

# From diffusion to translation: implementation of CSR practices in MNC subsidiaries

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## Abstract

**Purpose** – Anchored in institutional theory and sense-making theory, the purpose of this paper is to explore the implementation of corporate social responsibility (CSR) at the multinational corporations (MNC) subsidiary level in a developing country context.

**Design/methodology/approach** – This paper follows a qualitative methodology and adopts the interview technique to investigate the CSR practices of eight MNCs.

**Findings** – The results suggest that the CSR diffusion process goes well beyond simple imitation (i.e. adopting CSR myths or best practices intact), involving complex processes of interpretation and translation at the subsidiary level to reconcile the multiple and contradictory expectations for CSR.

**Originality/value** – The paper illustrates the dynamics of the sense-making process at the level of the subsidiary and the numerous institutional factors that are accounted for while implementing CSR activities in the host community. This paper argues that the integration of the two theories helps bridge macro and micro levels of analysis, thus providing a much richer account of how organizational actors at the subsidiary level make “sense” of a multitude of institutional pressures in the process of CSR implementation stemming from within the MNC itself on one hand (and the respective home country) and from the host community on the other hand.

**Keywords** Institutional theory, Subsidiary, Corporate social responsibility (CSR), Multinational corporations (MNCs), Sense-making theory

**Paper type** Research paper

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M ultinational corporations (MNCs) are global actors by nature, spreading their practices and expanding across the globe (Kostova and Roth, 2002). In the context of an increasingly interconnected world, there is little doubt that these companies are becoming powerful and influential actors. Of particular interest are the corporate social responsibility (CSR) practices of MNCs with the advent of globalization, which have come under increasing scrutiny, particularly in relation to how they approach social and environmental issues across the developing world (Gifford *et al.*, 2010; Jamali, 2010; Jamali *et al.*, 2015; Jamali and Karam, 2016). Hence, we have seen an increase in the volume and body of research addressing MNC positive and negative CSR externalities in the context of developing countries (Jamali *et al.*, 2009; Jamali and Karam, 2016; Matten and Moon, 2008). But we know very little about how MNC subsidiaries make CSR decisions in the developing world and how they reconcile global and local CSR demands and expectations. Therefore, this paper is intended to advance our understanding of the process of CSR implementation in MNC subsidiaries in developing country contexts, which is both an important and timely endeavor.

To advance a much richer understanding of CSR implementation at the subsidiary level, this paper combines institutional theory and sense-making theory to consider and examine how

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MNC managers at the subsidiary level think about and enact CSR across developing country contexts. Complementing traditional institutional theory with a sense-making lens is likely to provide for a richer account of the nature of the CSR-decision-making process at the subsidiary level, including the mental models and legitimation strategies of MNC subsidiary managers and the complex ways in which they rationalize, reconcile and manage local or global institutional pressures in relation to CSR. Institutional theory has generally been used to account for how macro-level structures and their related institutional pressures (normative, regulative and cultural-cognitive) influence organizational practices and outcomes. Sense-making theory focuses in turn on how institutional pressures are internalized, interpreted, reproduced and enacted within the MNC through human agency. Combining the two theoretical lenses is likely to provide significant insight into how MNC subsidiaries interpret the multitude of CSR pressures stemming from their home and host environments and from within the MNC itself and how they rationalize and enact CSR decisions across the developing world.

CSR implementation in the context of MNC subsidiaries has received scant attention to date. This question is particularly interesting knowing that MNCs consist of a group of geographically dispersed subsidiaries whose goals are not always necessarily identical or converging (Ghoshal and Bartlett, 1990). As mentioned by Roth and Kostova (2003), there are at least two major sources of complexity that MNCs grapple with in the context of CSR. First, MNCs are exposed to various contexts or institutional environments in each of the host countries in which they operate. Hence, they are subjected to a variety of normative, cultural and regulatory institutional pressures that require significant adaptation. Second, intra-organizational complexity and internal adaptation pose themselves as legitimate considerations given the complex management and coordination systems within the MNC itself. Therefore, analyzing the process of CSR decision-making in the context of MNC subsidiaries is likely to advance our understanding of how these increasingly predominant organizational forms navigate through immense complexity and rationalize the needed adjustments and adaptations particularly in the developing world. In the process, we seek to address the following questions:

- Q1. How does the institutional environment and best practice CSR conceptions of MNCs diffuse to their subsidiaries in developing countries and what are the salient institutional pressures at play as perceived by MNC subsidiaries in developing countries?
- Q2. How does sense-making take place in relation to CSR decisions at the local MNC subsidiary level in developing countries and what are the main aspects of the cognitive, conative and linguistic translation of CSR at the level of MNC subsidiaries?

This paper makes a number of important contributions that help advance CSR knowledge and practice. First by combining two well-grounded theoretical streams, the paper begins to address the complexity of CSR decision-making and actions encountered in the context of MNCs as clearly highlighted in previous research (Kostova and Roth, 2002; Roth and Kostova, 2003). The paper presents a novel theoretical framework that combines relevant threads from those two important theoretical streams. The paper also responds to recent calls for research that addresses the micro-foundations of CSR (Aguinis and Glavas, 2012) and that helps bridge the micro-macro divide that has become apparent in CSR scholarship (Mellahi *et al.*, 2016). Adopting a sense-making lens in fact allows us to dig deeper into the cognitive and psychological aspects of CSR interpretation and decision making (Rupp *et al.*, 2013) at the level of the MNC subsidiary, while institutional theory helps us keep track of salient macro level institutional pressures for CSR that also invariably affect CSR decision-making and enactment. Finally, the paper helps further advance the evolving body of knowledge about the implementation of CSR in MNC subsidiaries in developing countries. The findings highlight the perceived institutional pressures that influence CSR strategy and implementation at the subsidiary level, in variant host countries as well as

internal pressures within the MNC itself. Further, the findings detail the cognitive, linguistic and conative dimensions of the CSR sense-making process in the context of MNC subsidiaries.

The paper is organized as follows. It starts with a brief literature review about CSR in MNCs and the challenges frequently encountered by MNC subsidiaries pertaining to balancing and reconciling globalization and localization pressures in the context of CSR. It then presents our analytic framework for this research, drawing on a blend of institutional theory and sense-making theory. In light of this framework, it presents the findings from our own research, which draws on interviews with eight MNC subsidiaries operating across Lebanon and the United Arab Emirates (UAE). The findings are analyzed, and their implications fleshed out in relation to future research pertaining to CSR in the context of MNCs and MNC subsidiaries in general and in the developing world more specifically.

