2-4-2021

The Effects of Top Management Team National Diversity and Institutional Uncertainty on Subsidiary CSR Focus

Sven Dahms
Open University of Hong KongFdoi, sdahms@ouhk.edu.hk

Suthikorn Suthikorn Kingkaew
Thammasat University, suthikorn@tbs.tu.ac.th

Eddy Ng
Bucknell University, esn004@bucknell.edu

Journal of Business Ethics
https://doi.org/10.1007/s10551-020-04721-z

ORIGINAL PAPER

The Effects of Top Management Team National Diversity and Institutional Uncertainty on Subsidiary CSR Focus

Sven Dahms[1] · Suthikorn Kingkaew[2] · Eddy S. Ng[3]

Received: 4 June 2020 / Accepted: 23 December 2020

Abstract

This research investigates how top management team national diversity (TMTND) and corporate social responsibility (CSR) institutional uncertainty affect strategic CSR focus in foreign-owned subsidiaries. The paper develops a theoretical framework based on institutional theory and upper echelon perspectives to test a sample of MNE subsidiaries. Survey data were collected from subsidiaries in Thailand and Taiwan. Non-symmetric analysis suggests that while TMTND plays an important role in establishing a CSR focus, it is not conducive in itself to high-performance outcomes. Performance is measured by market share, sales growth, and profitability for each subsidiary. The results also show that there are notable differences between the subsidiaries located in Thailand and Taiwan as to what extent CSR strategic focus and top management team national diversity are relevant for high-performance outcomes. The study demonstrates that the links between CSR, TMTND, and subsidiary performance are much more complex than previously assumed.

Keywords Corporate social responsibility · Top management team national diversity · Institutional theory · Upper echelon theory · Foreign-owned subsidiaries

Introduction

Multinational enterprises (MNEs) and their globally dispersed network of subsidiaries (Andersson et al. 2007; Gilmore et al. 2018; Kingkaew and Dahms 2019) operate in a multitude of institutional contexts that can differ markedly from the one prevailing in their home countries (Ahworegba 2018; Ioannou and Serafeim 2012; Marais et al. 2018). In this regard, there has been a number of studies investigating the impact of institutional differences on subsidiaries and their market strategies and outcomes, such as firm performance (Gaur et al. 2007), international market orientation (Dahms 2019a), organizational practice (Ando and Paik 2013; Kostova and Roth 2002), staffing strategies (Rickley and Karim 2018), and knowledge transfers (Sekiguchi et al. 2011). However, the growing interest in the relationship between institutional differences and non-market strategies specifically in the domain of corporate social responsibility (CSR) at the subsidiary level (e.g., Ando and Paik 2013; Jackson and Rathert 2016; Reimann et al. 2015) is recent. The importance of this focus is underscored by the recurrence of CSR adverse incidents that involve subsidiaries of MNEs and their local management teams (e.g., the Coca-Cola use of groundwater in India, the Volkswagen emission scandal first exposed in the US). The issue of CSR focus in MNE subsidiaries thus represents one of the key challenges in foreign subsidiary management (Buckley et al. 2017; Jamali and Karam 2018; Rathert 2016).

One of the main questions that hitherto elude MNE managers and scholars alike is how institutional contexts and subsidiary top management team characteristics influence non-market strategies, such as a CSR focus. CSR focus is defined as the importance accorded by management to CSR issues in the areas of environment, social causes, job

✉ Eddy S. Ng
eddy.ng@bucknell.edu

Sven Dahms
sdahms@ouhk.edu.hk

Suthikorn Kingkaew
suthikorn@tbs.tu.ac.th

[1] Lee Shau Kee School of Business and Administration, The Open University of Hong Kong, 30 Good Shepherd St, Ho Man Tin, Hong Kong

[2] Thammasat Business School, Thammasat University, 2 Prachan Road, Pranakorn, Bangkok 10200, Thailand

[3] Freeman College of Management, Bucknell University, 1 Dent Dr, Lewisburg, PA 17837, USA

Published online: 04 February 2021

creation, and community projects (Husted and Allen 2006; Kim et al. 2018; Porter and Kramer 2006). Past research has investigated CSR strategies through the lens of institutional theory or upper echelon perspective. However, these two perspectives have often been examined in isolation of each other, which leaves a gap in understanding the evolvement of subsidiary CSR strategy.

Institutional scholars argue that different institutional settings require a somewhat local approach to CSR strategies (e.g., Jamali et al. 2015; Reimann et al. 2015; Voegtlin and Greenwood 2016). For instance, the degree of CSR institutionalization varies across countries (Jackson and Rathert 2016; Skouloudis et al. 2016) and therefore requires different strategic responses from the subsidiary management team (Ahworegba 2018; Narula 2019). However, such detailed considerations have not been comprehensively addressed in past research. For example, Reimann et al. (2015) explore the link between institutional differences and subsidiary CSR commitment. Yet, they ignore subsidiary management team characteristics, while also applying a broad and rather unspecific institutional difference measure. Scholars in the upper echelon tradition would argue that the CSR focus is part of the local managerial decision-making discretion and therefore would reflect top management team characteristics (Gong 2006; Hambrick and Mason 1984). In this regard, Yin and Jamali (2016) provide case study evidence on how subsidiary managers influence CSR strategy, but they in turn ignore institutional considerations. The current paper addresses this gap by linking institutional contexts with upper echelon perspectives. The objective of the present study is to understand how top management team national diversity (TMTND) and CSR institutional uncertainty influence CSR focus and to discern implications for subsidiary performance.

This paper aims to extend knowledge on CSR and foreign subsidiary management. First, the present study addresses explicitly the link between CSR institutional uncertainty—herein derived from a novel construct that captures differences between countries in CSR penetration and uptake—and top management team national diversity on strategic CSR focus in foreign-owned subsidiaries. Institutional uncertainty refers to the increased costs for doing business in the host country due to institutional differences compared to the home country. Such uncertainty could be caused, for instance, by additional information processing costs (e.g., costs for translation of documents) or the liability of foreignness, which might include active discrimination against foreign firms in the host country (Henisz and Delios 2001; Zaheer 1995). Second, this study proposes a framework which takes into consideration the institutional duality to which the subsidiary is exposed, i.e., differing institutional pressures emanating from intra-organizational and inter-organizational network relationships. Hence, the study aims to provide a more comprehensive framework compared to previous research, which often ignores either country-level institutions (e.g., Park et al. 2014), internal and external duality (e.g., Reimann et al. 2015), and top management team characteristics (e.g., Yin and Jamali 2016). Furthermore, previous research on CSR and top management team that include institutional considerations are focused at the corporate (HQ) level (e.g., Aguinis and Glavas 2012; Rao and Tilt 2016; Voegtlin and Greenwood 2016) with comparatively little focus on the subsidiaries (e.g., Husted and Allen 2006; Jamali et al. 2015; Reimann et al. 2015). Third, the study draws from a larger sample of foreign-owned subsidiaries located in Thailand and Taiwan to test the framework, which reduces potential single country as well as advanced economy biases common in the literature (see Pisani et al. 2017). Lastly, the analysis applies symmetric and non-symmetric tools in the context of the neo-configurational perspective that currently emerges in management literature to uncover the complex causal relationships among the interrelated variables (Garcia-Castro and Francoeur 2016; Misangyi et al. 2017).

The neo-configurational perspective is a reinvigoration of qualitative comparative analysis methodology in the field of strategic management (e.g., Fainshmidt et al. 2019; Verbeke et al. 2019) and elsewhere in the social sciences (Misangyi et al. 2017; Ragin 2008; Woodside 2019). At its heart lies the idea of causal complexity, which resonates especially with strategy scholars given that many performance outcomes can be caused by a multitude of configurations, hence, the emphasis on equifinality (Fiss 2011; Woodside 2019). Equifinality refers to the existence of multiple bundles of assets that cause the same outcome (Fiss 2011; Misangyi et al. 2017). This approach preserves complex causal conditions, and instead of testing explanatory variables competing in isolation to explain a certain phenomenon, it develops configurations of interconnected explanatory variables that jointly explain a certain phenomenon. The neo-configurational perspective provides a conceptual foundation and fuzzy set qualitative comparative analysis (fsQCA) technique that allows researchers to rigorously investigate bundles of conditions rather than the isolated impact of single variables, mediators, or curve-shaped associations (Woodside 2013). Furthermore, it addresses the crucial interrelationship between theory development and statistical methods. While symmetric analytical methods allow for the inclusion of interaction or mediation terms as widely practiced in the field (e.g., Muellner et al. 2017; Shin et al. 2017), there are statistical limits such as the number of terms that can be included in such models (Feurer et al. 2016). This suggests that theory development is at risk of being driven by statistical necessities rather than the other way around (Woodside 2013), a circumstance referred to as 'bad science' by some (McCloskey 2002; Woodside 2019). Instead, fsQCA allows for the simultaneous inclusion of all possible relationships between conditions, which reduces the risk to omit relevant relationships. This is of particular relevance to this research that relies on constructs and conditions, which are interrelated in numerous ways.

