brazilian firms. CSR in Sweden has been embedded within institutional norms and regulations (Lauesen, 2013). Many of the positive social behaviors have been institutionalized in the form of codified laws and/or consensual agreements between the government and the private sector. Much of what would typically come under CSR is not so relevant for individual corporate action. Compliant behavior is mostly dependent on state regulations that are often negotiated, and do not pertain to voluntary corporate behavior. For example, air pollution regulations were passed only after consulting various stakeholders, resulting in effective implementation and conformity (Campbell, 2007). It would be expected that in Sweden the role and power of various institutional arrangements have historically fostered less adoption of CSR policies by the private sector as stakeholders assume a more significant role for the government in protecting social welfare (Midttun, Gjølberg, Kourula, Sweet, & Vallentin, 2015). Therefore, firms in the private sector in Sweden have little incentives to seek legitimacy through CSR policy adoption, especially within their local communities. We do not rule out the possibility that Swedish firms could gain legitimacy by adopting CSR policies that are well aligned with the objectives of their institutional context. However, we expect that the marginal legitimacy gains would be smaller in that institutional context relative to other institutional

contexts, where institutions tend to have much less of a role in protecting social welfare.

On the other hand, corporate discretion in Brazil is higher due to the relatively minimal role of the state or the public sector in guiding corporate CSR. Given the overall weak institutional environment or the existence of institutional voids, including ineffective enforcement of regulations (Ronconi, 2012), Brazilian firms would have incentives to gain legitimacy by adopting CSR policies that reflect their commitment to the welfare of their stakeholders. We, therefore, expect that the impact of the public sector on firm CSR policy adoption in each of Sweden and Brazil to be the opposite.

Based on the above analysis, we hypothesize:

H1a. *Swedish firms are on average less likely to adopt CSR policies than Brazilian firms.*

Various factors, including globalization of markets and innovations in technology and communication, have impacted corporate behaviors. We expect that changes in CSR approaches have been driven by forces related to corporate aspirations to earn more legitimacy in the global arena (Lopez & Fornes, 2015). Those forces help in the harmonization of the very concept of CSR thereby minimizing the differences in CSR policy adoption. Accordingly, shifts are being witnessed from one mode of CSR to another in several countries, Austria (Höllerer, 2013) and Germany (Hiss, 2009) being a couple of documented examples. Those forces motivate firms to adopt "best practices" at a global level, encouraging firms, for example, to follow each other in joining international coalitions for socially responsible behavior. Furthermore, normative pressures that are driven by professional associations and educational institutions push firms in the direction of greater adoption of CSR policies. Global reporting standards such as the GRI and the UNGC are likely to play an increasing role in shaping CSR policy adoption at a global level.

Because of the above forces, including globalization and the desire to be more competitive at the level of international business, we expect Swedish firms to have more incentives to seek legitimacy through adopting CSR policies as they internationalize. Hence, due to legitimacy concerns, we expect that as Swedish firms internationalize more, they become closer to Brazilian firms in the degree of CSR policy adoption compared to other Swedish firms. Accordingly, we hypothesize the following:

H1b. *As Swedish firms internationalize, the gap in their CSR policy adoption relative to Brazilian firms becomes less.*

2.2.2. Within-country comparisons

As Swedish firms internationalize, the basis of legitimation shifts from addressing the requirements of a local Swedish audience to that of a growing international audience. Those multinational firms would have incentives to signal to their new international audience that they indeed care about issues of concern (Kim, Kim, Marshall, & Afzali, 2018). For example, such firms need to show that they are good citizens in order to gain legitimacy within various host environments (Husted et al., 2016). The impact of the Swedish institutional factors on Swedish firms lesser adoption of CSR policies would become weaker as those firms are more exposed to the international audience. Hence, seeking legitimacy through CSR policy adoption for Swedish firms at the international level is different from that at the local level. For Swedish firms, we argue that CSR policy adoption would be an effective mechanism of establishing or maintaining legitimacy as they increase the degree of internationalization.

However, for Brazilian firms, we argue that CSR policy adoption would be an effective mechanism to support legitimacy, whether at the local level or the international level. Therefore, as Brazilian firms internationalize, they do not recognize a need to work on increased legitimacy through CSR policy adoption, as this had already been addressed while maintaining local legitimacy. Accordingly, we hypothesize:

H2a. *The more international the Swedish firm is, the more likely it will adopt CSR policies.*

H2b. *The level of internationalization is not a significant factor for CSR policy adoption across Brazilian firms.*

3. Methodology

3.1. Brazil & Sweden: our two study cases

To know whether firms adopt CSR policies, we examine the existence of CSR policies at firms in both Sweden and Brazil. We present below a background of the two countries under study to provide the context of our sample.

3.1.1. Brazil

The Brazilian society, far from being egalitarian, accepts inequalities among various societal strata (Costa, 2018). Failure of successive governments to sufficiently provide for societal demands, meant that firms had to enter into the social arena (Cavalcanti Sá Abreu & Barlow, 2013). The 1980s of the twentieth century witnessed the end of the military dictatorships and the implementation of neo-liberal economies (Green, 2010). The state is considered to be incapable of providing the social safety net to all its citizens (Griesse, 2007). Accordingly, a growing role for the private sector is expected (de Abreu, de Castro, de Assis Soares, & da Silva Filho, 2012). The Brazilian society values personal relationships, and firm executives often find themselves facing great expectations to protect their subordinates (Nery-Kjerfve & McLean, 2015). This "paternalistic capitalism" is reflected in firm policies directed at meeting such expectations. Many firms offer "generous and extensive policies" aiming at attracting and maintaining the young and promising talents (Latukha, 2016).

While the Brazilian economy has its strong elements, it suffers from structural distortions (Qian, Araújo, & Nucifora, 2018), oscillating between being "strong" to "fragile" (Marques & Nakatani, 2015). The Brazilian government has advanced programs that eradicate poverty and other societal problems (Casanova & Kassum, 2013). Those programs, however, are still far from sufficiently addressing the societal problems (Vernengo, 2011). Brazil also suffers from a weak human rights record (Human Rights Watch, 2019), and state institutions tend to be weak or inconsistent and suffers from corruption and lack of transparency (Hagopian, 2003), despite stern attempts to curb it (Castro & Ansari, 2017). Furthermore, the regulatory framework is underdeveloped, and therefore the government (or the public sector) has a limited ability to enforce policies and tackle societal problems (Encarnación, 2003).

Those factors (weak state intervention and financial structures, in addition to ineffective regulatory frameworks) open the door for discretionary CSR (Duarte, 2010). Firms in the Latin American context have, for a long time, been acting as "social investors" to solve societal problems (Alter, 2003). Specifically, Brazil has witnessed a growth in corporate foundations aiming at advancing societal development through strategic investments (Bittar-Godinho & Masiero, 2019). In such an institutional context, what is typically considered as a CSR practice is not part of a national agenda. In sum, the weak institutional environment in Brazil has prompted the private sector to take a leadership role through CSR in addressing societal challenges (Sobczak & Coelho Martins, 2010).

