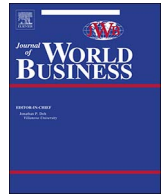




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How home country industry associations influence MNE international CSR practices: Evidence from the Canadian mining industry

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ABSTRACT

We explore how national industry associations influence the international CSR practices of MNEs. Drawing from a longitudinal case study of the evolution of CSR in the Canadian mining industry, we show how the Mining Association of Canada (MAC) aimed to influence the CSR practices of its member firms operating outside of Canada. Our findings reveal how MAC utilized multiple strategies to influence member firms in both the regulative and normative realm. We uncover the key mechanisms underpinning these strategies and factors that constrained or enabled the degree of their influence. Our study contributes to research on home country influences on MNE CSR practices and research on industry associations as institutional actors.

1. Introduction

Understanding what shapes the corporate social responsibility (CSR) practices of multinational enterprises (MNEs) has become an increasingly central question in international business (Campbell, Eden, & Miller, 2012; Doh & Lucea, 2013; Egri & Ralston, 2008; Husted & Allen, 2006; Kolk, 2016). The importance of this question is particularly relevant to extractive industries where social and environmental issues are often pronounced (Dashwood, 2012; Park & Ghauri, 2015). To answer this question, a number of scholars have highlighted the key role of *institutional pressures* in shaping MNE CSR practices internationally (Kolk & Fortanier, 2013; Marano & Kostova, 2016; Surroca et al., 2013). Institutional pressures emerge from a firm's environment and are capable of exerting a regulative, normative, or cognitive influence over a firm (Scott, 2008). Recently, research has given increasing attention to the importance of the home country of MNEs as an influence on the international practices of these firms (Kolk & Fortanier, 2013; Meyer & Thein, 2014; Stevens et al., 2015; Surroca et al., 2013). This line of examination dovetails with the CSR literature investigating the potential extra-territorial influence of an MNE's home country environments (Doh & Guay, 2006; Yaziji & Doh, 2009; de Bakker et al., 2013).

Though this recent attention to home countries has advanced our understanding of how MNEs practice CSR, much remains unknown. For instance, since most of the research in the area has focused at the macro-level, less is known about the micro-practices and mechanisms underlying home country influence on MNE CSR practices (e.g. Slager,

Gond, & Moon, 2012; Mena & Suddaby, 2016). Furthermore, existing research has tended to focus on a relatively narrow scope of institutional actors, with an emphasis on home country governments and NGOs (Meyer & Thein, 2014). Yet, a deeper understanding of the broader home country institutional environment can be gleaned from a more comprehensive examination of home country institutional pressures (Stevens, Xie, & Peng, 2015). A particularly notable omission from existing work in the area is the role of home country *industry associations* in influencing the CSR practices of their members outside of the home country.

Industry associations – voluntary, member-based organizations comprised of firms that aim to represent the interests of particular industries – have been widely argued to be prominent institutional actors that shape and influence their members' practices in general (Rajwani et al., 2015; Spillman, 2012; van Waarden, 1992) and their CSR practices in particular (Bailey & Rupp, 2006; Lenox & Nash, 2003; Schaefer & Kerrigan, 2008). Industry associations are distinct from other institutional actors in that they are industry “insiders”, which both enhances their legitimacy and degree of influence on one hand (van Wijk et al., 2013) and may place constraints on the scope of their influence on the other hand (Barnett, 2013). As a result, the influence of industry associations on member practices is often complex and multifaceted (Collins & Roper, 2005).

Existing research has shown how industry associations can exert a regulatory influence by forming and governing industry self-regulatory programs (King & Lenox, 2000; Lenox & Nash, 2003) or exert a normative influence by acting as sources of informal suasion and isomorphism

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(DiMaggio & Powell, 1983). However, though national industry associations have been shown to be a key institutional actor, research has yet to explore the nature of their influence on the practices of MNEs operating outside of the home country. To advance our understanding of home country institutional pressures, we require a more in-depth understanding of home country institutional pressures that emerge from these organizations that operate from *within* an industry (Marques, 2016). The importance of industry associations is likely to be particularly significant in the extractive industries since these are characterized by high levels of reputational interdependence and thus a greater reliance on collective organizations (Barnett & Hoffman, 2008; Barnett, 2006a, 2006b).

Accordingly, in this paper we explore how home country industry associations influence MNE's international CSR practices. Drawing from institutional approaches to the study of industry associations and home country drivers of MNE practices, we aim to elucidate the dynamic and evolving influence of industry associations on their members' CSR practices. To do so, we conduct a longitudinal case study of the Canadian mining industry, examining its evolution over a particularly turbulent period during which the international CSR practices of the industry came under intense scrutiny from policymakers and NGOs. We focus specifically on the key role played by Mining Association of Canada (MAC) – the national industry association representing metal and mineral producers – and the strategies this organization employed in its efforts to influence its membership beyond Canadian borders. Using a unique data set that consists of interviews with current and former MAC executives, MAC member companies, regulators, NGOs, consultants, and other key actors in the industry, as well as the complete internal MAC archives spanning from 2003 to 2015, we uncover the interplay of three main strategies employed by MAC to influence member CSR practices. We unpack the key influence mechanisms underpinning these strategies and the factors that constrain or enable their degree of success.

