

# Corporate Social Responsibility for Transnational Corporations

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## 1. INTRODUCTION

### 1.1 Background analysis

Currently, multinational corporations are not only a hot topic of debate among various academic experts in the field of economics, but also play an important influential role in international business (Marcel Kordos, Sergej Vojtovic, 2016). Therefore, an in-depth analysis of how to better manage multinational companies is necessary. With the in-depth study of corporate governance, the corporate social responsibility undertaken by companies is gradually attracting attention. Since 2015, there has been a significant change in the way companies realise social value and enhance their own earnings (Vitalii Nahorny et al., 2022). Companies are incorporating this aspect of CSR into their future sustainability strategies in order to achieve better growth. Multinational companies in particular face a more complex business environment and are required to take on more social responsibility, while having a greater impact on the global economy and society (Dennis A. Rondinelli, 2007). Therefore, it is essential to conduct an in-depth study on the social responsibility of multinational companies. The active social responsibility not only maximises the company's interests, but also helps to address the intricate economic context, better integrate the home country philosophy with the local context, and maximise the benefits based on respecting the local culture and protecting the local environment, while also benefiting the company's social impact.

### 1.2 Objective analysis

The objective of this paper is to draw conclusions from an analysis of a number of multinational companies, investigating how they fulfil their social responsibility, whether they have achieved green development, and the public perception of social responsibility in multinational companies, as well as observing their impact on the global economy and on local labour and sustainable development.

## 2. LITERATURE REVIEW

### 2.1 The concept of corporate social responsibility

From an academic perspective, CSR is usually expressed in terms of economics, ethics, law and business (Benedict Sheehy, 2014) and has an important impact on society. Different scholars also have different insights on CSR from these aspects. The concept of CSR was originally introduced by Bowen (2013), who stated that it is necessary for entrepreneurs to comply with some policies while making decisions that are in line with what society expects to achieve. In terms of economics, it focuses more on the study of individuals and companies in the market and the related economic system. The rest is not included in the study of the economic field (Hausmann D., 1992). Aspects of CSR such as environmental protection and respect for local culture do not have a large economic value. However, the impact of the economic perspective on CSR cannot be denied, it adds to the understanding of public policy and the study of social costs (Benedict Sheehy, 2014). And on the ethical level, Berger-Walliser & Scott (2018), through an analysis of CSR in the US, EU, China and India, see CSR as a clear obligation of companies to be ethically responsible to society. marne L. and Arthaud-Day, based on a survey of 25,000 citizens in 23 countries show that the public perception of companies is influenced by their public image. More than two thirds of respondents believe that companies should take more economic and legal responsibility for their society. In the business context, CSR is an integral part of business activities and there are many definitions and models of CSR as a means of examining business development that have been used in various business sectors, such as Carroll 1979; Clarkson 1995; Simerly 1997; Swanson 1999; Wood 1991, which This has led to a better understanding of the role of CSR in business activities and has contributed to the further development of the concept of CSR. Meanwhile and Zenisek (1979) discusses CSR in three points: ideology (I) the conscious awareness of the

company and its members about their work; society (S), the regulation and requirements of the company by the external environment; and operations (O), the behaviour of shareholders or company members arising from the day-to-day operations of the company.

## **2.2 Corporate social responsibility in a globalised environment**

In the past 20 years, the globalisation of markets has accelerated, which has further increased the concern of companies, and the social pressure on them has increased. And multinational companies will face a tougher market environment and more social responsibility driven by globalisation (Marne L., Arthaud-Day, 2015). When the study of CSR is expanded to the global level, the analysis against CSR will also change, and Parkhe (1993) argues that the study of CSR is more likely to be understood differently when analysed at the international level. And some concepts also change in meaning and are more likely to be questioned when the context is changed (Marne L., Arthaud-Day, 2015). Each multinational company has its own local corporate culture, and different cultures will have a different focus on different aspects of CSR. As it expands its business globally, there will inevitably be conflicts with the host country, both in terms of the company's economic development and the local social responsibility it needs to assume (Bartlett and Ghoshal 1998, 2000). In the analysis of CSR in different cultures, the diversity of concepts and research methods makes empirical research across cultures challenging. Thus Marne L. and Arthaud-Day argue that research on multinational corporations lacks relevant conceptual and methodological support and that the existing academic research lacks a certain diversity. In addition to this, Krista Bondy and Ken Starkey, after surveying 37 multinational companies on whether CSR is incorporated into foreign cultures and examining the implementation, argue that the further legitimisation of issues in headquarters but not in the host country itself is not consistent with the internationalisation strategy of CSR's deepening global development.