3.1.2. Sweden

Sweden is characterized by being a coordinated market economy, where the government plays a significant role (Lerner & Tåg, 2013). The state generously provides societal support, subsidized by a strict taxation system. Similar to other countries in the Nordic region, Sweden

has excellent egalitarian and democratic political institutions. The welfare government plays an influential role in advancing universal social insurance schemes. There are unique labor markets characterized by cooperation between labor unions, employers, and the government which results in low levels of income inequality and democratized work settings. The strength of the labor unions puts them in an excellent position to negotiate work conditions that fit employee preferences (Berg, Bosch, & Charest, 2014). The country is characterized by an environment of a negotiated configuration where there is an active role for collective bargaining. The division of roles between the role of the private sector and the government did not historically encourage CSR (Du Rietz, 2015).

In sum, the state in Sweden is a dominant player and issues, commonly approached as part of discretionary CSR in other countries, belong to the public arena (Gjølberg, 2010). Many social activities, typically directed at communities, employees, consumers, and others, are part of a broader national agenda.

3.2. Database & main variable measurement

CSR could be understood in relation to how firms interact with the needs of stakeholders through the policies they adopt (Sánchez & Benito-Hernández, 2015). We thus examine various CSR policies addressing the needs of different and vital stakeholders such as community, employees, and consumers. For example, community policies reflect a firm's explicit commitment towards maintaining the firm's reputation within the general community (local, national, and global) by being a good citizen. Employment quality policies reflect a firm's explicit commitment towards, for example, ensuring good employee relations within the supply chain and maintaining long-term employment growth and stability. Product responsibility policies reflect a firm's explicit commitment to protecting consumer health and safety and producing quality products and services. This is in line with the societal role of business towards the community, fair treatment of employees, and safeguarding consumers from faulty production (Harrison & Freeman, 1999).[1]

Thomson Reuters ASSET4 database covers public firms listed in major stock indices and collects CSR data from typical sources such as stock exchange filings, sustainability reports, and news sources (Lys, Naughton, & Wang, 2015). Thomson Reuters ASSET4 is a Swiss-based company specializing in providing objective, relevant, and auditable CSR data to professional investors. It is estimated that investors, representing more than €2.5 trillion in assets under management, use the ASSET4 data, including prominent investment houses such as BlackRock (Cheng, Ioannou, & Serafeim, 2014). ASSET4 covers public firms listed in major indices such as MSCI Emerging Markets, MSCI World, FTSE250, S&P500, DAX, and CAC40. The primary data in ASSET4 is publicly available, and typical sources include stock exchange filings, annual financial and sustainability reports, nongovernmental organizations' websites, and various news sources (Lys et al., 2015). According to Thomson Reuters, every answer to every data point question goes through a multi-step verification and process control, which includes a series of data entry checks, automated quality rules, and historical comparisons, in order to ensure a high level of accuracy, timeliness, and quality (Cheng et al., 2014).

We measure the existence of CSR policies (*CSR Policy*) as the average data points of eleven questions on CSR policy adoption as per Thomson Reuters ASSET4 database. Those questions cover various social issues that are related to employment quality, health & safety, training & development, diversity, human rights, community, and product responsibility. The list of all questions is available in Appendix A. The answer to each question is equal to one if the firm adopts the related policy, and zero otherwise. To get an average value between zero and one, the answers (zeros or ones) of all questions are then summed up and divided by eleven. Thus, *CSR Policy* is an ordinal discrete variable that ranges from low CSR policy adoption (value = 0) to high CSR policy adoption (value = 1) with certain values between 0 and 1 such that a higher value reflects greater CSR policy adoption. For example, *CSR Policy* takes the value of 0.091 (1/11) if the firm adopts one policy out of the 11 policies. Then, it takes the value 0.182 (2/11) if the firm adopts two polices out of the 11 policies.

3.3. Method of analysis

To conduct our empirical analysis, we collect data on all publicly-listed firms in Brazil and Sweden that are covered by ASSET4. Our sample starts in 2002, the first year of data available in ASSET4, and ends in 2017. Next, we collect financial data from WorldScope database to calculate firm characteristics. WorldScope database is also available through Thomson Reuters, and it contains historical financial data from annual reports of publicly-listed firms around the world. Appendix B provides a summary of the definitions of all variables used in our analysis.

Since we examine firms that have different characteristics and belong to different industries, we follow prior studies (e.g., Muller & Kolk, 2010; Cheng et al., 2014; Lys et al., 2015) and use a regression model in order to control for firm charateristics that could affect CSR policy adoption. In addition, we include industry and year fixed effects in our regression model to mitigate the omitted variable bias of factors not controlled for related to industry and time. To compare the adoption of CSR policies between firms in Sweden and firms in Brazil, we regress *CSR Policy*, our dependent variable, on an indicator variable for the firm's country of origin (Brazil or Sweden) and on a set of control variables. Specifically, we control for the percentage of foreign sales, firm size, return on assets, leverage, market-to-book ratio as well as industry and year fixed effects. The percentage of foreign sales out of total sales (*% Foreign*) is a proxy for the degree of a firm's internationalization. The higher the percentage of foreign sales, the higher is the degree of the firm's internationalization. This proxy has been widely used in international business research (e.g., Sullivan, 1994; Ramírez & Tadesse, 2009). We then add to the regression an interaction between the country of origin and the percentage of foreign sales to examine how Swedish firms that are more international adopt CSR policies compared to their Brazilian counterparts. Firm size (*Size*), a proxy for economies of scale, is the natural logarithm of book value of total assets. The return on assets (*ROA*), a proxy for financial performance and profitability, is the net income divided by the book value of total assets. *Leverage*, a proxy for financial health, is the ratio of book value of total liabilities to book value of total assets. Market-to-book ratio (*MTB*), a proxy for growth opportunities, is the ratio of market value of equity, measured as shares outstanding multiplied by share price at year-end, to book value of total equity.

4. Findings

4.1. Descriptive statistics & univariate test

Table 1 provides descriptive statistics for our final sample during the period 2002–2017. Included are the number of firm-year observations plus the mean, median, and standard deviation for each variable used in our analysis. We have a total sample of 1250 firm-year observations with 671 observations (53.68 %) from Sweden and 579 observations (46.32 %) from Brazil. The number of unique firms represented in our sample is 158; 72 firms are in Sweden and 86 firms are in Brazil.

Table 1 shows that for *CSR Policy*, the mean for the total sample is

[1] We focus on social CSR policies since environmental CSR policies are in general industry-specific (e.g., a policy for emissions reduction is mainly for manufacturing firms but not for other firms such as professional service firms, wholesalers or retailers).

Table 1
Descriptive statistics.