Literature Review and Framework Development

Institutional Theory and Upper Echelons Theory in Subsidiary Strategy Research

Although institutional theory has been used to broaden the understanding of how CSR is practiced in the field, particularly within the context of legitimacy, there is comparatively little understanding on how national institutional differences affect CSR strategy in MNE subsidiaries (Fransen et al. 2019; Ioannou and Serafeim 2012). Similarly, although upper echelon perspectives have been applied to study corporate responses to CSR, the same lens has rarely been applied at the subsidiary level (Rao and Tilt 2016; Voegtlin and Greenwood 2016). This is a critical omission given that subsidiary managers are becoming increasingly important in managing areas that were previously the responsibility of corporate headquarters (Bouquet and Birkinshaw 2008; Yin and Jamali 2016).

From an institutional perspective, MNEs develop CSR practices in order to gain legitimacy in the host country (Ahworegba 2018). This legitimacy provides MNEs with access to location-specific advantages, such as a consumer base or supplier networks, which in turn reduces transaction costs in the host country (Ioannou and Serafeim 2012; Voegtlin and Greenwood 2016). The use of CSR as a non-market strategy to gain legitimacy, however, could present additional risks and challenges for MNEs (Zerbini 2017). For instance, CSR practices as a component of firm-specific advantage might not be easily transferable across national borders (Young and Makhija 2014). Implementing CSR practices in foreign subsidiaries without local input can also have negative effects on the subsidiary as well as the MNE as a whole (Yin and Jamali 2016).

Although this research agrees with the notion of home grown CSR practices (Ioannou and Serafeim 2012), it is argued that transfer difficulties are to a lesser extent caused by misperceived marketing purposes or the intention to exploit institutional weaknesses. Instead, it is suggested that different perceptions of CSR can be caused by variations in the home country-specific institutional setting in which the MNE is situated (Aguilera and Jackson 2003; Aguilera et al. 2007). In particular, the proposed framework in this paper adopts the view advanced by Gjølberg (2009) and extended by Skouloudis et al. (2016) and Halkos and Skouloudis (2016) who state that countries differ in their CSR penetration and uptake as a result of institutional path dependency. For instance, Jackson and Apostolakou (2010) found that MNEs from coordinated market economies such as Germany engage more passively with CSR in host countries, whereas MNEs from liberal market economies such as the US are more proactive in this regard. How this affects the CSR strategic importance in foreign-owned subsidiaries has so far not been investigated in any detail (e.g., Garcia-Castro and Francoeur 2016). This framework therefore departs from those previous studies, which have investigated mostly non-CSR-specific institutional factors such as regulatory or administrative distance (e.g., Reimann et al. 2015; Wu and Salomon 2017) by considering CSR institutional uncertainty. However, institutional settings alone are unlikely to provide the full picture. One of the more recent developments in subsidiary management is the relevance of a nationally diverse top management team that requires research attention (Colakoglu et al. 2009; Gong 2006).

The conceptual arguments for the importance of TMTND are rooted in the upper echelon perspective. Pioneered by Hambrick and Mason (1984), the theory states that certain decisions are at the discretion of the top management team and that TMT characteristics influence the decision processes and outcomes (Nielsen and Nielsen 2013). The focus here is on the relatively recent finding that top management team national diversity[1] is critically important (Gong 2006; Voegtlin and Greenwood 2016). In this respect, greater national heterogeneity increases external and internal legitimacy as well as information processing capability of the top management team leading to broader considerations of CSR strategies (Gilmore et al. 2018; Williams et al. 2017). While the upper echelon perspective might be considered as established in CSR research from a corporate perspective (Rao and Tilt 2016), it has only recently found its way into the subsidiary management research (Hyun et al. 2015; Sekiguchi et al. 2011). Furthermore, while there is agreement that the use of parent country nationals affects the legitimacy of the subsidiary (e.g., Ando and Paik 2013; Jamali et al. 2015; Rickley and Karim 2018), there is little knowledge on the relationship between subsidiary national diversity and CSR strategy.

[1] While diversity in gender, age, race, religion, and other, we follow the arguments by Gong (2006), Hambrick et al. (1998), Salk and Shenkar (2001) who argue that in multinational teams, the nationality is a trait of exalted importance.

Top Management Team National Diversity and CSR Focus

Top management team national diversity (TMTND) can have two types of effects. First, the information-decision-making perspective highlights the advantages of having a heterogeneous management team with greater information processing capability or increased legitimacy in the host country, which is beneficial for subsidiary management. However, the similarity-attraction perspective also points to shortcomings associated with team heterogeneity in regard to decision consensus finding ability, difficulties in communication, or conflict potential (Homberg and Bui 2013; Williams and O'Reilly 1998). In this respect, scholars struggle with developing consensus on the effects of TMTND on subsidiary development conceptually (e.g., Colakoglu et al. 2009; Gong 2006; Jamali et al. 2015) and empirically (e.g., Hyun et al. 2015; Sekiguchi et al. 2011).

The present study views CSR as a highly complex non-market strategy (Mellahi et al. 2016; Wrona and Sinzig 2018) and as such affects the managerial information processing capability that is central to MNEs and their subsidiaries (Alcácer et al. 2016). Hence, the identification of feasible CSR strategies as well as the degree of simultaneous engagement with multiple CSR dimensions can be improved through greater national diversity in the top management team. For instance, effective CSR practices can be adapted from other subsidiaries located in institutionally and culturally similar host countries. However, such awareness of contextual information might only be available in nationally diverse top management teams given their capacity to understand and exploit this knowledge. Furthermore, the localization of CSR strategy adopted from other countries is likely to require multiple perspectives so that transferred practices, like other firm-specific advantages, maintain their value (Rickley and Karim 2018). Managers from different national backgrounds can therefore offer different perspectives when developing a CSR focus (Kilduff et al. 2000).

Proposition 1: *Most subsidiaries exhibiting high TMT national diversity have a high strategic CSR focus.*

CSR Institutional Uncertainty and CSR Focus

Institutional context also plays a dominant role in current non-market strategy research particularly in the CSR area (Husted and Allen 2006; Mellahi et al. 2016; Wrona and Sinzig 2018). For instance, previous studies suggest that greater institutional differences between home and host country have an adverse effect on strategy implementation (Gaur et al. 2007; Jamali and Karam 2018; Kostova and Roth 2002). As an example, larger administrative distance could have a negative impact on CSR commitment in the host countries (Reimann et al. 2015), since CSR practices from the home country might not be easily transferred to the CSR setting of another country.

More recent research shows differing CSR penetration and uptake between countries (Halkos and Skouloudis 2016; Skouloudis et al. 2016) also create CSR-specific institutional uncertainty. This generates additional costs for the identification of an appropriate strategic CSR focus (Jackson and Rathert 2016). Therefore, subsidiary managers might in such constellations be hesitant to commit managerial resources to strategic CSR development (Verbeke and Greidanus 2009) to reduce the liability of foreignness (i.e., the cost of investing in resources in CSR is higher than the cost of being discriminated for being a foreign firm) (Wu and Salomon 2017). In other words, the greater the differences in CSR penetration and uptake between home and host country, the less likely it is that the subsidiary will develop a strategic CSR focus.

Proposition 2: *Most subsidiaries exposed to high CSR uncertainty show low strategic CSR focus.*

Institutional Duality and CSR Focus

Institutional duality describes two key isomorphic institutional dimensions that influence subsidiary development (Kim et al. 2018; Kostova and Roth 2002). Accordingly, subsidiaries need legitimacy in their strategic development and organizational practices from entities associated with the MNE network as well as the local business and non-business entities that are crucial for survival in the host country (Hillman and Wan 2005; Yang and Rivers 2009).

Internal legitimacy is a duality aspect often ignored in the CSR literature (e.g., Kawai et al. 2018; Kim et al. 2018). This is because the stakeholder perspective emphasizes an overly outward orientation (Hillman and Wan 2005; Kawai et al. 2018; Marais et al. 2018), but the literature on foreign-owned subsidiary indicates that internal isomorphic pressures are at least as important as external ones (Kostova and Roth 2002; Park and Ghauri 2015). Internal legitimacy creates opportunities for collaborations, attraction of repeat investments, and provides valuable access to knowledge and innovation flows within the MNE (Rugman and Verbeke 2001). For instance, stronger internal network linkages are likely to increase CSR visibility within the MNE network. That creates corporate wide harmonization pressures on the subsidiary and its overall CSR strategy. Conversely, weak internal network relationships might indicate a lack of internal legitimacy, which could lead to other units being hesitant to commit resources to collaborate with other subsidiaries on the CSR front (Bouquet and Birkinshaw 2008; Verbeke and Greidanus 2009; Voegtlin and Greenwood 2016). It is expected that stronger intra-organizational integration increases the importance of strategic CSR focus of the subsidiary in order to maintain and expand internal legitimacy.

Proposition 3: *Most subsidiaries exhibiting high intra-organizational network strength show a high strategic CSR focus.*

Local stakeholders are the second institutional duality dimension that creates isomorphic pressures on the subsidiary. The key argument is that subsidiaries in the host country strive to gain legitimacy by adapting to local CSR requirements and incorporating those elements into their strategic objectives in order to gain access to local business and non-business networks. For instance, local governments can pressure the subsidiary to improve social working conditions or engage with local community development projects (Reimann et al. 2012). Kawai et al. (2018) demonstrate that for subsidiaries of Japanese multinationals, pressure from regulatory and market stakeholders can lead to the adaptation of environmental management systems. However, many subsidiaries located in emerging economies remain relatively detached from host country stakeholders and might not have high degrees of local network relationships (Buzdugan and Tuselmann 2018). Instead, some scholars argue that such subsidiaries are likely to develop associations with other foreign-owned subsidiaries in the host country, which potentially increases international isomorphic pressures (Doh et al. 2015; Jamali and Karam 2018).