### Relevant literature: global versus local CSR in MNCs

MNCs have been growing and expanding in terms of their reach and influence, transcending geographic boundaries and economic divides, and turning into very powerful agents, economically and socially (Jamali and Mirshak, 2010). Difficulties associated with the assessment of the track record of MNC-CSR involvement in developing countries are no doubt related to the vagueness of the concept of CSR itself which remains highly elusive and contested (Husted *et al.*, 2015). They are also in no small part related to the complexities of MNCs which are often networks of heterogeneous and loosely connected subsidiaries engaged in multi-faceted activities within and between many host countries (Blumentritt and Nigh, 2002; Strike *et al.*, 2006).

When developing their CSR strategies, MNCs can either adopt CSR practices of their home country which is known as global CSR, or tailor their CSR practices to the context of their host country which is referred to as local CSR (Muller, 2006). Muller (2006) aptly recognizes in this respect that issues of local responsiveness versus global integration have received considerable attention in the international management literature, yet they have not been accorded systematic attention in relation to CSR. Perspectives indeed differ on whether MNCs should stimulate centralized CSR strategies or whether they should develop those locally in consultation with local stakeholders (Muller, 2006). Table I makes clear that each of these strategies presents distinct advantages and disadvantages.

**Table I** Global versus local CSR in MNCs

	<i>Advantages</i>	<i>Disadvantages</i>
Global CSR	Upward harmonization of CSR standards internationally Globally integrated and standardised strategy Policies, processes and structures consistent across cultures	Insensitivity to local needs  Reduced ownership and legitimacy  Compliance based strategies that are tailored to end of pipe controls Approaches that live up to minimum host requirements
Local CSR	Nationally responsive and adapted to local context Tailored to local cultural differences and preferences	Fragmented inconsistent and reactive strategies Lack of clear responsibility and internal tensions Approaches that live up to minimum global requirements High coordination and control necessary

Source: Adapted from Jamali (2010)

Further, [Husted and Allen \(2006\)](#) suggest that the key difference between global and local CSR is the community that demands it. Local CSR deals with the firm's obligations based on the standards of the local community, whereas global CSR deals with the firm's obligations based on hyper norms or standards of the global company or its home country. Research to date seems to suggest that the majority of MNCs evolve generic themes and strategies for their CSR across countries focusing on education, healthcare and the environment or a combination thereof ([Kolk and Lenfant, 2010](#)). Recent streams of research also suggest that the CSR strategies of MNC subsidiaries are enacted under the same global themes, but are often more diluted depending on the nature of the specific market environment encountered ([Jamali, 2010](#)).

Generally, the literature seems to suggest that MNCs fail to effectively address matters of key importance in their host countries ([Logsdon and Wood, 2005](#)). [Amaeshi and Amao \(2009\)](#) in their research on MNCs operating in Nigeria concluded that the codes of conduct adopted by MNCs are influenced by the characteristics of their home countries; more specifically, codes of conduct reflect their home countries' models of capitalism. Findings from the Lebanese context similarly suggest that CSR initiatives designed by MNC subsidiaries were inspired and guided by global directives, suggesting that MNCs are neither according systematic attention to the priorities of their local stakeholders nor actually involving them in the decision-making process ([Jamali, 2010](#)).

Undeniably, MNC subsidiaries face a range of potential risks and challenges in developing countries, especially when it comes to aligning their CSR approach with local norms and expectations. [Cruz and Boehe \(2010\)](#) identified specific challenges in designing CSR initiatives in developing countries, such as building competitive advantages based on CSR, local adaptation by responding to local stakeholders' issues in the host country and global learning. According to the authors, the more diverse the challenges will become, the more disintegrated CSR will be and this will make it more difficult to learn from local experiences ([Cruz and Boehe, 2010](#)). In addition, coordinating, integrating and exchanging resources are major challenges faced by MNC subsidiaries that are geographically dispersed ([Jamali, 2010](#); [Strike et al., 2006](#)). Previous research has also shown that the limited budgetary allocations and centralized decision-making in developing world contexts often reflect in the adoption of generic philanthropic CSR gestures by MNC subsidiaries that are detached from the realities of the local context ([Jamali and Neville, 2011](#)). Tensions between global and local CSR in the case of MNCs are therefore strongly felt and certainly still salient across various streams of the CSR literature.

## **Theoretical framework: combining institutional theory and sense-making theory**

### ***Institutional theory***

Institutional theory is a multi-level organizational framework spanning the institutional, organizational and individual levels of analysis, although the focus of institutional theory has traditionally been on the institutional level. Institutional theory provides powerful explanations for the diffusion of organizational practices through invoking three important and interrelated concepts pertaining to rationalized myths, isomorphism and legitimacy. Rationalized myths (pertaining to CSR) are often imported from the institutional environment and disguised as rationalized best practices used by organizations to maximize their legitimacy and increase their survival and adaptability ([Jensen et al., 2009](#)). These rationalized myths are often diffused and institutionalized as taken for granted rules, leading to isomorphism (or structural similarity), where the formal structures and practices (including CSR practices) of organizations conform to societal expectations to obtain and maintain legitimacy ([DiMaggio and Powell, 1983](#)).

Organizations seek legitimacy by conforming to three types of isomorphic pressures including coercive isomorphism – complying with codified rules, norms or laws; mimetic

isomorphism – adopting recognized best practices and managerial fads; and normative isomorphism – aligning with espoused standards set by educational/professional authorities (DiMaggio and Powell, 1983). A vexing and relevant question pertinent to MNCs in the context of institutional theory revolves around whether these organizations need to import firm-specific organizational practices and capabilities in host countries to overcome the liability of foreignness. Alternatively, some institutional theorists argue that the organizational practices of MNCs will need to become similar or isomorphic to the practices of local firms for them to successfully compete and thrive in local contexts (Zaheer, 1995).

In fact, for MNCs that operate in different countries across the globe, legitimacy is certainly affected by the significant institutional differences across these countries (Kostova and Zaheer, 1999). Hillman and Wan (2005) recognize that multiple legitimacy considerations influence MNC decisions and identify what is referred to as “institutional duality” which is the pressure to conform to both the parent company (home country institutional pressures) and to isomorphic pressures specific to the host country (Hillman and Wan, 2005; Kostova and Roth, 2002). One of the most difficult challenges facing MNCs and their subsidiaries in this regard stems from the fact that judgment as to whether an organization and its actions are perceived as legitimate is socially constructed and hence context dependent.