	Total (N = 1,250)			Sweden (N = 671)			Brazil (N = 579)			*p*-value
	Mean	Median	s.d.	Mean	Median	s.d.	Mean	Median	s.d.	Mean Diff.
CSR Policy	0.688	0.727	0.261	0.659	0.727	0.272	0.723	0.818	0.243	< .001
% Foreign	0.394	0.308	0.385	0.637	0.700	0.327	0.113	0.000	0.220	< .001
Size	15.614	15.534	1.509	15.495	15.424	1.539	15.752	15.681	1.463	0.003
ROA	0.054	0.050	0.113	0.062	0.055	0.083	0.044	0.041	0.139	0.009
Leverage	0.591	0.585	0.225	0.592	0.594	0.183	0.590	0.569	0.265	0.840
MTB	2.835	1.779	9.449	2.966	2.015	12.335	2.682	1.495	4.064	0.575

This table reports the mean, median and standard deviation for the variables used in our analysis. All variables are defined in Appendix B.

Table 2
Correlation matrix.

		1	2	3	4	5	6	7
1.	*CSR Policy*	1.000						
2.	*Sweden*	−0.122***	1.000					
3.	*% Foreign*	0.049*	0.679***	1.000				
4.	*Size*	0.460***	−0.085***	−0.026	1.000			
5.	*ROA*	−0.035	0.077***	0.038	−0.171***	1.0000		
6.	*Leverage*	0.140***	0.006	−0.023	0.131***	−0.016	1.000	
7.	*MTB*	−0.015	0.015	0.014	−0.110***	0.123***	0.033	1.000

This table reports the Pearson correlations using the total sample of 1,250 firm-year observations. ***, **, * denote significance at the 1%, 5%, and 10% levels, respectively (two-tailed tests). All variables are defined in Appendix B.

0.688, which indicates that roughly two-thirds of the eleven CSR policies are on average adopted by firms in our sample. The mean *CSR Policy* for Swedish firms is 0.659, whereas the mean *CSR Policy* for Brazilian firms is 0.723. The mean difference between the two countries is -0.064, and it is significant at the 1% level. Therefore, Swedish firms are, on average, less likely to adopt CSR policies compared to Brazilian firms.

Table 1 also shows that Swedish firms are, on average, smaller than Brazilian firms in the sample. However, Swedish firms, on average, have higher percentages of foreign sales and are more profitable. *Leverage* and *MTB* are, on average, not significantly different between Swedish firms and Brazilian firms.

Table 2 reports the Pearson correlations for the total sample of 1250 observations. It indicates that the correlation between *CSR Policy* and *Sweden*, an indicator variable that equals one if the firm is Swedish and zero otherwise, is negative and significant at the 1% level. Furthermore, *CSR Policy* is positively correlated with *% Foreign* (*p*-value < 10 %), *Size* (*p*-value < 1%), and *Leverage* (*p*-value < 1%).

In sum, the univariate analysis in Tables 1 & 2 is consistent with our first hypothesis (H1a). Swedish firms tended to adopt CSR policies less than Brazilian firms.

4.2. Cross-country tests of CSR policy adoption

Using multivariate regression analysis, we analyze the differences in the adoption of CSR policies between Swedish firms and Brazilian firms after controlling for firm-specific characteristics. Specifically, we estimate the following logistic regression model[2] :

$$\text{CSR Policy} = \alpha_0 + \alpha_1\text{Sweden} + \alpha_2\%\ \text{Foreign} + \alpha_3\text{Size} + \alpha_4\text{ROA} + \alpha_5\text{Leverage} + \alpha_6\text{MTB} + \varepsilon \quad (1)$$

All variables are defined in Appendix B. In all our regression models, we include industry and year fixed effects and we cluster standard errors at the firm-level. In the context of Eq. (1), if Swedish firms tend to have less adoption of CSR policies compared to Brazilian firms (Hypothesis H1a), then we expect a significantly negative α_1 coefficient on *Sweden*.

To examine whether the level of internationalization in Swedish firms reduces the gap with Brazilian firms in CSR policy adoption, we introduce to Eq. (1) an interaction variable between *Sweden* and *% Foreign*. Hence, we estimate the following logistic regression model:

$$\text{CSR Policy} = \alpha_0 + \alpha_1\text{Sweden} + \alpha_2\%\ \text{Foreign} + \alpha_3\text{Sweden*}\%\ \text{Foreign} + \alpha_4\text{Size} + \alpha_5\text{ROA} + \alpha_6\text{Leverage} + \alpha_7\text{MTB} + \varepsilon \quad (2)$$

In the context of Eq. (2), if Swedish firms that are more international have a smaller difference with Brazilian firms in CSR policy adoption (Hypothesis H1b), then we expect a significantly positive α_3 coefficient on the interaction of *Sweden* and *% Foreign*.

Model 1 of Table 3 reports the results for Eq. (1). Results show that the estimated coefficient on *Sweden* is negative and significant (*p*-value < 1%). This finding indicates that the likelihood of Swedish firms to adopt CSR policies is significantly less than that of Brazilian firms. In terms of firm characteristics, the multivariate results suggest that more international and larger firms do greater adoption of CSR policies. Results also suggest that firms that are more profitable and levered are also more likely to adopt CSR policies.

Model 2 of Table 3 reports the results for Eq. (2). Results show that the estimated coefficient on *Sweden* remains negative and significant (*p*-value < 1%). Results further show that the estimated coefficient on the interaction of *Sweden* and *% Foreign* is positive and significant (*p*-value < 1%). Hence, the level of internationalization of Swedish firms reduces the gap of CSR policy adoption with Brazilian firms.

The multivariate results in Table 3 (Model 1) are consistent with the univariate results in Tables 1 & 2 and provide evidence to support Hypothesis H1a. Moreover, the multivariate results in Table 3 (Model 2) provide evidence to support Hypothesis H1b. Overall, our results suggest that Swedish firms on average do less CSR policy adoption than Brazilian firms do. However, the gap in CSR policy adoption between Swedish firms and Brazilian firms decreases as the level of internationalization of Swedish firms increases.

4.3. Within-country tests of CSR policy adoption

In this subsection, we conduct a within-country analysis by examining the CSR policy adoption of each country separately. Thus, we

[2] We use a logistic regression model because the dependent variable, *CSR Policy*, is an ordinal discrete measure.

Table 3
Cross-country analysis of CSR policy adoption.