Proposition 4: *Most subsidiaries exhibiting high inter-organizational network strength show a high strategic CSR focus.*

CSR Focus and Subsidiary Performance

The link between CSR strategies and performance in MNEs and their subsidiaries is beginning to emerge in the literature (Jamali 2010; McWilliams and Siegel 2001; Porter and Kramer 2006; Rathert 2016). A strategic CSR focus might enhance local reputation, aid in the attraction of highly skilled labor (Albinger and Freeman 2000; Voegtlin and Greenwood 2016), and provide access to local business and non-business networks (Jackson and Rathert 2016; Park and Ghauri 2015). A strategic CSR focus might also increase internal legitimacy, which allows for subsidiaries to gain greater visibility within the MNE network (Bouquet and Birkinshaw 2008) and access to knowledge flows and other resources (Andersson et al. 2007; Gilmore et al. 2018). It is further argued that cost reductions and efficiency gains in CSR focus outweigh the costs of shifting scarce managerial resources into CSR strategy which might therefore be considered as conducive to subsidiary performance.

Proposition 5: *Most subsidiaries exhibiting high strategic CSR focus show high performance.*

Interrelationships Between Conditions

The final aim of this study is to shed light on the interrelationships among the conditions discussed above. In past research, this is accomplished by using interaction and moderation terms within a research model (Andersson et al. 2014). However, the recent emergence of a configurational approach in the management literature allows for alternative framework development and testing (Crilly 2011; Garcia-Castro and Francoeur 2016; Misangyi et al. 2017). This is important because researchers are statistically constrained by the number of interaction terms that can be used in their models, and therefore potentially ignore other relevant relationships between variables that were not hypothesized (Feurer, Baumbach, and Woodside 2016). Additionally, previous studies show that multiple configurations that can lead to the same outcome exist (e.g., Park and Ghauri 2015; Reimann et al. 2015; Sekiguchi et al. 2011). For instance, Homberg and Bui (2013) found that uncertainty is a factor that increases the positive impact TMTND has on CSR performance. Likewise, Yang and Rivers (2009) and Park et al. (2014) suggest that there might be an interrelationship between internal and external legitimacy pressures and CSR strategy in subsidiaries. Taken together, there might be a conjunction of conditions that cause the desired outcome (Fiss 2011). Hence, to limit the analysis to a subset of interaction terms might lead to overlooking important alternative pathways to explain CSR strategic focus and performance in foreign-owned subsidiaries.

A similar complex situation can be observed from the literature concerning the association between CSR strategy and performance. For instance, McWilliams and Siegel (2001) suggest that there is a level of CSR that might have a neutral impact on performance. In contrast, Yin and Jamali (2016) found that CSR strategies and performance considerations could vary with simultaneous dual isomorphic pressures on the subsidiary. Given the fragmented and inconclusive empirical evidence and the early stages of CSR as a field (Mellahi et al. 2016), this framework suggests a configurational perspective to deepen the understanding of the complex interrelationships among the variables (Crilly 2011; Garcia-Castro and Francoeur 2016; Misangyi et al. 2017). This approach allows for multiple combinations of conditions to simultaneously lead to the

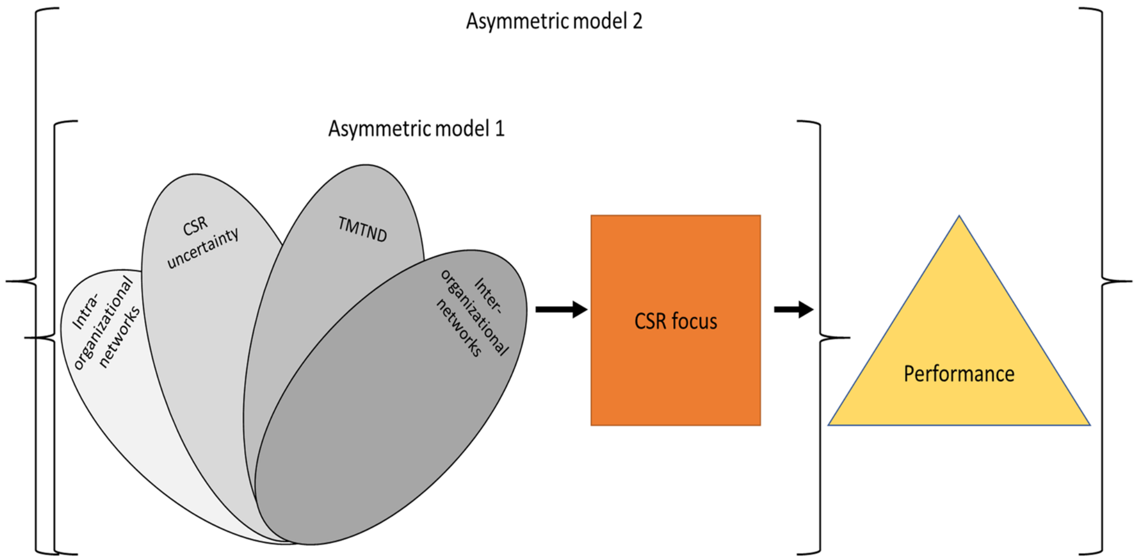

Fig. 1 Research framework

same outcome, which is also referred to as equifinality. This approach thus allows researchers to identify unique specificities of condition combinations and to ascertain whether there are conditions that are necessary to achieve certain outcomes. Furthermore, it is worthwhile to investigate if the absence of a certain condition also affects the absence of the desired outcome. This characteristic is referred to as causal asymmetry (Fiss 2011).

Proposition 6: *What are the characteristics of causal conditions that predict a strategic CSR focus and high performance in foreign-owned subsidiaries*?

Proposition 7: *Is the absence of certain conditions also causing the absence of a strategic CSR focus and high performance in foreign-owned subsidiaries?*

Figure 1 illustrates the research framework.

Research Design

Data Collection and Sample

Data for the present study were collected from foreign-owned subsidiaries located in Taiwan and Thailand. Both countries are of economic interest given that they are gateways to the East and Southeast Asian markets. The sample universe for Taiwan was based on the Dun & Bradstreet database and the Thai sample was based on the Department of Business Development database published by the Thai Ministry of Commerce. Only firms with more than 50% foreign ownership were included in the study. The survey targeted the managing director of each subsidiary. The managers were contacted via email and postal mail as well as follow-up telephone calls. The questionnaire was sent out in English with a Chinese/Thai translation. Forward and backward translation procedures have been followed (Dahms et al. 2020). This resulted in the collection of 101 responses from Taiwan and 102 from Thailand.

Table 1 Sample characteristics

	Freq	%
Size (employees)		
< 20	59	29
21–70	62	31
> 71	82	40
Total	203	100
Entry mode		
Greenfield	136	67
Acquisition	25	12
Joint venture	42	21
Total	203	100
Years in foreign ownership		
< 9 years	50	25
10–19 years	91	45
> 20 years	62	30
Total	203	100
Industry		
Manufacturing	131	65
Service	72	35
Total	203	100

Table 2 The measurement model

	Convergent validity	Composite reliability	Cronb. Alpha	AVE
CSR focus				
Assess how important the following issues are for the subsidiaries business mission:				
Job creation	0.802	0.889	0.833	0.667
Environment	0.791			
Community projects	0.850			
Social causes	0.823			
Inter-organizational network strength				
Indicate the strength of relationships you have with each of the following actors (please note: local stands for businesses and other organizations in Thailand/Taiwan)				
Local customers	0.742	0.850	0.780	0.533
Local suppliers	0.793			
Local competitors	0.739			
Governmental Institutions in Thailand	0.713			
Science Centres, Universities in Thailand	0.656			
Intra-organizational network strength				
Buyers within your corporation	0.784	0.865	0.803	0.564
Suppliers within your corporation	0.836			
R&D and Innovation centers	0.597			
Headquarters	0.755			
Other units within the corporation	0.762			
Subsidiary performance				
Relative to your competitors in your industry, how would you rate your subsidiary's performance on each of the following over the last 5 years?				
Our profitability has been much better than our competitors	0.914	0.943	0.909	0.847
Our sales growth has been higher than our competitors	0.949			
Our market share has been much higher than our competitors	0.897			

The response rates were with 13.1% and 7%, respectively, in line with other studies in the field (e.g., Harzing et al. 2016; Dahms 2019b). Wave analysis has been conducted to ensure late responses did not affect the results. The study controlled for industry and subsidiary size effects between respondents and non-respondents. Sample characteristics are presented in Table 1.

Measurement

Given the Asian context, this study utilized well-established measures in line with the recommendations by Harzing et al. (2009). The study also includes secondary data from the Dun & Bradstreet and Thai Department of Business Development databases to mitigate possible common method bias (see Chang et al. 2010). The scale initially developed by Husted and Allen (2006) was adapted to measure strategic CSR focus in the subsidiary. In particular, the managers were asked to assess the importance of CSR issues for the subsidiaries mission on a 7-point scale. The issues covered were job creation, community projects, environment, and social causes.