In trying to earn legitimacy and strengthening their chances of survival across widely different institutional landscapes, MNCs often incorporate structures, processes, practices and meaning systems that reflect institutionalized rational myths (in this case pertaining to CSR). Generally, the study of the institutionalization of structures and practices has resulted in a focus on institutionalization as diffusion, with the diffusion model assuming a somewhat static process and resting on the assumption that practices are adopted intact (Zilber, 2006). However, recent studies touching on the symbolic aspects of institutionalization (Haveman and Rao, 1997; Lounsbury and Pollack, 2001) highlight how institutionalized myths are often actively reshaped during transmission, testifying to the complex processes of translation and social construction of rational myths during the institutionalization process (Zilber, 2006). Hence, unlike diffusion, which connotes the mimetic and mechanical adoption of CSR practices, translation involves potential negotiation and transformation of ideational and material content in the process of movement and adoption (Zilber, 2006).

Therefore, rather than simple mechanical diffusion, translation of ideas implies that in the process of circulation, CSR myths and practices can be adapted, modified and reshaped, taking on new meanings as they flow within and between contexts. In other words, CSR rationalized myths do not diffuse in a vacuum but are actively transferred and translated in the context of other ideas, actors, traditions and institutions (Sahlin and Wedlin, 2008).

### *Sense-making theory*

“Sense-making” has been described as “a process by which individuals develop cognitive maps of their environment” (Ring and Rands, 1989). Weick (1995) explained sense-making as process theory that has a focus on local and subjective micro-level processes. Sense-making is needed to better understand how and why organizational actors appropriate, act and make sense (Jensen and Aarstad, 2007) of CSR in the process of implementation in local contexts.

In the case of CSR activities, sense-making theory turns attention to internal organizational cognitive, linguistic and conative processes of interpretation rather than purely external pressure. The mental models or frames that underlie organizational sense-making, then, influence the way the world is perceived within the organization as well as critical decisions with respect to perceived external and internal demands (Basu and Palazzo, 2008). Studying CSR through the lens of sense-making might provide a robust conceptual complement to the institutional and externally titled analysis of CSR decision-making

particularly in the context of the complex and heterogeneously dispersed MNC and its subsidiaries.

Basu and Palazzo (2008) described behavioral patterns or actions as having a direct link with cognitive, linguistic and conative elements. The *cognitive* dimension relates to “what the firm thinks” and has both identity orientation and legitimacy as its core dimensions. The *linguistic* dimension seeks to understand the methods that organizations adopt to communicate the reasons behind their engagement in specific activities. It asserts “what the firm says” and has both the justification and transparency attributes as core dimensions. Furthermore, the *conative* dimension of CSR elaborates on “how the firm behaves” and normally involves the behavioral posture that an organization adopts, along with the commitment and consistency it shows in conducting activities that impinge on its perceived relationships with stakeholders. These sense-making dimensions are summarized in Table II.

In particular to this study, sense-making theory helps shed light and offer further explanation of the inter-subjective processes that are present between the various parts of the MNC (Weick, 1995) and at the level of MNC subsidiaries more specifically when devising and implementing their CSR activities in host communities.

### Combining both institutional and sense-making theory

Though institutional theory has its own merit in explaining the effects of institutional pressures (Suddaby and Greenwood, 2009) on MNC subsidiaries, given its titled macro focus, it lacks the ability to explain how social practices are interpreted/internalized through human agency and action (Barley and Tolbert, 1997). Hence, the paper offers a complementary lens through sense-making theory, by documenting the sense making process that the MNC subsidiary typically adopts in a developing country context while enacting CSR activities in the host environment within the context of the repertoire or “set” organizational practices held at the headquarters. The paper aims to capture how the process of diffusion of CSR practices using institutional mechanisms (macro and meso

**Table II** Dimensions of the sense-making process

Cognitive <i>What firms think</i>	Identity Orientation: is the shared beliefs that the members of a particular organization share together which adherently connects them to each other and to the organization, and helps them to make sense of their environment (Basu and Palazzo, 2008)	Legitimacy: based on Suchman's (1995) definition; is the “generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.”	
Linguistic <i>What firms say</i>	Justification: aims to understand how organizations justify their actions to others, in particular to their stakeholders (Basu and Palazzo, 2008)	Transparency: relates to the valence of the information included in the company's communication: either balanced with respect to both favorable as well as unfavorable aspects/ outcomes of its actions, or biased in terms of including simply the favorable and omitting the unfavorable part (Basu and Palazzo, 2008)	
Conative <i>How firms tend to behave</i>	Posture: refers to how responses are formed and framed when organizations face criticism from the public sphere (Basu and Palazzo, 2008)	Consistency: strategic consistency is that of coherence between the strategy of the organization and the activities it implements. The internal consistency refers to coherence between the activities which the organization undertakes (Basu and Palazzo, 2008)	Commitment; in Basu and Palazzo's (2008) model, can either be instrumental al (i.e. driven by external pressures) or normative (i.e. driven by internal pressure)

level) is translated to the decision-making process of companies (micro level). This process also acknowledges the circulation of ideas that need to be understood in social rather than physical terms.

Combining the two frameworks is likely to lead to powerful insights and capture adequately the influence of the macro institutional environment, as well as the role and agency and interpretation of micro actors and decision-makers at the MNC subsidiary level. Furthermore, both theories are logically compatible because of their common origin and philosophical tradition (Berger and Luckmann, 1966; Schutz, 1967), and combining them is likely to help bridge the macro and micro divide and lead to a much richer account of the circulation of CSR ideas within an MNC and across the developing world.

The framework the paper suggests in Figure 1, thus, combines the two theoretical lenses. At the top of the figure are the institutional processes of coercive, normative and cognitive isomorphism, and at the bottom is the sense-making process, which can be traced through the linguistic, conative and cognitive dimensions. While Institutional Theory may help to account for the diffusion of CSR best practice through the three isomorphism processes, sense-making theory can help account for processes of interpretation and rationalization by MNC subsidiary managers and, hence, potential adaptation or translation of CSR. This translation process is likely in turn to influence the character of the resulting CSR expression. The framework also helps bridge between the macro, meso and micro levels of analysis, by accounting for macro institutional pressures, micro sense-making processes and the translation and adaptation at the meso organizational level and helps to gauge whether the emphasis tilts more towards pure diffusion versus translation or adaptation of CSR in the context of complex and geographically dispersed MNCs.