Dependent variable: *CSR Policy*				
	Model 1		Model 2	
	Coeff.	*p*-value	Coeff.	*p*-value
Sweden	−0.975***	<.001	−1.326***	<.001
% Foreign	1.116***	<.001	0.117	0.728
*Sweden * % Foreign*			1.381***	<.001
Size	0.659***	<.001	0.683***	<.001
ROA	1.256**	0.029	1.172**	0.043
Leverage	0.600**	0.023	0.660**	0.013
MTB	0.007	0.169	0.007	0.201
–				
Year & Industry Fixed Effects	Yes		Yes	
N.	1,250		1,250	
Generalized R^2	0.272		0.279	
Likelihood Ratio χ^2	66.17		58.41	
p-value	<.001		<.001	

This table reports the logistic regression estimation of CSR policy adoption in Brazil and Sweden. ***, **, * denote significance at the 1%, 5%, and 10% levels, respectively (two-tailed tests). Standard errors are clustered by firm. All variables are defined in Appendix B.

Table 4
Within-country analysis of CSR policy adoption.

Dependent variable: *CSR Policy*				
	Model 1		Model 2	
	Coeff.	*p*-value	Coeff.	*p*-value
% Foreign	1.501***	<.001	0.011	0.977
Size	0.604***	<.001	0.781***	<.001
ROA	2.519***	0.001	0.710	0.216
Leverage	1.608***	0.000	0.344	0.192
MTB	0.005	0.282	0.009	0.548
–				
Year & Industry Fixed Effects	Yes		Yes	
N.	671		579	
Generalized R^2	0.280		0.271	
Likelihood Ratio χ^2	44.05		36.55	
p-value	<.001		<.001	

This table reports the logistic regression estimation of CSR policy adoption for each country separately: Sweden (Model 1) and Brazil (Model 2). ***, **, * denote significance at the 1%, 5%, and 10% levels, respectively (two-tailed tests). Standard errors are clustered by firm. All variables are defined in Appendix B.

run our regression model using Swedish firms, and we do the same using Brazilian firms. Model 1 of Table 4 reports the results for Swedish firms. Results show that the estimated coefficient on *% Foreign* is positive and significant (*p*-value < 1%). This finding implies that the more international the Swedish firm, the greater is its adoption of CSR policies. Therefore, the multivariate results in Table 4 (Model 1) using Swedish firms are consistent with our Hypothesis H2a.

Model 2 of Table 4 reports the results for Brazilian firms. Results show that the estimated coefficient on *% Foreign* is not significant. This finding indicates no significant difference in CSR policy adoption between less international Brazilian firms and more international Brazilian firms. Hence, the results in Table 4 (Model 2) are consistent with our Hypothesis H2b.

In sum, the multivariate results in Table 4 suggest that the level of firm internationalization is a significant factor for CSR policy adoption across Swedish firms. On the other hand, the level of firm internationalization does not seem to have an impact on CSR policy adoption across Brazilian firms.

5. Discussion

As firms become more internationalized, they become subject to multiple institutional logics, thus necessitating ways by which they can cope with those various – sometimes competing – logics. This institutional complexity (Saka-Helmhout et al., 2016) has not been adequately addressed in international business literature (Newenham-Kahindi & Stevens, 2018). Our findings suggest that national institutions influence the social agendas of firms in their efforts to gain legitimacy. Swedish firms' institutional context has not motivated significant levels of CSR policy adoption. Swedish firms, subject to a unique institutional context, are generally less likely to adopt CSR policies compared to Brazilian firms. Due to the entrenched governmental structures in Sweden supportive of social goals, firms find themselves in less need to adopt CSR policies to gain legitimacy. In contrast, the institutional context in Brazil opens more the discretionary form of CSR. Firms find it necessary to fill the gap that the state typically fills in more regulated and welfare states. This would be the case in many developing countries that suffer from "institutional voids" (Isaac, Borini, Raziq, & Benito, 2019). The private sector often steps in to tackle social challenges (Kolk & Lenfant, 2015) utilizing the engagement in CSR as a mechanism to gain legitimacy.

Our findings thus suggest that strong state intervention may have unintended consequences on firms' adoption of CSR policies. Active governments in Sweden pay significant attention to the societal welfare of their residents; this diminishes the marginal legitimacy gains to firms making extra efforts in that direction. In Brazil, the absence of strong state institutions filling societal needs makes firms' attention to such CSR policies more valuable to stakeholders. Accordingly, firms, in their attempts to gain local legitimacy, have found it instrumental both from a pragmatic and ethical perspective to be committed to their social action agendas.

Our results also indicate that, with internationalization, a trend towards convergence to elevated levels of CSR policy adoption is more likely to occur in some contexts but not in others. As Swedish firms internationalize, they shift towards greater adoption of CSR policies. However, this does not seem to apply uniformly across contexts. In the Brazilian context, firms irrespective of the degree of internationalization seem, on average, pretty much involved in global CSR practices. Brazilian firms do not seem to attain more valued marginal legitimacy by increasing their adoption of CSR policies as they become more international. Perhaps many Brazilian firms realize that what they already do in terms of gaining legitimacy through adopting CSR policies at the local level is sufficient to attain such legitimacy at the international level.

Hence, can a claim be made that there is convergence in CSR policy adoption between the two targeted countries? Based on our results, the convergence perspective seems to be associated with the degree of internationalization for firms under specific institutional contexts. This meets Fortanier et al.'s (2011) assertion that harmonization seems to be stronger in some contexts compared to other contexts. Swedish international firms seem to perceive legitimacy gains from greater CSR policy adoption, leading to more convergence with their Brazilian counterparts.

Our results also lend themselves to the puzzle noted in the liability of foreignness (LOF) literature (Zaheer, 1995, 2015). Luo, Shenkar, and Nyaw (2002) propose that LOF can be mitigated through legitimacy improvement. Such improvement happens through social accommodation, which refers to the extent that a foreign player is responsive to social concerns of host countries. While a firm can increase its legitimacy depending on each host country's social needs, a more efficient way to do that, at the social front, is to adopt CSR policies that are in line with international standards such as the GRI Standards and the Global Compact. Firms that lose legitimacy in their host countries would not be able to survive, and CSR is one way of maintaining a much-desired legitimacy (Wood, 1991).

Kostova et al. (2008) note that some MNCs – rather than conforming to coercive and mimetic isomorphic pressures – signal their social responsibility as a way to gain legitimacy in the host communities. Internationalization, in this case, would be considered a driver of CSR action. As Swedish firms become more internationalized, they need to pass through a process of "institutional adaptation" that helps to overcome the LOF (Cantwell, Dunning, & Lundan, 2010). In those cases where institutional pressures do not motivate firms to adopt CSR policies in their home countries, one way to attain legitimacy is through increased CSR policy adoption.

Furthermore, our results suggest that Brazilian firms do not seem to seek legitimacy through CSR policy adoption in the same manner as Swedish firms do. Our comparative study highlights the interplay between the public sector's role in tackling social issues within the local institutional environment and the private sector's CSR policy adoption. Our comparative study also suggests that internationalization is a driver of CSR under certain institutional contexts but not in others.