Following Harzing et al. (2016), TMTND was measured by asking respondents to indicate the backgrounds of key managers in each value-added function in the subsidiary. The managers could be (1) host country, (2) home country, or (3) third country nationals. Following Nielsen and Nielsen's (2013) formulation, the scores were converted to a standardized Blau (1977) diversity index. The closer the value to "0," the more nationally homogenous is the top management team, while the closer the value is to "1," the greater the top management team national diversity.

In line with relevant previous studies (e.g., Williams et al. 2017), subsidiary performance was measured perceptually. Specifically, managers were asked to indicate how they rate their subsidiary's performance in a number of areas relative to the competition over the last 5 years (see Table 2). This approach was adopted because accounting data are difficult to obtain and the information might also not be accurate due to transfer pricing policies. Furthermore, subsidiary managers are reluctant to share proprietary financial information in subsidiary operations. In addition, previous research found that perceptual and objective performance data are relatively similar (Singh et al. 2016).

Table 3 Discriminant validity and descriptive statistics

	Mean	Std. dev	1	2	3	4	5	6
1. Strategic CSR focus	4.60	1.43	*0.817*					
2. Subsidiary performance	4.72	1.36	0.354**	*0.92*				
3. CSR uncertainty	1.37	1.01	− 0.003	0.09	*1*			
4. Intra-organizational relationship strength	5.13	1.18	0.352**	0.347**	0.033	*0.751*		
5. Inter-organizational relationship strength	4.44	1.24	0.475**	0.411**	0.058	0.652**	*0.73*	
6. TMTND	0.41	0.31	0.052	0.01	0.098	− 0.058	− 0.025	*1*

Diagonals in italic are the square roots of the average variance extracted and off-diagonals are the bivariate correlations between the constructs

**Correlation is significant at the 0.01 level (2-tailed)

The strength of intra- and inter-organizational network relationships of the subsidiary was captured to reflect institutional duality. The construct was adapted from Gammelgaard et al. (2012).

CSR uncertainty is assessed through a new index developed by Gjølberg (2009) and replicated by Skouloudis et al. (2016) and Halkos and Skouloudis (2016). The authors provide a national-level CSR index based on a wide variety of variables by utilizing country-level data from "a series of 16 international CSR initiatives, environmental and social standards, 'best-in-class' rankings and ethical investment stock exchange indices" (Skouloudis et al. 2016, p. 62). The CSR penetration index captures the extent in which firms in each country have embraced CSR concepts in their day-to-day business and reporting routines. CSR uncertainty caused by CSR penetration differences between home and host country was calculated using the Kogut and Singh (1988) formula. The developed index provides a more specific and relevant measure to explicitly address institution-based CSR uncertainties (Wu and Salomon 2017) as compared to the more general measures that are based on generic institutional differences between countries (e.g., Gaur et al. 2007; Reimann et al. 2015).

Location (city), decision-making autonomy, subsidiary age and size, competencies, home region, host country, and industry were controlled for in the structured equation model.

In order to limit the potential for common method bias, the constructs were not placed in a logical order, so that the respondents were unlikely to guess the model (Christmann and Taylor 2001). Common method bias was tested using the Harman's single factor test, and the total variance was well below the threshold of 50% for the largest single factor (Podsakoff and Organ 1986). Hence, common method bias is not deemed to be a threat in the interpretation of the results. A listing of the key variables in the study is provided in Table 2.

Analysis

Validity Analysis

The measurement model shows factor loadings between 0.597 and 0.949. Cronbach's alphas and composite reliability are above the 0.7 threshold. Hence, the model has sufficient convergent validity (Fornell and Larcker 1981). As shown in Table 3, there is good discriminant validity as indicated by a square root of the average variance extracted, which is higher than the bivariate correlations between the latent variables (Fornell and Larcker 1981). There is no concern with multicollinearity in the model since the variance inflation factors (VIFs) are well below 5 and none of the bivariate correlations is above 0.8 (Neter et al. 1985; Hair et al. 2012).

The structural model results are presented in "Appendix." A stable method was used to assess the statistical significance of the paths. This method does not rely on bootstrapping alone and produces more stable path coefficients (Kock 2013, 2014). The R^2 for CSR strategic focus is 0.338 and for subsidiary performance is 0.299. Overall, interesting and important direct associations in the symmetric model are identified through the SEM-PLS analysis. The associations and their interpretation in this kind of analysis are driven, as commonly done in symmetric models, by the assumption that all other factors remain equal. In this case, it is aimed at isolating the effect of each single variable (i.e., networks, top management team diversity, CSR uncertainty) on the CSR strategic orientation as outcome variable. However, the study explores the effects of the combination of all independent variables on the outcome variable, which requires the use of non-symmetric fuzzy set Qualitative Comparative Analysis, discussed below in greater detail.

Lastly, the overall model fit statistics for the SEM-PLS analysis are well within the range of commonly applied thresholds. For instance, the Tenenhaus Goodness of Fit was with a value of 0.51 large. Q-squared values of the predicted variables reach from 0.299 to 0.338, which indicates good predictive validity of the model (Kock 2014). Furthermore, a

Table 4 fsQCA results

Solution	High CSR focus					Low CSR focus			
	Condition								
	1	2	3	4	5	6	7	8	9
TMTND	⊗	⊗	•		•	⊗	•		•
CSR uncertainty	⊗			•	•			⊗	⊗
Intra-organizational	•	⊗	•	⊗		⊗	•	⊗	
Inter-organizational		•	•	•	•	⊗	⊗	⊗	⊗
Raw coverage	0.29	0.22	0.40	0.26	0.34	0.31	0.25	0.43	0.34
Unique coverage	0.11	0.02	0.08	0.01	0.00	0.05	0.03	0.01	0.01
Consistency	0.78	0.79	0.80	0.82	0.81	0.80	0.79	0.82	0.83
Solution consistency	0.752					0.786			
Solution coverage	0.669					0.553			
Frequency cutoff	4					4			
Consistency cutoff	0.799					0.784			

Solution	High subsidiary performance				Low subsidiary performance					
	Condition									
	1	2	3	4	5	6	7	8	9	10
CSR focus		⊗	•	⊗	⊗	⊗		⊗	⊗	
TMTND	⊗	⊗				⊗	⊗	•	⊗	•
CSR uncertainty		•	⊗	•	⊗		⊗	⊗	•	•
Intra-organizational	•		•	•			⊗	⊗	⊗	⊗
Inter-organizational	•	•	•	•	⊗	⊗	⊗			⊗
Raw coverage	0.36	0.16	0.34	0.21	0.41	0.34	0.27	0.26	0.18	0.27
Unique coverage	0.08	0.02	0.09	0.05	0.03	0.02	0.03	0.01	0.04	0.06
Consistency	0.79	0.78	0.84	0.78	0.83	0.78	0.88	0.78	0.84	0.84
Solution consistency	0.779				0.773					
Solution coverage	0.545				0.632					
Frequency cutoff	4				4					
Consistency cutoff	0.801				0.817					

number of control variables were significant, but their inclusion did not alter the associations between the core variables in the framework. The full model fit results can be found in "Appendix 1."

Fuzzy Set Qualitative Comparative Analysis (fsQCA)

In order to assess the configurational propositions, fuzzy set Qualitative Comparative Analysis (fsQCA) was applied. fsQCA is using a set theory approach and is based on Boolean algebra. In order to establish set membership, the variables have to be calibrated first. This is referred to as transforming the variable into a condition. Each condition represents a value that indicates whether a condition is present in a certain outcome (Ragin 2008; Schneider and Wagemann 2010).

In order to calibrate the conditions, a two-step procedure was followed as suggested by Jackson and Ni (2013). The procedure was selected because it is suitable to calibrate recently developed constructs for which there is a lack of theoretical rationale that could inform calibration cutoff points. It also allows for a more objective way to calibrate and is consistent with the requirements of the individual data set (see Greckhamer et al. 2018). In particular, the *z*-scores were used from the SEM-PLS analysis as benchmarks for cutoff points. A z-score of 1 is classified as being fully in, −1 of being fully out, and 0 as 0.5 cutoff point. In other words, if a firm shows the expected value, i.e., a *z*-score of 0, it is considered as neither in nor out of a set.

First, a necessary condition analysis was conducted to identify conditions that are essential for a strong CSR strategic focus or high-performance outcomes. However, none of the conditions reached the required consistency threshold of 0.9 (Ragin 2008). This was followed by a sufficient condition analysis, reported in Table 4. In line with the conventions

Table 5 Contrarian case illustration

		Low	Performance		High	Total
		1	2	3	4	
Strong	4	6	13	13	18	50
CSR focus		12%	26%	26%	36%	100%
	3	8	17	15	10	50
		16%	34%	30%	20%	100%
	2	10	23	18	10	61
		16%	38%	30%	16%	100%
Weak	1	11	13	10	8	42
		26%	31%	24%	19%	100%
Total		35	66	56	46	203
		17.20%	32.50%	27.60%	22.70%	100.00%

in the field (e.g., Fiss 2011; Greckhamer et al. 2018), it contains the immediate solutions. A solid circle (●) indicates the condition is present and (⊗) indicates its absence, and a blank space indicates that the condition has no influence on the outcome. For the overall model characteristics, the solution coverage and consistency values are well within the range of the usual thresholds (Ragin 2008). The most insightful solutions are those with the highest raw coverage, which resembles the "*R*" value in regression analysis.