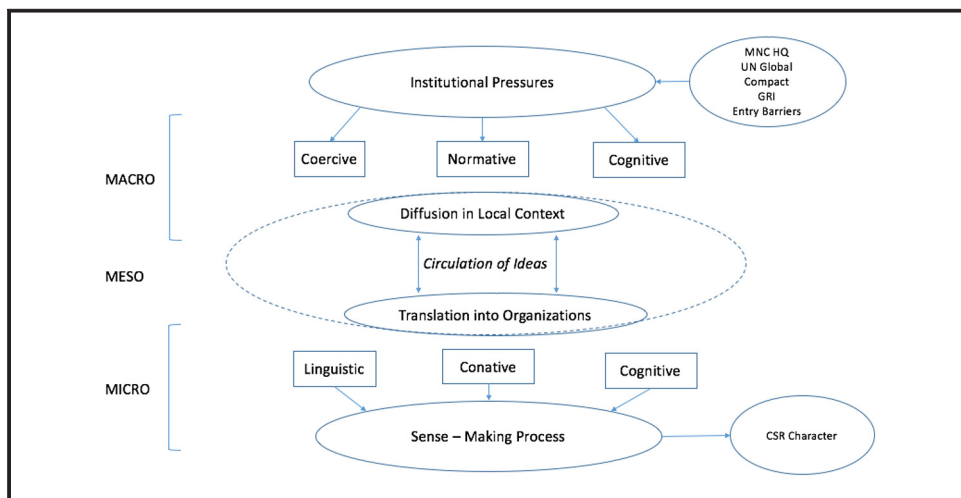
### Research methodology

We draw on qualitative interviews with eight MNC subsidiaries located in both Lebanon and the UAE to capture the various aspects of diffusion of CSR across MNC subsidiaries in developing countries.

### Participants

We initially contacted 20 firms operating both in Lebanon (9 firms) and the UAE (11 firms) and received a response rate of 75 per cent (15 firms). Out of the nine firms contacted in

**Figure 1** Circulation of ideas: diffusion versus translation



Lebanon, five agreed to take part in this research, two firms declined our request and two firms did not respond to our email invitation. Moreover, out of the 11 firms contacted in the UAE, 3 agreed to take part in this research, 5 firms declined our request and 3 firms did not respond to our email invitation. The subsidiaries were selected based on the following criteria:

- The firm is a subsidiary company of a well-known MNC.
- The subsidiary has some form of documented CSR involvement [Table 3](#) presents the industry, the position and the location of the eight MNC subsidiaries in the sample.

### *Data collection process*

We used semi-structured interviews as the main data collection source for the study. Before each interview, the interviewer read through the websites of the MNCs, if available, to be acquainted with their work. At the beginning of the interview, participants were provided with an overview of the study's purpose and were asked for their permission to record the interviews and to sign the consent form. For interviewing purposes, the interview guide was divided into two major parts. The first part probed around the institutional factors at the host country level that affect the subsidiaries' CSR activities. This section also probed into institutional pressures stemming from within the MNC itself and relating to its home country. The second part of the interview guide tapped into processes of interpretation and rationalization of CSR and how subsidiaries interpret and enact CSR and the degree of space and autonomy when it comes to devising the CSR activities in the host community. Furthermore, this part also tapped on the legitimacy parameters that the subsidiary accounts for while devising CSR activities. Each participant was interviewed once, and

**Table III** List of participating firms

<i>MNC</i>	<i>Industry</i>	<i>Manager interviewed</i>	<i>Subsidiary location</i>	<i>HQ location</i>	<i>Themes for CSR</i>
MNC 1	Management, distribution, and sale of tobacco products	Corporate and Regulatory Affairs Manager - Yemen and Levant	Beirut, Lebanon	The UK	Harm Reduction, Sustainable Agriculture, Corporate Behavior
MNC 2	Management and distribution of premium brands	CSR Coordinator	Beirut, Lebanon	France	Education, Environment, People
MNC 3	Manufacturing and distribution of cement products	Communication Manager	Beirut, Lebanon	Switzerland	Environment, Social, Economic
MNC 4	Management and distribution of premium brands and products	Corporate Projects Manager	Beirut, Lebanon	The USA	Education, Environment and Sustainable Development, Community Empowerment, Arts and Culture
MNC 5	Management and distribution of fast moving consumer goods	General Business Manager	Beirut, Lebanon	Switzerland	Nutrition, Water, Rural Development, Sourcing, Environment, Human Rights
MNC 6	Management and distribution of fast moving consumer goods	Corporate Communication Manager - Arabian Peninsula	Dubai, UAE	The USA	Environmental Sustainability
MNC 7	Management and distribution of fast moving consumer goods	CSR Manager	Dubai, UAE	Switzerland	Environment Sustainability, Talent
MNC 8	Management and distribution of fast moving consumer goods	CSR Senior Coordinator	Dubai	The USA	Environment, Social, Sustainable Development

interviews lasted on average for 2 hours, were conducted in English, recorded and transcribed.

### ***Data analysis***

We analyzed our empirical data by following well-established procedures of qualitative content analysis (Miles and Huberman, 1994). First, after transcribing few of the interviews, we tried to immerse ourselves in the data and familiarize ourselves with it. We read the transcripts and listened to the audio of the interviews to actively engage with the data and focus our attention on the participants. Second, through an excel document we highlighted and took note of the different ways the participants discussed the CSR practices adopted at the subsidiary level. Third, from our notes and the respective transcripts we were able to develop emergent themes with respect to the previously discussed institutional and sense-making theory dimensions and in light of our model presented above.

### **Findings**

We present our findings in relation to (a) perceptions of institutional pressures influencing CSR and (b) the sense making process at the level of the MNC subsidiary. We then present in the discussion section a useful synthesis that makes use of the primary insights gained from combining institutional theory and sense-making theory.

#### ***Perceived institutional pressures influencing CSR (externally within the host country and pressures that are channeled internally within the MNC)***

In terms of perceived institutional pressures influencing CSR, the majority of the companies pointed out to institutional pressures stemming from the home country and the HQ philosophy and templates for CSR which are transmitted as the taken for granted *modus operandi* of orientation and operation. In fact, for the majority of the MNCs in the sample, the CSR strategy is generally set at headquarters levels and the tinkering and adaptation that happens at the MNC subsidiary level is closely monitored for compliance and fit with the overall CSR strategy, as envisioned and intended at the level of the HQ. For instance, MNC 2 mentioned that the CSR strategy “is created in the HQ and then duplicated in other countries”, “They are framed in the HQ and then communicated to us internally, the CSR is embedded within the strategy and it is communicated to all operating countries”. For MNC 5, their CSR strategy “is global and the themes are channelled to the various operations” and MNC 6 explained that they “implement the same strategy globally. CSR is implemented top-down and is primarily driven from our HQ”. So clearly, there are pressures for CSR stemming from the home country institutional environment, and being transmitted within the MNC itself, with significant attempts at homogenization and coordination of CSR themes and interventions across widely dispersed subsidiaries operating in divergent institutional landscapes/environments.