Thus, while some scholars suggest that MNCs in developing countries may indeed gain legitimacy through CSR actions as they expand internationally (Agnihotri & Bhattacharya, 2019; Zyglidopoulos et al., 2016), our study suggests that this is likely dependent on the individual institutional contexts in which firms are embedded. Bangara et al. (2012) note several legitimation strategies for MNCs of developing countries such as establishing a physical presence in key Western markets, seeking high profile endorsements for service, and entering into high profile agreements. Their findings suggest that those MNCs seek legitimacy at the international level through a pragmatic lens rather than through CSR. We provide evidence that supports this view.

5.1. Practical implications

Our study gives more insight into notions of convergence/divergence of CSR by comparing firms' CSR policy adoption in two countries, Brazil and Sweden, whereby each country has a significant impact on international business whether within its region or the world and belongs to a different economic category (developing country for Brazil versus developed country for Sweden). These insights may be helpful for those interested in CSR convergence across countries.

By understanding the dynamics of CSR policy adoption in Brazil and Sweden, our results imply that managers of domestic Swedish firms, who will continue to delegate to the government many social and community needs, will remain behind their Brazilian counterparts. Those managers need to properly communicate with their various stakeholders as regards to how they stand on the different social issues even if the government and other local institutions are active in resolving social issues. Furthermore, in Brazil, where the institutional contexts may not, at least in the short-run, change dramatically for the better, there is still much room for firms to fill the institutional voids created by absent or weak government interventions. Brazilian firms will find that this is not only an issue of ethical significance, but also has practical implications given the rising societal expectations. Brazilian firms will have incentives to gain legitimacy within their institutional context by increasingly adopting CSR policies that commit them to high CSR standards.

5.2. Limitations

One limitation of this study relates to the fact that it compares the CSR policy adoption between two countries only. This, however, opens the door for future comparisons among other countries of different institutional contexts that could corroborate or challenge the findings of this study. Nevertheless, the relevance of our study to international business research is significant. Brazil is a developing country and is the largest by GDP and population within its Latin American region. On the other hand, Sweden is a developed country and is the largest by GDP and population within its Nordic region. Thus, each country has a significant impact on international business, whether within its region or the world.

Since the firms in the ASSET4 database that we use are part of major stock indices, another limitation is that the ASSET4 database tends to cover firms with relatively large market capitalization. As in several other CSR studies that also use ASSET4 database, the conclusions drawn in our study may not apply to small public firms. A third limitation in such large scale studies is that they do not allow for an in-depth understanding of all the forces at play within each individual firm. However, given our understanding of the literature and the nature of most previous studies so far, we believe the tradeoff between breadth and depth is worthwhile.

5.3. Future research

Various research and practical implications emanate from this study. First, we invite more archival research on CSR using large samples. Case studies and small-scale survey research are valuable for understanding the depth of CSR convergence versus divergence. However, in order to generalize and understand such trends across countries, archival research would be further needed. Second, we invite further cross-country CSR studies. This will enrich our understanding of the power of institutional forces in explaining the behaviors and approaches of CSR and in exploring potential reasons as to why the adoption of CSR policies is not converging.

Future research could also examine whether convergence in CSR policy adoption is likely to happen due to changes in technology and communication, such as the rise of big data analytics that can better analyze stakeholders' behaviors and the widespread of social media. Future research could also examine the implications of local regulations (e.g., the 2013 act in India that mandates spending on certain forms of CSR) or international agreements (e.g., Paris climate agreement) on such convergence.

Finally, a question of significant relevance is whether the cross-country convergence in adopting CSR policies has been valuable in social change. Given the scant evidence available, there is a dire need to understand the impact of CSR within local communities and at the international level.

6. Conclusion

Our aim in this study is to examine trends of CSR convergence versus divergence. Our study shows that Swedish firms are on average less likely to adopt CSR policies than Brazilian firms. It also shows that as Swedish firms internationalize, the gap in their CSR policy adoption relative to Brazilian firms becomes less. These findings suggest that Brazilian firms seek to gain legitimacy through greater CSR policy adoption locally and internationally, whereas Swedish firms have incentives to do so mainly at the international level.

Our findings illuminate on how legitimacy considerations stemming from institutional differences could impact corporate decision making. The findings suggest that stakeholders perceive CSR policy adoption as a tool to gain legitimacy, and managers in specific institutional contexts take advantage of that and act accordingly. The findings also suggest that managerial incentives to gain legitimacy are a function of the firm level of internationalism, especially in institutional contexts such as the Swedish one where local stakeholders do not need or expect the private sector to resolve their social issues. Our results confirm that "global harmonization" forces, which would include forces related to technology, global communication, international collaboration, growing powers of MNCs, policy networks, and international standards, push towards greater homogenization of CSR policy-adoption. Managers, who are more internationally exposed, are impacted more by such global forces, and therefore they need to gain legitimacy from international stakeholders. Our results suggest that managers who are trying to increase their foreign operations should be aware of those global

forces and react by increasing their CSR policy adoption. Thus, our study contributes to our understanding of the forces of divergence and convergence in the field of CSR.

Our study further implies that the level of firm internationalism may not have a significant impact on CSR policy adoption within weak institutional contexts such as the Brazilian context. In that regard, our study contributes to the international business literature by showing that the impact of firm internationalization on CSR policy adoption is not homogenous across countries but depends on the country's institutional context.

Appendix A. List of questions on CSR policy adoption

Source: Thomson Reuters ASSET4 database.

1. Does the firm have a competitive employee benefits policy or ensuring good employee relations within its supply chain?
2. Does the firm have a policy for maintaining long term employment growth and stability?
3. Does the firm have a policy to improve employee health & safety within the firm and its supply chain?
4. Does the firm have a policy to support the skills training or career development of its employees?
5. Does the firm have a work-life balance policy?
6. Does the firm have a diversity and equal opportunity policy?
7. Does the firm have a policy to guarantee the freedom of association universally applied independent of local laws or a policy for the exclusion of child, forced or compulsory labor?
8. Does the firm have a policy to strive to be a good corporate citizen or endorse the Global Sullivan Principles?
9. Does the firm have a policy to respect business ethics or has the firm signed the UN Global Compact or follow the OECD guidelines?
10. Does the firm have a policy to protect consumer health & safety?
11. Does the firm have a products and services quality policy?

Appendix B. Variable definitions

Variable	Definition
CSR Policy	The average data points of eleven questions on CSR policy adoption as per Thomson Reuters ASSET4 database. The list of all questions is available in Appendix A. The answer to each question is equal to one if the firm adopts the related policy, and zero otherwise. To get an average value between zero and one, the answers (zeros or ones) of all questions are then summed up and divided by eleven.
Sweden	An indicator variable that equals one if the firm's country of domicile is Sweden, and zero otherwise (i.e., zero if Brazil).
% Foreign	Foreign sales as a percentage of total sales.
Size	The natural logarithm of book value of total assets.
ROA	Return on total assets measured as net income divided by book value of total assets.
Leverage	The ratio of book value of total liabilities to book value of total assets.
MTB	The ratio of market value of equity, measured as shares outstanding multiplied by share price at year-end, to book value of total equity.