The results show some support for the propositions. The configurations referred to in the following section are reported in Table 4. For Proposition 1, some support is found in that configurations 3 and 4, with the highest raw coverage score, both indicate a high TMTND leading to high strategic CSR focus. For Proposition 2, only weak support is found, in that configurations 4 and 5 show the presence of high CSR uncertainty which can be a key condition for high CSR strategic focus. Configuration 2 also indicates some support for the expectation that greater CSR uncertainty would hinder such strategic setup.

For Proposition 3, it is expected that intra-organizational network strength would be present in subsidiaries with a high CSR strategic focus. That is somewhat supported in that configurations 1 and 3 demonstrate the high intra-organizational relationship strength condition. But for many subsidiaries in the sample, the absence of the condition is key to achieve CSR strategic focus as in configurations 2 and 4; hence, Proposition 3 receives mixed support.

Proposition 4 found strong support in that inter-organizational networks were present in configurations 2, 3, 4, and 5. This indicates a strong influence of host country networks on the CSR strategy of the subsidiary.

Proposition 5 is assessed using the lower half of Table 5, which shows the configurations with high subsidiary performance outcomes. The results indicate that CSR strategic focus plays a major role but only for some subsidiaries in the whole sample. Specifically, CSR strategic focus is only present in configuration 3, which suggests that other conditions play a more important role for overall subsidiary performance.

This is also evident in our contrarian case[2] illustration in Table 5. It provides the four main outcomes from our analysis, i.e., strong CSR focus and high performance, weak CSR focus and high performance, strong CSR focus and low performance, and finally weak CSR focus and low performance. Quartiles have been used in line with Fainshmidt et al. (2019) to illustrate contrarian cases.

Proposition 6 is concerned with the characteristics of causal conditions that predict a strategic CSR focus and high performance in foreign-owned subsidiaries. In the lower part of Table 4, the focus is on configurations 3 and 5 for high CSR strategic focus, where high TMTND and inter-organizational network relationship strength are both present. However, while configuration 3 suggests that the presence of strong intra-organizational relationships is conducive to such an outcome, that condition seems to be substituted by the presence of CSR uncertainty in configuration 5. This suggests that under greater CSR uncertainty, TMTND and external institutional duality pressures are key conditions to understand subsidiary strategic CSR focus. The results are graphically summarized in Fig. 2. For the high subsidiary

[2] Contrarian case analysis is undertaken to show that there are cases in the sample that are counter to linear or theoretical assumptions. For instance, Table 5 shows that there are some subsidiaries that perform high, even though they report little CSR. Contrarian case analysis is often done before fsQCA is conducted to show that fsQCA is relevant.

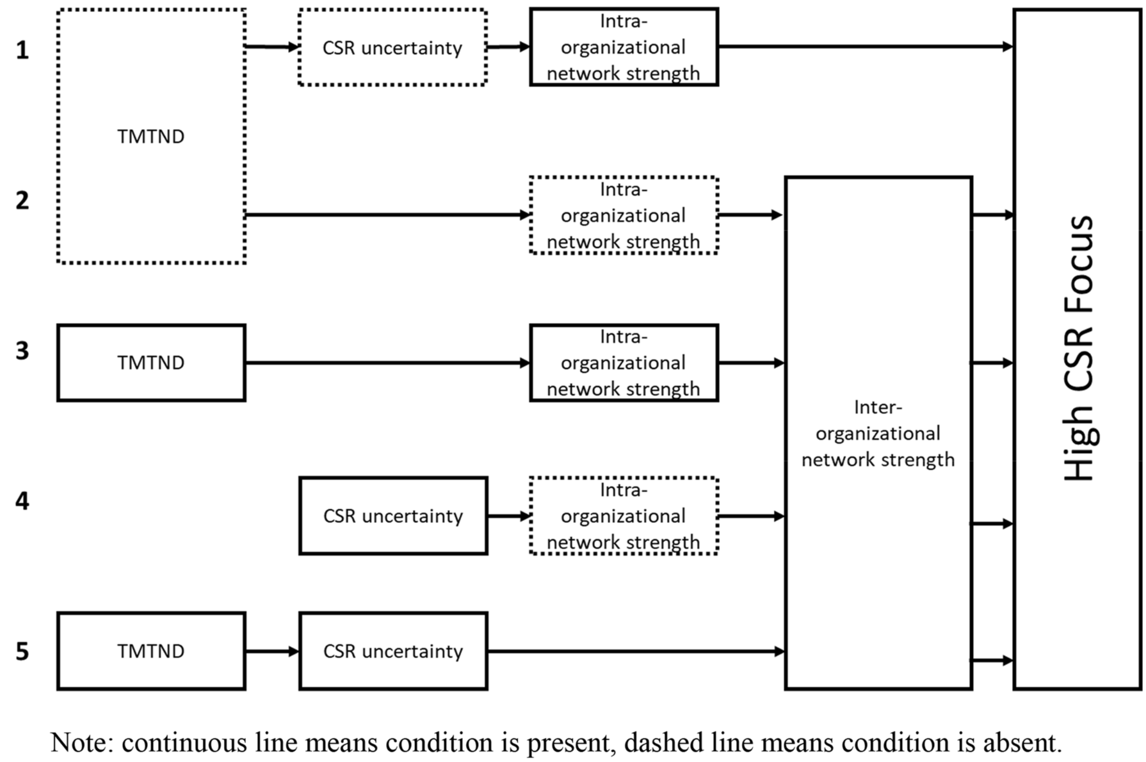

Fig. 2 Configurations for CSR focus

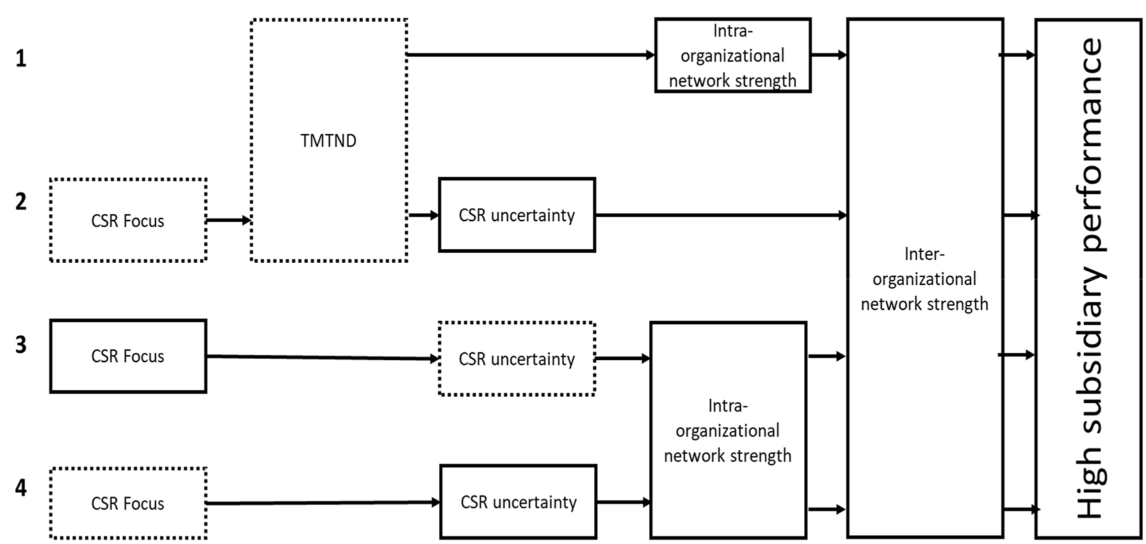

Fig. 3 Configurations for high subsidiary performance

performance outcomes, the focus ought to be on configurations 1 and 3. It was found that in configuration 1, a homogenous top management team and strong dual network integration are conducive to performance. In configuration 3, while both network conditions are present, it can be seen that strong CSR strategic focus is only conducive to performance in the absence of CSR uncertainty. The subsidiary performance results are results are graphically summarized in Fig. 3.

Table 6 Host country context analysis

Solution	Thailand high CSR importance			Taiwan high CSR importance	
	Condition				
	1	2	3	4	5
TMTND		⊗	•	•	•
CSR uncertainty	•	⊗		•	⊗
Intra-organizational		⊗	•	⊗	•
Inter-organizational	•		•	•	•
Raw coverage	0.57	0.19	0.46	0.12	0.21
Unique coverage	0.17	0.07	0.06	0.06	0.15
Consistency	0.81	0.84	0.85	0.94	0.79
Solution consistency	0.796			0.820	
Solution coverage	0.718			0.267	
Frequency cutoff	3			3	
Consistency cutoff	0.802			0.787	

Solution	Thailand high subsidiary performance			Taiwan high subsidiary performance			
	Condition						
	1	2	3	4	5	6	7
CSR strategic focus	⊗		•		•	•	⊗
TMTND	•	•	⊗	•		•	⊗
CSR uncertainty		⊗	•			•	•
Intra-organizational	•	•	•	•	•		⊗
Inter-organizational	•	•	•	•	•	•	•
Raw coverage	0.242	0.362	0.184	0.315	0.467	0.191	0.098
Unique coverage	0.028	0.124	0.065	0.069	0.198	0.028	0.032
Consistency	0.753	0.749	0.824	0.852	0.861	0.892	0.851
Solution consistency	0.764			0.819			
Solution coverage	0.458			0.601			
Frequency cutoff	3			3			
Consistency cutoff	0.744			0.811			

Proposition 7 seeks to identify the possible presence of causal asymmetry. This is confirmed for the low CSR strategic focus as well as the low subsidiary performance models. Both models indicate a wide variety of configurations, which are not identical with the high CSR strategic focus, and high subsidiary performance configurations. The results are discussed below.