Yet the MNC subsidiaries in our study also alluded to the importance of attending to the host-country needs while aligning with the headquarters strategy with regards to CSR. Thus, despite salient institutional pressures for CSR, stemming from the international level and the home countries of the subsidiaries in question in Europe and the USA, MNC subsidiaries seem to also make an effort to tailor, adapt and imitate their CSR practices to the local host country level. Imitation, in specific, is an active process, which has been conceptualized as a *performative* process (Sevón, 1996) unlike diffusion where a certain model, idea or practice, once created, spreads next to a number of *passive* recipients. Thus, the MNC subsidiaries in our study refrained from solely diffusing CSR practices to their host community, they rather often worked on translating them to meet the needs of the relevant stakeholders. For example, MNC 3 mentioned “we have some pressure from the municipalities in the areas that we work in, so we look to forge collaborative relationships in

order to secure our continued licence to work in this environment". MNC 6 mentioned "since for some governments some topics are taboo issues, they would like to have private sector companies come in and take the role of spreading awareness, rather than having it embedded in the school curriculum. Here it is mainly working with the ministries [...] we tailor the world-wide programs to the local, we have to make sure that the ministries are happy with the content that no taboos are being broken, so it is tailored to the local market". In this sense, subsidiaries try to adapt to local norms, as they are aware of the importance of aligning with the needs of the local context to continue to operate successfully. Normative isomorphism seems to be the most salient/predominant form of isomorphism at play, with firms quite cognizant of the need to conform to local host country norms and expectations as well as espoused standards by local authorities and associations, which also helps them to garner support and legitimacy for their work and operations.

In terms of pressures for CSR stemming from within the MNC, the majority of the MNC managers interviewed pointed out that the philosophy and orientation for CSR are invariably initiated by the headquarters. The MNC subsidiary's alignment with headquarters mandates are considered to be crucial in this respect. In that sense, implementing CSR at the subsidiary level means aligning with the headquarters directions. MNC 1 explained that "we have pressure from the group to implement CSR, we have the set of guidelines that we should abide by, we have to be in compliance with the group policies". MNC 2 also mentioned that "since we are an international organization, the pressure comes from abroad and we need to abide by the standards of the organization as a whole", and MNC 5 asserted that "since all operations are following the same guidelines we also have to follow those guidelines so that we are consistent and homogenous with the other operating offices". For most, implementing CSR projects must fall within the broad pillars devised at headquarters levels. For example, MNC 7 mentioned that "mainly we follow the grand pillars of our CSR strategy and we customize accordingly based on the country needs". MNC 8 also explained that "In different countries CSR takes different forms, but it's part of our environmental sustainability or human sustainability strategy. It will fit into one of these three buckets of human, environment and talent sustainability. The goals are not set by us, they are set by the headquarters". There are therefore visible and significant pressures for CSR, stemming from the international scene, and being channeled within the MNC as felt and conveyed by CSR managers, but also some room for tailoring and adaptation to meet local norms and expectations in developing countries.

### *Interpretation and rationalization of CSR and perceived outcomes of CSR*

In terms of interpretation and rationalization of CSR and the perceived outcomes of CSR, the majority of MNC managers interviewed shared the important dimensions and elements of interpretation and rationalization at the level of the subsidiary. These are illustrated and organized around the cognitive, linguistic and conative dimensions of sense making theory as illustrated below.

In terms of interpretation and rationalization of CSR and **the cognitive dimensions of sense-making** at the level of the subsidiary, the majority of MNC managers interviewed suggested that from a cognitive dimension implementing CSR practices has an impact on both the identity orientation of the firm and its legitimacy amongst its stakeholders. The identity orientation refers to the beliefs that the members of a particular organization share together, which helps connect them to each other and continuously define in turn the character of the organization in which they work. The MNC subsidiaries in our study defined their identities by invoking various themes and terms, relating to *leadership and accountability, sustained growth and respect for people, community and environment*, which were repeatedly mentioned by the interviewees. Phrases such as *freedom through responsibility, strength through diversity, empowered people, respect, integrity, passion, team work, team spirit* and *sustainable balanced growth* were repeatedly invoked by the subsidiary managers

interviewed. CSR therefore plays a role in forging the identity of the firm as a whole and members in it with a salient process of internalization of the cognitively related CSR messages across the MNC.

These shared beliefs and cognitive orientations were, however, often edited and translated as they are circulated and transmitted across the MNC to the level of their subsidiaries in developing countries (please see [Table IV](#)). Many of the subsidiary managers interviewed emphasized *strength through diversity* and *the empowerment of people* and *freedom through responsibility* as important priorities in the context of the UAE and Lebanon. According to MNC 4, “We want to be recognized as the employer and partner of choice, how we work and how we are perceived by every stakeholder in the region is very important to us. According to MNC 6, “through CSR, we educate consumers on important issues, which drives awareness and loyalty to the brand; we also engage our employees, which is very important in this region, to make employees feel involved for the right reasons”.

Further, the MNCs regarded legitimacy from different perspectives, describing it from a legal standpoint as abiding by the rules and regulation of the country they are operating in. For many, legitimacy entailed regulatory compliance, and had both legal and moral connotations. Others defined legitimacy in terms of meeting the expectations of external stakeholders and giving back to the community, which in turn were essential to earn a continued license to operate in local markets (please see [Table IV](#)). For example, MNC 4 stressed that “CSR provides us with a real license to operate [...] because we are a global brand coming to local markets, we need to give back to society to continue to earn our licence to operate”, while MNC 3 noted that “we conduct an assessment and devise an action plan. This is our legitimacy [...] it is for our benefit to be transparent”.

Hence, translation was also evident in how subsidiary managers cognitively interpreted legitimacy, which in the most part had local connotations. For example, MNC 2 conveyed that “We seek through CSR to be a preferred partner for our suppliers, to engage our employees, and to make a difference in the local community”; CSR is thus a way to earn legitimacy in the eyes of suppliers and partners. MNC 6 mentioned that “We earn our continued legitimacy in the eyes of internal and external stakeholders through tailoring and communicating CSR in the most appropriate way to internal and external stakeholders”. So rather than pure diffusion, translation implies movement and transformation, emphasizing how ideas can be “energized” by users as they translate them for their own use. Hence, what is being transferred from one setting to another is not a static idea or a practice, but rather accounts and materializations of a certain idea or practice. Such accounts undergo translation as they spread, resulting in local versions of models and adaptations of the original or intended ideas in different local contexts ([Czarniawska and Joerges, 1996](#)).