References

Agnihotri, A., & Bhattacharya, S. (2019). Internationalization, related party transactions, and firm ownership structure: Empirical evidence from an emerging market. *Research in International Business and Finance, 48*, 340–352.

Alter, S. K. (2003). *Social enterprise: A typology of the field contextualized in Latin America (No. 41758)*. Inter-American Development Bank.

Azmat, F., & Ha, H. (2013). Corporate social responsibility, customer trust, and loyalty—Perspectives from a developing country. *Thunderbird International Business Review, 55*(3), 253–270.

Bailey, W., & Spicer, A. (2007). When does national identity matter? Convergence and divergence in international business ethics. *The Academy of Management Journal, 50*(6), 1462–1480.

Bangara, A., Freeman, S., & Schroder, W. (2012). Legitimacy and accelerated internationalisation: An Indian perspective. *Journal of World Business, 47*(4), 623–634.

Berg, P., Bosch, G., & Charest, J. (2014). Working-time configurations: A framework for analyzing diversity across countries. *ILR Review, 67*(3), 805–837.

Bittar-Godinho, J. S., & Masiero, G. (2019). Political CSR and legitimation via corporate foundation: A public management program. *Social Responsibility Journal, 15*(4), 553–570. https://doi.org/10.1108/SRJ-02-2018-0053.

Brammer, S., Jackson, G., & Matten, D. (2012). Corporate social responsibility and institutional theory: New perspectives on private governance. *Socio-economic Review, 10*(1), 3–28.

Brewster, C., Mayrhofer, W., & Smale, A. (2016). Crossing the streams: HRM in multinational enterprises and comparative HRM. *Human Resource Management Review, 26*(4), 285–297.

Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *The Academy of Management Review, 32*(3), 946–967.

Campbell, J. T., Eden, L., & Miller, S. R. (2012). Multinationals and corporate social responsibility in host countries: Does distance matter? *Journal of International Business Studies, 43*(1), 84–106.

Cantwell, J., Dunning, J. H., & Lundan, S. M. (2010). An evolutionary approach to understanding international business activity: The co-evolution of MNEs and the institutional environment. *Journal of International Business Studies, 41*(4), 567–586.

Casanova, L., & Kassum, J. (2013). *From soft to hard power: In search of Brazil's winning blend. Working paper*. INSEADhttps://flora.insead.edu/fichiersti_wp/inseadwp2013/2013-63.pdf.

Castro, A., & Ansari, S. (2017). Contextual "readiness" for institutional work. A study of the fight against corruption in Brazil. *Journal of Management Inquiry, 26*(4), 351–365.

Cavalcanti Sá Abreu, M., & Barlow, C. (2013). A comparative picture of corporate social responsibility approaches by leading companies in the United Kingdom and Brazil. *Social Responsibility Journal, 9*(4), 571–588.

Chapple, W., & Moon, J. (2005). Corporate social responsibility (CSR) in Asia: A seven-country study of CSR web site reporting. *Business and Society, 44*(4), 415–441.

Chen, S., & Bouvain, P. (2009). Is corporate responsibility converging? A comparison of corporate responsibility reporting in the USA, UK, Australia, and Germany. *Journal of Business Ethics, 87*(1), 299–317.

Cheng, B., Ioannou, I., & Serafeim, G. (2014). Corporate social responsibility and access to finance. *Strategic Management Journal, 35*(1), 1–23.

Costa, S. (2018). *Entangled inequalities, state, and social policies in contemporary Brazil. The social life of economic inequalities in contemporary Latin America*. Cham: Palgrave Macmillan59–80.

Crane, A., Henriques, I., Husted, B. W., & Matten, D. (2016). Publishing country studies in business & society: or, do we care about CSR in Mongolia? *Business and Society, 55*(1), 3–10.

Cuadrado-Ballesteros, B., Rodríguez-Ariza, L., & García-Sánchez, I. M. (2015). The role of independent directors at family firms in relation to corporate social responsibility disclosures. *International Business Review, 24*(5), 890–901.

Dahan, N., Doh, J., & Guay, T. (2006). The role of multinational corporations in transnational institution building: A policy network perspective. *Human Relations, 59*(11), 1571–1600.

Dahlsrud, A. (2008). How corporate social responsibility is defined: An analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management, 15*(1), 1–13.

de Abreu, M. C. S., de Castro, F., de Assis Soares, F., & da Silva Filho, J. C. L. (2012). A comparative understanding of corporate social responsibility of textile firms in Brazil and China. *Journal of Cleaner Production, 20*(1), 119–126.

Deegan, C. (2002). Introduction: The legitimising effect of social and environmental disclosures–A theoretical foundation. *Accounting Auditing & Accountability Journal, 15*(3), 282–311.

Deephouse, D. L., Bundy, J., Tost, L. P., & Suchman, M. C. (2017). Organizational legitimacy: Six key questions. *The SAGE Handbook of Organizational Institutionalism*, 27–54.

Demirbag, M., Wood, G., Makhmadshoev, D., & Rymkevich, O. (2017). Varieties of CSR: Institutions and socially responsible behaviour. *International Business Review, 26*(6), 1064–1074.