Lastly, an organizational context analysis is undertaken to investigate potential differences between subsidiaries located in Taiwan and Thailand. The full results are reported in Table 6. The results largely confirm the strong role inter-organizational network relationships play in determining CSR strategy for subsidiaries in both countries. However, some differences are also noted. For instance, TMTND plays a more crucial role for subsidiaries in Taiwan than for subsidiaries in Thailand for determining CSR strategic focus. It also seems that CSR strategic focus plays a more prominent role for Taiwan than for Thailand when determining subsidiary performance. Both findings suggest that the economic development stage of a country may influence firm CSR strategies as well as overall strategic constellations that determine subsidiary performance.

A cross-validation of the configurations in the Thai and Taiwanese subsamples was conducted and the results are reported in Table 6. The CSR focus in the Thai configurations found good applicability in the Taiwanese subsample, but not the other way around. The opposite was observed for the fit of the performance conditions in which CSR focus was added as a condition. The Taiwanese configuration showed coverage values ranging from 0.83 to 0.86 and consistency values ranging from 0.16 to 0.18 in the Thai subsample. However, the Thai configurations when applied to the Taiwanese subsample only ranged from 0.60 to 0.73, with consistency values ranging from 0.27 to 0.47. This too shows the equifinality that underpins strategic decision making in the context of CSR focus and performance outcomes.

Discussion and Conclusion

A key contribution of the present study is to discern the hitherto disjointedly treatment of TMTND, CSR uncertainty, institutional duality, on CSR strategic focus, and to consider their implications for subsidiary performance. The findings in the present study highlight the complexity of factors that affect a CSR focus and subsequently subsidiary performance.

Consistent with outlined expectations, the results suggest a positive interrelationship of TMTND and CSR strategic focus. This indicates that greater information processing power and legitimacy orientation are conducive for subsidiary CSR strategy development. The findings extend the works of Sekiguchi et al. (2011) and Hyun et al. (2015) who suggest that TMTND could have a positive impact on purely market based subsidiary performance by showing that it also plays a role in the development of non-market strategies. This is an important consideration since it has been suggested that market and non-market strategies ought to be applied in a complementary manner (Mellahi et al. 2016; Wrona and Sinzig 2018).

This study also contributes to current literature by introducing a newly developed CSR uncertainty measure as a more context specific way to assess CSR-related institutional differences between home and host country. Hence, it extends previous findings by Jackson and Apostolakou (2010) and Garcia-Castro and Francoeur (2016) who only broadly distinguished between CSR regimes in liberal and coordinated market economies. If CSR uncertainty was present between home and host country, then subsidiaries struggled with the implementation of a CSR strategic focus. This suggests that when managers are faced with greater CSR uncertainty, they will not make CSR a strategic focus in their subsidiaries.

In line with other studies (e.g., Hyun et al. 2015; Kim et al. 2018; Kawai et al. 2018; Sekiguchi et al. 2011), this research also identified that the presence of external institutional pressures has an impact on CSR focus and subsidiary performance. However, on closer examination, those associations turn out to be far more complex than what the present and previous studies suggest. In particular, the results from the non-symmetric analysis contribute to current discussions in the CSR literature. This study uncovers that several combinations of institutional and TMTND can lead to a CSR focus as well as to higher subsidiary performance. The results indicate that while TMTND and external institutional pressures are important conditions for the presence of a strong CSR focus, it is also contingent upon internal legitimacy pressures and CSR uncertainty. For instance, the findings show that institutional factors and top management echelon perspectives appear to complement each other in some cases. Specifically, TMTND in combination with external legitimacy pressures in locations characterized by greater institutional uncertainty generate a higher CSR strategic focus. This study also extends the findings by Reimann et al (2015) in demonstrating that CSR focus might have only a positive impact on performance for a set of subsidiaries that have strong internal and external legitimacy pressures, in the absence of CSR uncertainty. This implies that managers do not push CSR as a driver of subsidiary performance in locations in which they appear unfamiliar with local CSR standards. In addition, the absence of diversity in top management teams is conducive to performance in several configurations. A more (nationally) homogenous management team is positively related to subsidiary performance. Interestingly, another solution shows that the absence of CSR strategic focus and a homogenous management team lead to high-performance outcomes in locations with greater CSR uncertainty and strong external legitimacy pressures. It appears that these subsidiaries take a hands-off approach and do only what is minimally required for CSR. This further indicates that the link between CSR, TMTND, and subsidiary performance is much more complex than previously examined and represents a delicate balancing act for MNEs.

It is also evident in the contrarian case illustration, which initially shows that there exist several cases in each of the four corner outcomes, i.e., strong CSR focus and high performance, weak CSR focus and high performance, strong CSR focus and low performance, and weak CSR focus and low performance. For instance, high performance and strong CSR focus requires the absence of CSR uncertainty and the presence of strong inter- and intra-organizational relationships. The low performance and strong CSR focus outcomes are not evident in the whole sample, but several cases are identified in the subsample analysis for Thailand albeit small. More notably is the observation that many high-performance subsidiaries in the whole sample, and specifically in the Thai subsample, do not have a strong CSR focus. That indicates that CSR as a strategic tool is still very much local context dependent with regard to its performance impact and inherently the importance attributed to it by subsidiary managers.

Theoretical and Managerial Implications

The present study contributes to current literature. First, by combining symmetric and non-symmetric analytical methods, it shows the complexity of the relationships between TMTND, CSR strategic focus, and subsidiary performance.

For instance, in the symmetric and non-symmetric models, TMTND is conducive to the development of a strategic CSR focus in subsidiaries. However, when subsidiary performance is considered (i.e., TMTND and CSR strategic focus on subsidiary performance), it appears that the absence of TMTND is more likely to lead to high-performance outcomes. This implies that MNEs struggle with the multiplicity of international CSR standards (Fransen et al. 2019). However, when examining subsidiaries located in Taiwan and Thailand separately, a strategic CSR focus is more conducive to subsidiary performance in the comparatively more developed Taiwan. This might imply that CSR as a non-market strategy is more dependent on the local standards or norms than is often assumed in the literature (Fransen et al. 2019; Narula 2019). Second, this study introduces the concept of CSR-specific institutional uncertainty based on a country CSR penetration and uptake index. It is believed this index is suitable to approximate CSR-specific differences between countries more appropriately. It answers the call to apply instructional measures that are less generic and more context specific. This study thus contributes to methodological development in studying subsidiary CSR management.

Limitations and Conclusion

There are several limitations in the present study, which could provide grounds for future research. First, the data are cross-sectional in nature, which limits potential claims about the causality of the results. Time series or detailed archival data could help future studies to minimize this limitation. Second, while a dataset based on subsidiaries located in Taiwan and Thailand was used, it would be also helpful to replicate the study in Western countries, or countries with larger local markets such as China or India. This could also reveal the possibility of intra-country variations. Lastly, while the sample size is comparable to those used in adjacent studies (e.g., Kingkaew and Dahms 2019), a greater sample could provide more robust conclusions.

In conclusion, the findings have important implications for MNE management and human resource management in particular. It was shown that while a nationally heterogeneous top management team is preferable for the development of a strategic CSR focus, it seems to have an adverse impact on general subsidiary performance. This is an important consideration given that MNEs benefit from broad cognitive and information processing while they also face the challenges associated with managing team diversity.

Acknowledgements Preparation of this paper is supported in part by The Open University of Hong Kong, University, Thammasat University, and Bucknell University. The authors gratefully acknowledge support from the James & Elizabeth Freeman Chair in Management at Bucknell University.