In terms of the linguistic dimensions of sense-making, managers of subsidiaries emphasized that communication is key to their CSR strategy and helps forge an important two-way dialogue between the company and its stakeholders. The linguistic connotations and justifications invoked to account for CSR involvement at the local level were varied, including a creating shared value rhetoric, a performance with purpose rhetoric, an internal talent rhetoric, a customer service rhetoric and a financial performance rhetoric (please see [Table IV](#)). The business case was also salient in linguistic accounts with CSR serving for some as an important tool for positive sustained financial performance (please see [Table IV](#)). MNCs 5 and 6 explained for example that CSR “will add value to the stock, because it increases the trust of the shareholders and others” and “If consumers are more loyal to brands and companies [...] then it goes to follow that they will spend more on those brands respectively”.

Yet there was an inevitable element of tweaking or translation of those overarching linguistic messages as they were translated across the subsidiaries in question. What was spreading were not ready-made and unchangeable CSR ideas, but rather tentative ideas or guidelines

**Table IV** Summary of findings and related themes

<i>Dimension</i>	<i>Theme(s)</i>	<i>Representative Statement(s) of Translation</i>
<i>Institutional Theory</i> Global Institutional pressures for CSR	International home country institutional pressures	Homogenization and coordination of CSR themes and activities with global CSR philosophy and templates originating in the home country
	National host country institutional pressures for CSR	Conformity with local norms and context Alignment with the needs of the host community
	Pressures for CSR from within the MNC	Headquarters' centralization of CSR strategy Alignment and coordination of CSR activities with the HQ mandates
<i>Sense-Making Theory</i> Cognitive	Identity Orientation	Freedom through responsibility Strength through diversity Sustainable/balanced growth
	Legitimacy	Legal and regulatory compliance License to operate and meeting the expectations of local stakeholders Giving back to community
	Justification	Creating shared value rhetoric Performance with purpose rhetoric Internal talent rhetoric Consumer rhetoric
Linguistic	Transparency	Financial performance rhetoric Regular reporting on progress Stakeholder dialogue Positively biased reporting
	Posture	Stakeholder dialogue Alertness, proactiveness, continuous stakeholder engagement and making a difference in the community
	Consistency	Centralized decision making Consistency with HQ CSR strategy Modest tailoring and adaptation to the needs of the host community
Conative	Commitment	Instrumental commitment Normative commitment
		"CSR strategies are framed in the HQ and then communicated to us internally, CSR is embedded within the business strategy and it is communicated to all operating countries" (MNC 2)
		"We have some pressure from the municipalities in the areas that we work in, so we look to forge collaborative relationships in order to secure our continued license to work in this environment" (MNC 3) "Since we are an international organization, the pressure comes from abroad and we need to abide by the standards of the organization as a whole" (MNC2)
	"We take our global ideas and work on tailoring them to the country we are working in. We have a responsibility towards our local stakeholders and we need to engage in activities that will be of benefit to them" (MNC 5) "When we approach our partners, we communicate with them on what they need, what they perceive as their priority. We conduct an assessment and devise an action plan. This is our legitimacy. You can't work against people's ideology. We have dialogues with municipalities; it is for our benefit to be transparent" (MNC 3) "it is very important how we communicate with our local stakeholders. We need to speak their language and work on initiatives that matter to them" (MNC 4)	
	"The key is communicating with all the stakeholders. Our engagement with our stakeholders includes formal stakeholder dialogue sessions, stakeholder panels, long-term partnerships and employee and customer surveys, along with day-to-day dealings with our suppliers" (MNC 1) "We work with our stakeholders as partners, there is mutual decision making in most cases and there is always transparency between us. In most cases, there is a lot of engagement with them, especially in CSR" (MNC 3) "Mainly we follow the grand pillars of our CSR strategy, i.e nutrition, rural development, water and environment and we customize accordingly based on the country needs" (MNC 7) "Our work should in some way create change in the area we are working in, whether through hiring locally or through respecting the environment" (MNC 3)	

that were subject to repetitive translation. For example, creating shared value meant value for employees and value for the community at large in the case of MNC 1, whereas creating shared value meant in the case of MNC 4 mainly employing workers from the local community. As portrayed by MNC 4, "The subcontractor's employees are normally from the areas that our sites are located in as we aim to develop these local areas of operation". Further, in the case of MNC 3, "CSR for us is very strategic. The group has one policy towards CSR which is that CSR is a strategic commitment and is not philanthropic". For MNC 1, "creating shared value also involved having partnerships with more than 100,000 farmers, providing them with expertise and technology that they can use to better grow their products actually to get better products and get better yield for their products".

As for creating an internal talent rhetoric, the MNCs realized that through their tailored CSR initiatives they could reveal the values of their companies to potential recruits and thus become part of an "employee value proposition". Through that, the managers at the MNC subsidiaries worked on editing their CSR practices to resonate with the aspirations of their employees and also to respond to the needs of the local community and be portrayed as a contributor to the society they are operating in. For example, MNC 8 noted that "CSR really helps us to differentiate ourselves from the rest of the companies. This differentiation and our diversity allows us to recruit top talent. The talent that is looking for an organization that can fulfil their economic and social aspirations". Further, MNC 2 highlighted that through engaging the subsidiaries' own internal employees with devising CSR strategies, employee's feeling of involvement will increase and the CSR initiatives will be spearheaded from the local members to the local community.

A customer service rhetoric was highlighted with the managers of the MNC subsidiaries who focus their efforts on attracting and building a customer base in the host community. For example, MNC 7 explained that "our customers understand the harmful impact of our products on their community. It is our role to step in and offer our expertise and help in the areas that they consider to be the most crucial". Another MNC 5 stressed that "In Lebanon, after we understood the context, we decided to gear our CSR activities towards enhancing some public schools". These adaptations make clear that subsidiary managers were fully aware that only through translating and editing their CSR activities will they be able to connect with their customers and build their customer base.

Further, the MNCs in our study alluded to the positive relationship between financial outcomes and CSR. Thus, a financial performance rhetoric can be noted here. The managers at the subsidiaries explained how CSR contributed to the gaining of a competitive advantage through the development of an internal and external organizational image and reputation. With that in mind, some of our participants noted that "taking financial measures as a key performance outcome is exclusively focused on the shareholder interests. However, since our business focuses on multiple-stakeholders it is very important for us to structure our CSR practices in a way that would make sense to all community members we are working with (MNC 3)". MNC 1 noted that "our interest is in the financial well-being of the firm, but since we are operating in a foreign context our financial success will depend on the local community's acceptance of our work".