Our study advances existing research on the micro-practices involved in shaping international CSR by elucidating the process by which home country industry associations transcend national boundaries to influence CSR internationally. In doing so, we contribute to research on how institutional pressures shape CSR (see Rasche, De Bakker, & Moon, 2013) and research in international business on home country influences on MNE practices (Ioannou & Serafeim, 2012; Meyer & Thein, 2014). In addition, we also contribute to institutional understandings of industry associations (Gurses & Ozcan, 2015; Rajwani et al., 2015; van Wijk et al., 2013) by revealing how they balance their unique and powerful position in organizational fields with the constraints imposed on them by their members in order to influence their member firms.

2. Literature review

2.1. Institutional pressures and MNE CSR practices

Institutional approaches to CSR investigate how the social and environmental practices of firms are influenced and shaped by pressures emerging from the institutional environment(s) within which they are embedded (Brammer, Jackson, & Matten, 2012; Campbell, 2007; Doh & Guay, 2006; Ioannou & Serafeim, 2012; Matten & Moon, 2008). Institutional pressures may be regulative, normative, and/or cognitive in nature. Regulative pressures are those that resemble formal rules and are often enforced in a coercive manner, resulting in penalties or sanctions for non-compliance (Scott, 2008). In the case of CSR, regulative pressures tend to emerge from formal rules and standards focusing on the social or environmental practices of firms (Campbell, 2007). Normative pressures are those that specify how things should be done through informal suasion, as opposed to formal rules, and prescribe social obligations for what is expected and desirable from a behavioural or structural perspective (DiMaggio & Powell, 1983; Scott,

2008). Normative pressures around CSR may emerge from civil society organizations challenging firms on the appropriateness of their social or environmental practices (Aguilera et al., 2007). Cognitive pressures are those that emerge from societal cultural frameworks. This form is the least likely to resemble actual 'pressure' since it is often manifested through taken-for-granted cultural-cognitive frameworks and schemas rather than formal and informal rules (Scott, 2008). In the case of CSR, cognitive pressures implicitly shape how decision makers in firms make sense of their social and environmental responsibilities in a broader sense (Matten & Moon, 2008). Overall, scholars in the area suggest that these three forms of institutional pressures have a substantial influence on the ways in which firms practice CSR.

Though a number of studies have highlighted host country institutional pressures in influencing international CSR (Campbell et al., 2012; Kostova et al., 2016), more recent work has focused attention on the role of home country institutional pressures in influencing CSR practices of MNEs (Campbell et al., 2012; Husted & Allen, 2006; Ioannou & Serafeim, 2012; Meyer & Thein, 2014; Stevens et al., 2015; Surroca et al., 2013). One group of studies has pointed to the role of home country governments in exerting regulative pressure on MNEs. For instance, governments may apply pressure directly to the MNE to engage in more responsible investment overseas or to disengage or divest from particular countries (Meyer & Thein, 2014). Governments may also support and legitimize efforts to create codes of conduct and voluntary standards by providing funding and helping to enforce their application (Bendell et al., 2011; Cragg, 2005; Steurer, 2010). Another group of studies has emphasized the impact of home country NGOs on MNE CSR practices (Doh & Guay, 2006). These studies have shown how NGO activist campaigns raise the visibility of a particular issue or practice in the media and develop standards and codes of conduct, often in partnership with MNEs (Boström & Hallström, 2010; Mena & Waeger, 2014). Referring to NGOs as "political interest groups", Kostova and Zaheer (1999) suggest that MNEs' size and scope of operations, spanning countries with varied institutional environments, provide a prime target for NGO campaigns in the home country environment, serving as a "rallying point" for NGO activism.

Though the above studies have led to a deeper understanding of home country institutional pressures and MNE CSR practices, there is still much more to work to do. Specifically, we still do not have a fine-grained, theoretical understanding of exactly *how* home country institutional actors influence MNE CSR practices and the mechanisms involved in this process (see Rasche, De Bakker, & Moon, 2013, p. 660). A few recent studies have highlighted the potential of expanding our understanding in this area. For example, Slager et al. (2012) investigated the micro-practices involved in the international responsible investment standard. In a similar vein, Helfen and Sydow (2013) examined how negotiations impacted institutional outcomes in international framework agreements between MNEs and global unions. What these studies have in common is a focus on examining the processes by which CSR practices of MNEs are shaped by the micro-activities and practices of different actors. However, the focus of these studies tends to focus on the actions of transnational actors in shaping MNEs practices. What is less understood is how home country institutional actors are able to transcend their national boundaries to influence MNE CSR practices abroad. To further our understanding of exactly how the CSR practices of MNEs are shaped, it is necessary to examine, in-depth, the practices and actions of home country institutional actors that attempt to transcend national boundaries to influence MNE practices abroad. In addition, since existing studies of home country institutions focus on government and NGO pressures, there is a need to expand the scope of home country institutional actors in determining MNE practices (Stevens et al., 2015). Brammer et al. (2012) for example, contend that CSR "must be understood within the wider dynamics of business and industry associations, social networks and state regulation" (2012, p.20). In response to these calls for an examination of a wider range of actors capable of shaping CSR practices, we focus our analysis on home

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