Appendix 1: Structural model and model fit

	Path coefficient	*P*-Value
Top management team national diversity and strategic CSR focus	0.102	0.069
CSR uncertainty and strategic CSR focus	−0.153	0.013
Intra-organizational network strength and strategic CSR focus	0.045	0.260
Inter-organizational network strength and strategic CSR focus	0.316	<0.001
A strategic CSR focus and subsidiary performance	0.308	<0.001

	Baseline model	Range
Average path coefficient (APC)	0.136, $P=0.012$	$P<=0.05$
Average R^2 (ARS)	0.330, $P<0.001$	$P<=0.05$
Average adjusted R^2 (AARS)	0.293, $P<0.001$	$P<=0.05$
Average block VIF (AVIF)	1.38	Acceptable if < = 5, ideally < = 3.3
Average full collinearity VIF (AFVIF)	1.519	Acceptable if < = 5, ideally < = 3.3
Tenenhaus GoF (GoF)	0.528	Small > = 0.1, medium > = 0.25, large > = 0.36
Simpson's paradox ratio (SPR)	0.857	Acceptable if > = 0.7, ideally = 1
R^2 contribution ratio (RSCR)	0.973	Acceptable if > = 0.9, ideally = 1
Statistical suppression ratio (SSR)	0.762	Acceptable if > = 0.7
Nonlinear bivariate causality direction ratio (NLBCDR)	1.000	Acceptable if > = 0.7
Standardized root mean squared residual (SRMR)	0.079	acceptable if < = 0.1
Standardized mean absolute residual (SMAR)	0.062	acceptable if < = 0.1

	Baseline model	Range
Standardized chi-squared with 702 degrees of freedom (SChS)	15.607	$P<0.001$
Standardized threshold difference count ratio (STDCR)	0.982	Acceptable if > = 0.7, ideally = 1
Standardized threshold difference sum ratio (STDSR)	0.931	Acceptable if > = 0.7, ideally = 1

References

Aguilera, R. V., & Jackson, G. (2003). The cross-national diversity of corporate governance: Dimensions and determinants. *Academy of Management Review, 28*(3), 447–465.

Aguilera, R. V., Rupp, D. E., Williams, C. A., & Ganapathi, J. (2007). Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations. *Academy of Management Review, 32*(3), 836–863.

Aguinis, H., & Glavas, A. (2012). What we know and don't know about corporate social responsibility: A review and research agenda. *Journal of Management, 38*(4), 932–968.

Ahworegba, A. H. (2018). The dilemma of institutional duality and multinational firms 1967–2017: Implications and future research. *Multinational Business Review, 26*(2), 145–172.

Albinger, H. S., & Freeman, S. J. (2000). Corporate social performance and attractiveness as an employer to different job seeking populations. *Journal of Business Ethics, 28*(3), 243–253.

Alcácer, J., Cantwell, J., & Piscitello, L. (2016). Internationalization in the information age: A new era for places, firms, and international business networks? *Journal of International Business Studies, 47,* 499–512.

Andersson, U., Forsgren, M., & Holm, U. (2007). Balancing subsidiary influence in the federative MNC: A business network view. *Journal of International Business Studies, 38*(5), 802–818.

Andersson, U., Cuervo-Cazurra, A., & Nielsen, B. B. (2014). From the editors: Explaining interaction effects within and across levels of analysis. *Journal of International Business Studies, 45*(9), 1063–1071.

Ando, N., & Paik, Y. (2013). Institutional distance, host country and international business experience, and the use of parent country nationals. *Human Resource Management Journal, 23*(1), 52–71.

Blau, P. M. (1977). *Inequality and heterogeneity: A primitive theory of social structure* (Vol. 7). New York: Free Press.

Bouquet, C., & Birkinshaw, J. (2008). Weight versus voice: How foreign subsidiaries gain attention from corporate headquarters. *Academy of Management Journal, 51*(3), 577–601.

Buckley, P. J., Doh, J. P., & Benischke, M. H. (2017). Towards a renaissance in international business research? Big questions, grand challenges, and the future of IB scholarship. *Journal of International Business Studies, 48*(9), 1045–1064.

Buzdugan, S., & Tuselmann, H. (2018). Making the Most of FDI for development: "New" Industrial Policy and FDI Deepening for Industrial Upgrading. *Transnational Corporations, 25*(1), 1–22.

Chang, S. J., Van Witteloostuijn, A., & Eden, L. (2010). From the editors: Common method variance in international business research. *Journal of International Business Studies, 41*(2), 178–184.

Christmann, P., & Taylor, G. (2001). Globalization and the environment: Determinants of firm self-regulation in China. *Journal of International Business Studies, 32*(3), 439–458.

Colakoglu, S., Tarique, I., & Caligiuri, P. (2009). Towards a conceptual framework for the relationship between subsidiary staffing strategy and subsidiary performance. *The International Journal of Human Resource Management, 20*(6), 1291–1308.

Crilly, D. (2011). Predicting stakeholder orientation in the multinational enterprise: A mid-range theory. *Journal of International Business Studies, 42*(5), 694–717.

Dahms, S. (2019a). The influence of competences and institutions on the international market orientation in foreign-owned subsidiaries. *European Journal of International Management, 13*(3), 354–380.

Dahms, S. (2019b). Foreign-owned subsidiary knowledge sourcing: The role of location and expatriates. *Journal of Business Research, 105,* 178–188.

Dahms, S., Cabrilo, S., & Kingkaew, S. (2020). The role of networks, competencies, and IT advancement in innovation performance of foreign-owned subsidiaries. *Industrial Marketing Management, 89,* 402–421.

Doh, J. P., Littell, B., & Quigley, N. R. (2015). CSR and sustainability in emerging markets: Societal, institutional, and organizational influences. *Organizational Dynamics, 2*(44), 112–120.

Fainshmidt, S., Wenger, L., Pezeshkan, A., & Mallon, M. R. (2019). When do dynamic capabilities lead to competitive advantage? The importance of strategic fit. *Journal of Management Studies, 56*(4), 758–787.

Feurer, S., Baumbach, E., & Woodside, A. G. (2016). Applying configurational theory to build a typology of ethnocentric consumers. *International Marketing Review, 33*(3), 351–375.

Fiss, P. C. (2011). Building better causal theories: A fuzzy set approach to typologies in organization research. *Academy of Management Journal, 54*(2), 393–420.

Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research, 18*(1), 39–50.

Fransen, L., Kolk, A., & Rivera-Santos, M. (2019). The multiplicity of international corporate social responsibility standards. *Multinational Business Review., 27*(4), 397–426.

Gammelgaard, J., McDonald, F., Stephan, A., Tüselmann, H., & Dörrenbächer, C. (2012). The impact of increases in subsidiary autonomy and network relationships on performance. *International Business Review, 21*(6), 1158–1172.

Garcia-Castro, R., & Francoeur, C. (2016). When more is not better: Complementarities, costs and contingencies in stakeholder management. *Strategic Management Journal, 37*(2), 406–424.

Gaur, A. S., Delios, A., & Singh, K. (2007). Institutional environments, staffing strategies, and subsidiary performance. *Journal of Management, 33*(4), 611–636.

Gilmore, E., Andersson, U., & Memar, N. (2018). How subsidiaries influence innovation in the MNE value chain. *Transnational Corporations, 25*(1), 73–100.

Gjølberg, M. (2009). Measuring the immeasurable?: Constructing an index of CSR practices and CSR performance in 20 countries. *Scandinavian Journal of Management, 25*(1), 10–22.

Gong, Y. (2006). The impact of subsidiary top management team national diversity on subsidiary performance: Knowledge and legitimacy perspectives. *Management International Review, 46*(6), 771–790.

Greckhamer, T., Furnari, S., Fiss, P. C., & Aguilera, R. V. (2018). Studying configurations with qualitative comparative analysis: Best practices in strategy and organization research. *Strategic Organization*. https://doi.org/10.1177/1476127018786487.

Hair, J. F., Sarstedt, M., Pieper, T. M., & Ringle, C. M. (2012). The use of partial least squares structural equation modeling in strategic management research: A review of past practices and recommendations for future applications. *Long Range Planning, 45*(5), 320–340.

Halkos, G., & Skouloudis, A. (2016). National CSR and institutional conditions: An exploratory study. *Journal of Cleaner Production, 139,* 1150–1156.

Hambrick, D. C., & Mason, P. A. (1984). Upper echelons: The organization as a reflection of its top managers. *Academy of Management Review, 9*(2), 193–206.

Hambrick, D. C., Davison, S. C., Snell, S. A., & Snow, C. C. (1998). When groups consist of multiple nationalities: Towards a new understanding of the implications. *Organization Studies, 19*(2), 181–205.

Harzing, A. W., Baldueza, J., Barner-Rasmussen, W., Barzantny, C., Canabal, A., Davila, A., et al. (2009). Rating versus ranking: What is the best way to reduce response and language bias in cross-national research? *International Business Review, 18*(4), 417–432.

Harzing, A. W., Pudelko, M., & Sebastian Reiche, B. (2016). The bridging role of expatriates and inpatriates in knowledge transfer in multinational corporations. *Human Resource Management, 55*(4), 679–695.

Henisz, W. J., & Delios, A. (2001). Uncertainty, imitation, and plant location: Japanese multinational corporations, 1990–1996. *Administrative Science Quarterly, 46*(3), 443–475.

Hillman, A. J., & Wan, W. P. (2005). The determinants of MNE subsidiaries' political strategies: Evidence of institutional duality. *Journal of International Business Studies, 36*(3), 322–340.

Homberg, F., & Bui, H. T. (2013). Top management team diversity: A systematic review. *Group & Organization Management, 38*(4), 455–479.

Husted, B. W., & Allen, D. B. (2006). Corporate social responsibility in the multinational enterprise: Strategic and institutional approaches. *Journal of International Business Studies, 37*(6), 838–849.

Hyun, H. J., Oh, C. H., & Paik, Y. (2015). Impact of nationality composition in foreign subsidiary on its performance: A case of Korean companies. *The International Journal of Human Resource Management, 26*(6), 806–830.