In relation to transparency, the majority of the MNCs noted that they value regular communication with their stakeholders to garner their support to the initiatives they are implementing in the host community. Hence, the MNC subsidiary managers emphasized the importance of reporting on the progress of their CSR goals to the community at large. For example, for MNCs 1, 3, 5 and 7, transparency means diligently monitoring the CSR progress under each pillar and reporting on this publicly. The MNC managers also emphasized the importance of stakeholder dialogue to deal with any issue pertaining to their CSR practices. MNC 1 mentioned that "the key is communicating with all the stakeholders. Our engagement with our stakeholders includes formal stakeholder dialogue sessions, stakeholder panels, long-term partnerships and employee and customer surveys,

along with day-to-day communication with our suppliers". Moreover, MNC 3 acknowledged that "we work with our stakeholders as partners, there is mutual engagement and respect in most cases and there is always transparency between us". While transparency and stakeholder engagement were recognized as key, there was also a clear positive valence bias permeating all the communication on CSR across the subsidiaries as admitted by several of the managers interviewed, in terms of seeking to put a positive spin and portray a positive image through what is being reported, while working on attenuating gaps and weaknesses over time.

In terms of the conative dimensions of sense-making, the managers of subsidiaries illustrated the doing aspects of CSR through regular stakeholder engagement. For example, MNC 3 acknowledged that "we work with our stakeholders as partners, there is continuous engagement on both sides, especially in relation to CSR". Hence, managers of subsidiaries summed up their posture on the CSR front in terms of alertness, proactiveness and continuous stakeholder engagement, as they seek to meet the evolving needs of their internal and external stakeholders through a proactive CSR strategy. This was exemplified by MNC 6 that mentioned "we work with global partners (Habitat for Humanity, Save the Children, UNICEF) to identify global causes that are prevalent in countries where we operate". Also, MNC 3 mentioned that "In general we work with our stakeholders as partners, there is mutual decision making in most cases and there is always transparency between us".

In terms of consistency, it was noted from all eight MNCs referred to an overarching CSR strategy of the organization that is deployed directly to the subsidiaries with a certain space for localization at the host-community level. For instance, MNC 2 mentioned that the CSR strategy "is created in the HQ and then duplicated in other countries" and "They are framed in the HQ and then communicated to us internally, the CSR is embedded within the strategy and it is communicated to all operating countries". For example, the CSR strategy of MNC 6 revolved around providing health and hygiene education to children around the world with a leeway to tailor its activities to the need of the country of operation. Further, MNC 7 explained that "mainly we follow the grand pillars of our CSR strategy, i.e nutrition, rural development, water and environment and we customize accordingly based on the country needs". Hence, while the overall CSR mandates are diffused through imitation across subsidiaries and location, there is significant room for adaptation of CSR with circulation to meet the needs of the local stakeholders and host community involved. As nicely conveyed by MNC 3, "We have one general policy and principle, and we adapt to the local community that we are operating in. We address our needs and then propose activities and actions. We have the autonomy to devise activities that match the needs of the community". Here, we highlight that different contexts provide different editing rules (Sahlin and Wedlin, 2008) in which the circulated ideas from the MNC's HQ are translated at the subsidiary level to address the various nuances and needs identified in the host country.

As far as commitment to CSR, the interviewed MNC managers invoked both instrumental and normative connotations of commitment. Instrumental commitment to CSR stemmed from the external pressures originating with national bodies, including governments, NGOs, media and other groups who are most often defined at the local level and within national boundaries but also instrumental pressures for commitment stemming from within the MNC. For example, MNC 2 mentioned that "since we are an international organization, the pressure comes from abroad and we need to abide by the standards of the organization as a whole". Moreover, many of the MNC managers at the level of the subsidiary noted that they were driven to engage in CSR to meet compliance regulation set by the headquarters. For instance, MNC 5 asserted that "since all operations are following the same guidelines for devising, implementing and reporting on CSR, we also have to follow those guidelines as well so that we are homogenous with the other operating units and offices". Normative commitment on the other hand was illustrated through various statements by the managers

of MNC subsidiaries about commitment to good and making a difference in the community. For example, MNC 3 mentioned that “our work should in some way create change in the area we are working in, whether through hiring locally or through respecting the environment”.

## Discussion of findings

Starting from a real gap in the literature, the article was intended to provide insight into the process of CSR translation in the context of MNC-subidiaries in developing countries, capitalizing on an analytic framework combining institutional theory and sense-making theory and supplemented by the recent stream of literature on the circulation of ideas. Within the context of this unique analytical framework, the findings fleshed out above help provide important insights into the process of CSR sense making and rationalization at the level of MNC subsidiaries in two novel contexts: the UAE and Lebanon. The findings help to understand how MNC managers in developing countries interpret the institutional pressures for CSR, stemming from both the global context and their local environments, and the complex processes of rationalization and adaptation as CSR is circulated across contexts and within MNCs that are dispersed across geographic contexts. The findings also help shed some light on the tensions between global CSR and local CSR, which has been a question of growing interest within recent CSR streams of literature.

As we tapped into the sense-making process and how managers at the MNC subsidiary level interpret institutional pressures stemming from the international home environment and from their local context, we also tapped into a key related question pertaining to the extent to which cross border and global exchange of best practice ideas (relating to CSR in this case) across institutional environments and MNC subsidiaries generate homogenization, or rather a process of hybridization through translation and adaptation. Following previous work of [Djelic and Quack \(2003, 2008\)](#), and based on the findings, we can safely argue that the process of institutionalization of new practices is complex and iterative, often going beyond simple diffusion which implies the exact replication of practices and ideas intact in new contexts. Institutionalization of CSR at the MNC subsidiary level in new contexts invariably entails translation, adaptation and some degree of innovation to adapt the global into the local and to differentiate between what is foreign and what really makes sense in local contexts. As [Djelic and Quack \(2008\)](#) argue – following different studies – “The transfer of management practices between local contexts consists of translation and editing activities between different cultural and social contexts, which shows that these translations may lead to rather divergent outcomes” ([Djelic and Quack, 2008](#), p. 7).