DiMaggio, P., & Powell, W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review, 48*(2), 147–160.
Doh, J., Rodrigues, S., Saka-Helmhout, A., & Makhija, M. (2017). International business responses to institutional voids. *Journal of International Business Studies, 48*(3), 293–307.
Du Rietz, S. (2015). *Sweden: CSR as non-union arena for union issues. Corporate social responsibility and trade unions: Perspectives across Europe*. Michael Gold, Chris Rees, Oxon: Routledge: Lutz Preuss169–184.
Duarte, F. (2010). Working with corporate social responsibility in Brazilian companies: The role of managers' values in the maintenance of CSR cultures. *Journal of Business Ethics, 96*(3), 355–368.
El Ghoul, S. E., Guedhami, O., & Kim, Y. (2017). Country-level institutions, firm value, and the role of corporate social responsibility initiatives. *Journal of International Business Studies, 48*(3), 360–385.
Elkington, J. (1997). *Cannibals with forks: The triple bottom line of twenty first century business.* Oxford: Capstone Publishing Ltd.
Encarnación, O. (2003). *The myth of civil society: Social capital and democratic consolidation in Spain and Brazil.* New York: Palgrave Macmillan.
Enderwick, P. (2018). The scope of corporate social responsibility in networked multinational enterprises. *International Business Review, 27*(2), 410–417.
Fainshmidt, S., Judge, W. Q., Aguilera, R. V., & Smith, A. (2018). Varieties of institutional systems: A contextual taxonomy of understudied countries. *Journal of World Business, 53*(3), 307–322.
Flammer, C. (2015). Does corporate social responsibility lead to superior financial performance? A regression discontinuity approach. *Management Science, 61*(11), 2549–2568.
Fortanier, F., Kolk, A., & Pinkse, J. (2011). Harmonization in CSR reporting. *Management International Review, 51*(5), 665–696.
Gjølberg, M. (2010). Varieties of corporate social responsibility (CSR): CSR meets the "Nordic Model" *Regulation & Governance, 4*(2), 203–229.
Gonzales, V. (2008). Globalization and the institutional underpinnings of social welfare: An analysis of traditional and emergent theoretical perspectives. *International Journal of Social Inquiry, 1*(2), 155–177.
Gooderham, P. N., Nordhaug, O., & Ringdal, K. (1999). Institutional and rational determinants of organizational practices: Human resource management in European firms. *Administrative Science Quarterly, 44*(3), 507–531.
Graafland, J., & Smid, H. (2019). Decoupling among CSR policies, programs, and impacts: An empirical study. *Business and Society, 58*(2), 231–267.
Gray, R., Bebbington, J., & Walters, D. (1993). *Accounting for the environment.* London, England: Paul Chapman Publishing.
Green, J. N. (2010). *We cannot remain silent: Opposition to the Brazilian military dictatorship in the.* United States: Duke University Press.
Griesse, M. A. (2007). The geographic, political, and economic context for corporate social responsibility in Brazil. *Journal of Business Ethics, 73*(1), 21–37.
Gruber, V., & Schlegelmilch, B. B. (2015). MNEs' regional headquarters and their CSR agenda in the African context. *International Marketing Review, 32*(5), 576–602.
Hagopian, F. (2003). *The (too-low but) rising quality of democracy in Brazil and Chile. Quality of democracy: Improvement or subversion.* Stanford University: Proceedings of Quality of democracy: Improvement or subversion.
Harrison, J. S., & Freeman, E. (1999). Stakeholders, social responsibility, and performance: Empirical evidence and theoretical perspectives. *The Academy of Management Journal, 42*(5), 479–485.
Hiss, S. (2009). From implicit to explicit corporate social responsibility. *Business Ethics Quarterly, 19*(3), 433–451.
Höllerer, M. A. (2013). From taken-for-granted to explicit commitment: The rise of CSR in a corporatist country. *Journal of Management Studies, 50*(4), 573–606.
House, R., Hanges, P., Javidan, M., Dorfman, P., & Gupta, V. (Eds.). (2004). *Culture, leadership, and organizations: The GLOBE study of 62 societies*. Sage Publications.
Human Rights Watch (2019). *World report 2019*New York: Seven Stories Press. https://www.hrw.org/world-report/2019/country-chapters/brazil.
Husted, B. W., Montiel, I., & Christmann, P. (2016). Effects of local legitimacy on certification decisions to global and national CSR standards by multinational subsidiaries and domestic firms. *Journal of International Business Studies, 47*(3), 382–397.
Ioannou, I., & Serafeim, G. (2015). The impact of corporate social responsibility on investment recommendations: Analysts' perceptions and shifting institutional logics. *Strategic Management Journal, 36*(7), 1053–1081.
Isaac, V. R., Borini, F. M., Raziq, M. M., & Benito, G. R. (2019). From local to global innovation: The role of subsidiaries' external relational embeddedness in an emerging market. *International Business Review, 28*(4), 638–646.
Jackson, G., & Deeg, R. (2008). Comparing capitalisms: Understanding institutional diversity and its implications for international business. *Journal of International Business Studies, 39*(4), 540–561.
Jamali, D., & Neville, B. (2011). Convergence versus divergence of CSR in developing countries: An embedded multi-layered institutional lens. *Journal of Business Ethics, 102*(4), 599–621.
Khan, Z., Lew, Y. K., & Park, B. I. (2015). Institutional legitimacy and norms-based CSR marketing practices: Insights from MNCs operating in a developing economy. *International Marketing Review, 32*(5), 463–491.
Kim, C., Kim, J., Marshall, R., & Afzali, H. (2018). Stakeholder influence, institutional duality, and CSR involvement of MNC subsidiaries. *Journal of Business Research, 91*, 40–47.
Kolk, A. (2005). Environmental reporting by multinationals from the Triad: Convergence or divergence? *Management International Review, 45*(1), 145–166.
Kolk, A., & Lenfant, F. (2015). Cross-sector collaboration, institutional gaps, and fragility: The role of social innovation partnerships in a conflict-affected region. *Journal of Public Policy & Marketing, 34*(2), 287–303.
Kolk, A., & Van Tulder, R. (2004). Ethics in international business: Multinational approaches to child labor. *Journal of World Business, 39*(1), 49–60.
Kostova, T., Roth, K., & Dacin, M. T. (2008). Institutional theory in the study of multinational corporations: A critique and new directions. *The Academy of Management Review, 33*(4), 994–1006.
Latukha, M. (2016). *Talent management in emerging market firms.* London: Palgrave Macmillan.
Lauesen, L. M. (2013). CSR in the aftermath of the financial crisis. *Social Responsibility Journal, 9*(4), 641–663.
Lerner, J., & Tåg, J. (2013). Institutions and venture capital. *Industrial and Corporate Change, 22*(1), 153–182.
Lopez, B., & Fornes, G. (2015). Corporate social responsibility in emerging markets: Case studies of Spanish MNCs in Latin America. *European Business Review, 27*(2), 214–230.
Luo, Y., Shenkar, O., & Nyaw, M. K. (2002). Mitigating liabilities of foreignness: Defensive versus offensive approaches. *Journal of International Management, 8*(3), 283–300.
Lys, T., Naughton, J. P., & Wang, C. (2015). Signaling through corporate accountability reporting. *Journal of Accounting and Economics, 60*(1), 56–72.
Marano, V., Tashman, P., & Kostova, T. (2017). Escaping the iron cage: Liabilities of origin and CSR reporting of emerging market multinational enterprises. *Journal of International Business Studies, 48*(3), 386–408.
Marques, R. M., & Nakatani, P. (2015). The strength and fragility of the Brazilian economy. *Monthly Review, 67*(1), 17.
Matten, D., & Moon, J. (2008). "Implicit" and "explicit" CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *The Academy of Management Review, 33*(2), 404–424.
Mcgaughey, S. L., & Cieri, H. D. (1999). Reassessment of convergence and divergence dynamics: Implications for international HRM. *International Journal of Human Resource Management, 10*(2), 235–250.
Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *The American Journal of Sociology, 83*(2), 340–363.
Midttun, A., Gjølberg, M., Kourula, A., Sweet, S., & Vallentin, S. (2015). Public policies for corporate social responsibility in four Nordic countries: Harmony of goals and conflict of means. *Business and Society, 54*(4), 464–500.
Misani, N. (2010). The convergence of corporate social responsibility practices. *Management Research Review, 33*(7), 734–748.
Muller, A., & Kolk, A. (2010). Extrinsic and intrinsic drivers of corporate social performance: Evidence from foreign and domestic firms in Mexico. *Journal of Management Studies, 47*(1), 1–26.
Nery-Kjerfve, T., & McLean, G. N. (2015). The view from the crossroads: Brazilian culture and corporate leadership in the twenty-first century. *Human Resource Development International, 18*(1), 24–38.
Newenham-Kahindi, A., & Stevens, C. E. (2018). An institutional logics approach to liability of foreignness: The case of mining MNEs in Sub-Saharan Africa. *Journal of International Business Studies,* 1–21.
Nyuur, R. B., Ofori, D. F., & Debrah, Y. A. (2016). The impact of FDI inflow on domestic firms' uptake of CSR activities: The moderating effects of host institutions. *Thunderbird International Business Review, 58*(2), 147–159.
Papadopoulos, D., Dimitriadis, E., Chatzoudes, D., & Andreadou, O. (2011). The impact of Corporate Social Responsibility (CSR) policies on perceptions and behavioral intension of Greek consumers. *Scientific Bulletin-Economic Sciences, 10*(1), 93–102.
Parente, R. C., Cyrino, Á. B., Spohr, N., & De Vasconcelos, F. C. (2013). Lessons learned from Brazilian multinationals' internationalization strategies. *Business Horizons, 56*(4), 453–463.
Park, B. I., & Cave, A. H. (2018). Corporate social responsibility in international joint ventures: Empirical examinations in South Korea. *International Business Review, 27*(6), 1213–1228.
Park, B. I., & Ghauri, P. N. (2015). Determinants influencing CSR practices in small and medium sized MNE subsidiaries: A stakeholder perspective. *Journal of World Business, 50*(1), 192–204.
Park, B. I., Chidlow, A., & Choi, J. (2014). Corporate social responsibility: Stakeholders influence on MNEs' activities. *International Business Review, 23*(5), 966–980.
Peters, A., Höcker, U., & Scholz, V. (2007). In C. Welzel (Ed.). *The CSR navigator: Public policies in Africa, the Americas, Asia and Europe*. Bertelsmann Stiftung.
Pisani, N., Kourula, A., Kolk, A., & Meijer, R. (2017). How global is international CSR research? Insights and recommendations from a systematic review. *Journal of World Business, 52*(5), 591–614.
Preuss, L., Haunschild, A., & Matten, D. (2009). The rise of CSR: Implications for HRM and employee representation. *International Journal of Human Resource Management, 20*(4), 953–973.
Puffer, S. M., McCarthy, D. J., & Jaeger, A. M. (2016). Institution building and institutional voids: can Poland's experience inform Russia and Brazil? *International Journal of Emerging Markets, 11*(1), 18–41.
Qian, R., Araújo, J. T., & Nucifora, A. (2018). *Brazil's productivity dynamics.* The World Bankhttp://documents.worldbank.org/curated/en/195351520427970225/pdf/123982-WP-P162670-PUBLIC-Qian-et-al-Brazils-Productivity-Dynamics.pdf.
Raj, A., Kuznetsov, A., Arun, T., & Kuznetsov, O. (2019). How different are corporate social responsibility motives in a developing country? Insights from a study of Indian agribusiness firms. *Thunderbird International Business Review, 61*(2), 255–265.
Ramírez, A., & Tadesse, S. (2009). Corporate cash holdings, uncertainty avoidance, and the multinationality of firms. *International Business Review, 18*(4), 387–403.
Rathert, N. (2016). Strategies of legitimation: MNEs and the adoption of CSR in response to host-country institutions. *Journal of International Business Studies, 47*(7), 858–879.
Rhee, S. K., & Lee, S. Y. (2003). Dynamic change of corporate environmental strategy: Rhetoric and reality. *Business Strategy and the Environment, 12*(3), 175–190.
Ronconi, L. (2012). Globalization, domestic institutions, and enforcement of labor law:

Evidence from Latin America. *Industrial Relations: A Journal of Economy and Society, 51*(1), 89–105.
Rossouw, G. J. (2009). The ethics of corporate governance: Global convergence or divergence? *Managerial Law, 51*(1), 43–51.
Saka-Helmhout, A., Deeg, R., & Greenwood, R. (2016). The MNE as a challenge to institutional theory: Key concepts, recent developments and empirical evidence. *Journal of Management Studies, 53*(1), 1–11.
Sánchez, P. E., & Benito-Hernández, S. (2015). CSR policies: Effects on labour productivity in Spanish micro and small manufacturing companies. *Journal of Business Ethics, 128*(4), 705–724.
Schembera, S. (2018). Implementing corporate social responsibility: Empirical insights on the impact of the UN Global Compact on its business participants. *Business and Society, 57*(5), 783–825.
Scherer, A. G., & Palazzo, G. (2011). The new political role of business in a globalized world: A review of a new perspective on CSR and its implications for the firm, governance, and democracy. *Journal of Management Studies, 48*(4), 899–931.
Serapio, M. G., & Shenkar, O. (1999). Reflections on the Asian crisis: Introduction to the special issue. *MIR: Management International Review,* 3–12.
Sobczak, A., & Coelho Martins, L. (2010). The impact and interplay of national and global CSR discourses: Insights from France and Brazil. *Corporate Governance International Journal of Business in Society, 10*(4), 445–455.
Sullivan, D. (1994). Measuring the degree of internationalization of a firm. *Journal of International Business Studies, 25*(2), 325–342.
Tschopp, D., & Nastanski, D. (2014). The harmonization and convergence of corporate social responsibility reporting standards. *Journal of Business Ethics, 125*(1), 147–162.
Vaira, M. (2004). Globalization and higher education organizational change: A framework for analysis. *Higher Education, 48*(4), 483–510.
Vernengo, M. (2011). *The Brazilian economy after Lula: What to expect? CESifo Forum*, *Vol. 12*, München: ifo Institut für Wirtschaftsforschung an der Universität München17–22 No. 1.
Vveinhardt, J., & Zygmantaite, R. (2015). Influence of CSR policies in preventing dysfunctional behaviour in organizations. *Procedia-Social and Behavioral Sciences, 205*, 340–348.
Wood, D. J. (1991). Corporate social performance revisited. *The Academy of Management Review, 16*(4), 691–718.
Zaheer, S. (1995). Overcoming the liability of foreignness. *The Academy of Management Journal, 38*(2), 341–363.
Zaheer, S. (2015). Overcoming the liability of foreignness. 2015 In P. J. Buckley, & P. Ghauri (Eds.). *International business strategy* (pp. 376–394). Routledge.
Zhao, H., Zhang, F., & Kwon, J. (2018). Corporate social responsibility research in international business journals: An author co-citation analysis. *International Business Review, 27*(2), 389–400.
Zyglidopoulos, S., Williamson, P., & Symeou, P. (2016). The corporate social performance of developing country multinationals. *Business Ethics Quarterly, 26*(3), 379–406.