Ioannou, I., & Serafeim, G. (2012). What drives corporate social performance? The role of nation-level institutions. *Journal of International Business Studies, 43*(9), 834–864.

Jackson, G., & Apostolakou, A. (2010). Corporate social responsibility in Western Europe: An institutional mirror or substitute? *Journal of Business Ethics, 94*(3), 371–394.

Jackson, G., & Ni, N. (2013). Understanding complementarities as organizational configurations: Using set theoretical methods. *Configurational theory and methods in organizational research* (pp. 129–158). London: Emerald Group Publishing Limited.

Jackson, G., & Rathert, N. (2016). Private governance as regulatory substitute or complement? A comparative institutional approach to CSR adoption by multinational corporations. *Multinational corporations and organization theory: Post millennium perspectives* (pp. 445–478). London: Emerald Publishing Limited.

Jamali, D. (2010). The CSR of MNC subsidiaries in developing countries: Global, local, substantive or diluted? *Journal of Business Ethics, 93*(2), 181–200.

Jamali, D., & Karam, C. (2018). Corporate social responsibility in developing countries as an emerging field of study. *International Journal of Management Reviews, 20*(1), 32–61.

Jamali, D. R., El Dirani, A. M., & Harwood, I. A. (2015). Exploring human resource management roles in corporate social responsibility: The CSR-HRM co-creation model. *Business Ethics: A European Review, 24*(2), 125–143.

Kawai, N., Strange, R., & Zucchella, A. (2018). Stakeholder pressures, EMS implementation, and green innovation in MNC overseas subsidiaries. *International Business Review, 27*(5), 933–946.

Kilduff, M., Angelmar, R., & Mehra, A. (2000). Top management-team diversity and firm performance: Examining the role of cognitions. *Organization Science, 11*(1), 21–34.

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.

Kingkaew, S., & Dahms, S. (2019). Explaining autonomy variations across value-chain activities in foreign-owned subsidiaries. *Thunderbird International Business Review, 61*(2), 425–438.

Kock, N. (2013). Using WarpPLS in E-collaboration studies: descriptive statistics, settings. *Interdisciplinary Applications of Electronic Collaboration Approaches and Technologies, 62,* 1–17.

Kock, N. (2014). *Stable P value calculation methods in PLS-SEM*. Laredo, TX: ScriptWarp Systems.

Kogut, B., & Singh, H. (1988). The effect of national culture on the choice of entry mode. *Journal of International Business Studies, 19*(3), 411–432.

Kostova, T., & Roth, K. (2002). Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects. *Academy of Management Journal, 45*(1), 215–233.

Marais, M., Reynaud, E., & Vilanova, L. (2018). CSR dynamics in the midst of competing injunctions: The case of Danone. *European Management Review*. https://doi.org/10.1111/emre.12305.

McCloskey, D. (2002). *The secret sins of economics*. Chicago, IL: Prickly Paradigm Press.

McWilliams, A., & Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review, 26*(1), 117–127.

Mellahi, K., Frynas, J. G., Sun, P., & Siegel, D. (2016). A review of the nonmarket strategy literature: Toward a multi-theoretical integration. *Journal of Management, 42*(1), 143–173.

Misangyi, V. F., Greckhamer, T., Furnari, S., Fiss, P. C., Crilly, D., & Aguilera, R. (2017). Embracing causal complexity: The emergence of a neo-configurational perspective. *Journal of Management, 43*(1), 255–282.

Muellner, J., Klopf, P., & Nell, P. C. (2017). Trojan horses or local allies: host-country national managers in developing market subsidiaries. *Journal of International Management, 23*(3), 306–325.

Narula, R. (2019). Enforcing higher labour standards within developing country value chains: Consequences for MNEs and informal actors in a dual economy. *Journal of International Business Studies, 50*(9), 1622–1635.

Neter, J., Wasserman, W., & Kutner, M. (1985). *Applied linear statistical models*. Homewood, IL: Irwin Press.

Nielsen, B. B., & Nielsen, S. (2013). Top management team nationality diversity and firm performance: A multilevel study. *Strategic Management Journal, 34*(3), 373–382.

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.

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.

Podsakoff, P. M., & Organ, D. W. (1986). Self-reports in organizational research: Problems and prospects. *Journal of Management, 12*(4), 531–544.

Porter, M. E., & Kramer, M. R. (2006). The link between competitive advantage and corporate social responsibility. *Harvard Business Review, 84*(12), 78–92.

Ragin, C. C. (2008). *Redesigning Social Inquiry: Fuzzy Sets and Beyond*. Chicago, IL: University of Chicago Press.

Rao, K., & Tilt, C. (2016). Board composition and corporate social responsibility: The role of diversity, gender, strategy and decision making. *Journal of Business Ethics, 138*(2), 327–347.

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.

Reimann, F., Ehrgott, M., Kaufmann, L., & Carter, C. R. (2012). Local stakeholders and local legitimacy: MNEs' social strategies in emerging economies. *Journal of International Management, 18*(1), 1–17.

Reimann, F., Rauer, J., & Kaufmann, L. (2015). MNE subsidiaries' strategic commitment to CSR in emerging economies: The role of administrative distance, subsidiary size, and experience in the host country. *Journal of Business Ethics, 132*(4), 845–857.

Rickley, M., & Karim, S. (2018). Managing institutional distance: Examining how firm-specific advantages impact foreign subsidiary CEO staffing. *Journal of World Business*. https://doi.org/10.1016/j.jwb.2018.05.002.

Rugman, A. M., & Verbeke, A. (2001). Subsidiary-specific advantages in multinational enterprises. *Strategic Management Journal, 22*(3), 237–250.

Salk, J. E., & Shenkar, O. (2001). Social identities in an international joint venture: An exploratory case study. *Organization Science, 12*(2), 161–178.

Schneider, C. Q., & Wagemann, C. (2010). Standards of good practice in qualitative comparative analysis (QCA) and fuzzy-sets. *Comparative Sociology, 9*(3), 397–418.

Sekiguchi, T., Bebenroth, R., & Li, D. (2011). Nationality background of MNC affiliates' top management and affiliate performance in Japan: Knowledge-based and upper echelons perspectives. *The International Journal of Human Resource Management, 22*(05), 999–1016.

Shin, D., Hasse, V. C., & Schotter, A. P. (2017). Multinational enterprises within cultural space and place: integrating cultural distance and tightness–looseness. *Academy of Management Journal, 60*(3), 904–921.

Singh, S., Darwish, T. K., & Potočnik, K. (2016). Measuring organizational performance: A case for subjective measures. *British Journal of Management, 27*(1), 214–224.

Skouloudis, A., Isaac, D., & Evaggelinos, K. (2016). Revisiting the national corporate social responsibility index. *International Journal of Sustainable Development & World Ecology, 23*(1), 61–70.

Verbeke, A., & Greidanus, N. S. (2009). The end of the opportunism vs trust debate: Bounded reliability as a new envelope concept in research on MNE governance. *Journal of International Business Studies, 40*(9), 1471–1495.

Verbeke, A., Ciravegna, L., Lopez, L. E., & Kundu, S. K. (2019). Five configurations of opportunism in international market entry. *Journal of Management Studies, 56*(7), 1287–1313.

Voegtlin, C., & Greenwood, M. (2016). Corporate social responsibility and human resource management: A systematic review and conceptual analysis. *Human Resource Management Review, 26*(3), 181–197.

Williams, C., Colovic, A., & Zhu, J. (2017). Integration-responsiveness, local hires and subsidiary performance amidst turbulence: Insights from a survey of Chinese subsidiaries. *Journal of World Business, 52*(6), 842–853.

Williams, K. Y., & O'Reilly, C. A. (1998). Demography and diversity in organizations: A review of 40 years of research. *Research in Organizational Behavior, 20,* 77–140.

Woodside, A. G. (2013). Moving beyond multiple regression analysis to algorithms: Calling for adoption of a paradigm shift from symmetric to asymmetric thinking in data analysis and crafting theory. *Journal of Business Research, 66*(4), 463–472.

Woodside, A. G. (2019). Accurate case-outcome modeling in economics, psychology, and marketing. *Psychology & Marketing, 36*(11), 1046–1061.

Wrona, T., & Sinzig, C. (2018). Nonmarket strategy research: Systematic literature review and future directions. *Journal of Business Economics, 88*(2), 253–317.

Wu, Z., & Salomon, R. (2017). Deconstructing the liability of foreignness: Regulatory enforcement actions against foreign banks. *Journal of International Business Studies, 48*(7), 837–861.

Yang, X., & Rivers, C. (2009). Antecedents of CSR practices in MNCs' subsidiaries: A stakeholder and institutional perspective. *Journal of Business Ethics, 86*(2), 155–169.

Yin, J., & Jamali, D. (2016). Strategic corporate social responsibility of multinational companies subsidiaries in emerging markets: Evidence from China. *Long Range Planning, 49*(5), 541–558.

Young, S. L., & Makhija, M. V. (2014). Firms' corporate social responsibility behavior: An integration of institutional and profit maximization approaches. *Journal of International Business Studies, 45*(6), 670–698.

Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal, 38,* 341–363.

Zerbini, F. (2017). CSR initiatives as market signals: A review and research agenda. *Journal of Business Ethics, 146*(1), 1–23.