Our first research question revolved around how the institutional environment and best practice CSR conceptions of MNCs diffuse to their subsidiaries in developing countries and what are the saliently perceived institutional pressures at play. The findings clearly convey that managers of MNC subsidiaries are strongly influenced by the philosophy and templates for CSR at the global level, stemming from the home country HQ. Yet, within these broad guidelines, they still try to navigate and identify room for maneuver to tailor their CSR to meet the needs of the local host community. As we delved further into the interpretation and sense making processes at the level of MNC subsidiaries, it was clear that global isomorphism (diffusion) was counterbalanced by a strong sense of local isomorphism, reinforcing in turn the tensions between global CSR and local CSR identified in the literature.

Sense-making theory thus provided powerful insights into the CSR decision-making process at the local MNC subsidiary level in developing countries and the main aspects of the cognitive, conative and linguistic translation of CSR at the level of the subsidiary, complementing the more macro level accounts of institutional pressures traditionally encountered in the literature. For example, by invoking themes such as leadership and accountability, sustained growth and respect for people, community and environment,

freedom through responsibility, strength through diversity, empowered people, respect, integrity, passion, team work, team spirit and, sustainable balanced growth it was clear that CSR plays a role in forging the identity of the firm as a whole and that it is effectively transmitted across MNCs to their subsidiaries, shaping in turn the CSR orientations at the local subsidiary level. Yet despite this internalization of the global cognitively related CSR messages, the challenge consistently identified and encountered across MNC subsidiaries operating in both the UAE and in Lebanon is how to re-contextualize these ideas at the local level, in such a way as to preserve the spirit, but to also tailor effectively to meet the needs of local contexts and communities". In terms of the linguistic dimensions of sense-making, the linguistic connotations and justifications invoked to account for CSR involvement at the local level entailed minor tweaking and variations of global vocabulary and templates, with connotations revolving around crating a shared value rhetoric, a performance with purpose rhetoric, an internal talent rhetoric, a customer service rhetoric and a financial performance rhetoric. Again, here, we document the linguistic translation of CSR through language that is more tuned and attuned to the local context and local stakeholder expectations. In addition, in terms of the conative dimensions of sense-making, the managers of subsidiaries illustrated the doing aspects of CSR through regular stakeholder engagement, alertness and proactiveness, which had predominantly local flavors and connotations (even though it may have been inspired by global cues). Hence, our paper makes a novel contribution to the CSR literature by documenting how local managers use the different dimensions of sense-making in the process of translating CSR across MNC subsidiaries.

Moreover, the findings begin to tease out empirically the tensions between diffusion and translation, which have only started to be alluded to in recent CSR literature ([Jamali et al., 2017](#)). As [Morris and Lancaster \(2006\)](#) explain: "in the arena of management ideas, the translation concept has been contrasted with diffusion. While diffusion suggests a physical process, translation implies movement and transformation, emphasizing how ideas can be "energized" by users as they translate them for their own use" (p. 209). The research thus provides evidence of the dynamic aspects of the circulation of CSR ideas across MNC subsidiaries and the active, iterative reshaping and editing/reediting of CSR as it diffuses across geographical contexts in which they operate. CSR is thus invariably translated to fit developing country institutional complexities, and there is a level of editing, and shaping in light of the specific institutional infrastructure and salient challenges and realities encountered in each specific context. Here, we argue that this movement and transformation could be better explained using sense making theory and its core cognitive, linguistic and conative dimensions. Users invariably energize ideas and infuse them with new meanings and connotations as they make sense of them cognitively, conatively and linguistically.

This tension between diffusion and translation could be understood also in a wider context of institutional change, in particular when the global and the local meet. In fact, the process of institutional change is not a linear one and needs to be understood more like a bricolage ([Djelic and Quack, 2003](#)), a mix between different pressures, tensions and interests. Along these lines, this paper demonstrates the necessity to understand change in a more circular than linear way, addressing the complexity of organizations and the power of agents to resist, edit and configure what is transmitted and/or imposed. The translation – sense making – of practices in the local context is a practical requirement for working, but also could be thought of as a form negotiation or resistance. Translation allows local managers to regain power, and agency as they adapt, edit, configure and reconfigure CSR practices in the local realm and as they negotiate the meaning of CSR with the different local stakeholders.

As [Sahlin and Wedlin \(2008\)](#) pose, the "adoption of fashionable practices and ideas is driven by both the need for differentiation and the need for conformity with expectations and the practices of others. This dynamic between differentiation and imitation provides the dynamic and the driving force for idea diffusion" (p. 222). In that sense, diffusion is the model to follow but tension is invariably generated in the process of implementation and the translation,

editing and imitation begin; this is where local interests and wishes became relevant. Ideas in the form of models and practices can be adapted, modified or reshaped, but ideas can also take on new forms and meanings as they flow within and between contexts (Sahlin and Wedlin, 2008). Individuals and organizations develop their interests, identities, resources and abilities in their social context and partly from the ideas they pick up and in relation to those they imitate (Brunsson and Sahlin-Andersson, 2006). When one views the circulation of ideas as processes of imitation, and as involving dynamics of adaptation, and as involving dynamics of identity formation, it becomes clear that differentiation and translation are inevitable, entailing the active editing of ideas in the process of diffusion.

One thing to note is that diffused ideas could add to or result in changes to organizational identities and to what appears as normal, desirable and possible – thus circulated ideas may in turn trigger institutional change (Blomgren, 2003; Brunsson and Sahlin-Andersson, 2006). We believe that this paper helps to clarify this process by capturing the interdependence of the macro, meso and micro levels. As previously mentioned, translation, editing and imitation are part of a complex web of circulation of ideas. To translate, then, is not just to copy but also to change and to innovate. As diffused ideas are translated throughout their circulation, and as they evolve differently in different settings, they may not only lead to homogenization but also to variation and stratification (Sahlin and Wedlin, 2008). In this context, we can argue that CSR ideas and best practices are shaped not only top down (diffusion) but also bottom up (translation). As Scott (2001) poses, the institutionalization of practices are a consequence of a process of diffusion (hard and soft imposition) and negotiation and innovation (actors translation and transformation) .

In closing, we feel confident that this paper pushes forward this debate and advances knowledge in the field, by documenting the process of CSR sense-making at the level of MNC subsidiaries and shedding light on the complex process of CSR circulation and specifically CSR editing and translation in the context of globalization. We posit that sense making theory can contribute to a much deeper and richer understanding of the process of diffusion, translation and the circulation of ideas. The cognitive, linguistic and conative dimensions of sense-making are in fact instrumental in documenting the process of editing and translation of CSR as it diffuses across MNC subsidiaries across the globe. We also believe that to address complex problems, using multiple lenses, will be increasingly necessary in the future to document how ideas travel, the different institutional pressures at play (Czarniawska and Joerges, 1996) and the tensions between the global and the local (Jamali, 2014).

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## Further reading

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