## **3. METHODOLOGY**

The objective of this paper is to examine how multinational corporations (MNCs) fulfil their corporate social responsibility (CSR) and its impact on the local and national workforce, the environment and sustainable development, and to make recommendations for the development of the company. Through a series of analyses, the aim is to determine whether the corporate social responsibility of multinational companies has changed in the course of their management, whether their influence in society has increased, and whether it has had a positive impact on their own corporate earnings.

### **3.1 Research Strategy**

This paper will use quantitative analysis to conduct the research because the cases of quantitative analysis are real life events, which makes the analysis more realistic and also allows for the use of relevant data from the companies to be analysed, which also makes the paper more scientific. It ensures that it is more beneficial for the paper to identify the shortcomings of previous studies and to make recommendations to address the problems. A survey of the 25 most globalised multinational companies since 2005 found that they have all incorporated CSR and its related concepts into their company's future development plans (Dennis A. Rondinelli, 2007), which shows that from 2005 to the present MNCs have sufficient information to support their research in the field of CSR. Therefore, this paper will examine the CSR and day-to-day operations of multinational companies by selecting data from the CSMAR website and examining their corporate social responsibility in relation to their policies in terms of the jobs they solve in their home countries and the countries where their subsidiaries are located, and the local capital investment they attract (Dennis A. Rondinelli, 2007). Rondinelli, 2007) and to see whether and in what way the integration of CSR into the development plan has had an impact on the company. This will not only make the analysis more comprehensive and scientific but will also give a better visualisation of the social responsibility undertaken by the multinational companies analysed and how it affects the company's interests. In this way, it is possible to observe their role in influencing the local environment, solving local employment and so on.

### **3.2 Theoretical framework**

In the quantitative analysis of multinational companies, CSR is important for the development of the local community, employment and sustainable development, as well as internal responsibility for the company's employees, shareholders, etc., as well as responsibility for consumers and the environment. Therefore, this paper will adopt a stakeholder theory that distinguishes it from the traditional shareholder concept that puts the company's own interests first. In the stakeholder theory proposed by R. Edward Freeman (2015) refers to the fact that the

managers of a company have corresponding obligations to the interest groups associated with the company, also indicating that the company has a wider range of obligations than before. This is in line with this paper's desire to explore the idea that multinational companies should also consider their corporate social responsibility on the basis of ensuring the self-interest of their employees and shareholders. This means considering the protection of the environment, the promotion of sustainable development and the development of infrastructure.

## **4. RESEARCH METHODS**

### **4.1 Analytical methods**

After referring to previous studies on the corporate social responsibility undertaken by multinational corporations, it is found that most articles have adopted the quantitative analysis method combining example data and the qualitative analysis method with case studies, i.e. taking several multinational corporations as examples, conducting data analysis methods and comparing them in terms of their social responsibility towards the environment, employment and other aspects, in order to carry out subsequent in-depth analysis. In order to draw more scientific conclusions and ensure the accuracy of the conclusions, as well as to facilitate comparison between data and conclusions, this paper will also use quantitative analysis to find the actual data of the companies and take stata analysis to derive the trend of change. Twenty-five multinational companies with a high degree of globalisation in different fields such as Audi, Nike and Coca-Cola will be selected, which not only ensures the amount of data and literature that can be analysed, but also the diversity of the data sample, making the conclusions more accurate. Because of the well-known nature of these companies, they have a larger consumer market, more publicly available data and more research material, which makes the study more feasible and thus easier to analyse, based on the relevant literature and data, how their social responsibility in their home countries and in the countries of their subsidiaries and how it affects the future development and economic returns of their companies.

### **4.2 Hypothesis and analysis of variables**

In this paper, two arguments will be presented for argument and data analysis:

H1: Being active in CSR will have a positive impact on multinational companies.

H2: Active CSR will have a negative impact on MNCs.

This paper will consider CSR as the dependent variable and MNCs themselves as the independent variables, and by measuring the proportion of CSR in the operating costs of MNCs and whether it has a positive or negative impact on MNCs, we will conclude whether taking CSR has a positive effect on MNCs and give relevant recommendations.

## **5. CONCLUSION**

In summary, this paper will explore the impact of CSR on the operations of multinational companies and how multinational companies can influence local economic and other developments through themselves, based on previous research on CSR. By analysing the data of some corporate examples and combining it with previous theories, relevant conclusions are drawn.

### **5.1 Critique of project**

#### **5.1.1 Limitations**

The context of CSR analysis of multinational companies is relatively complex, and the need to consider not only the impact in the home country but also the impact in the country of the subsidiary makes it more difficult to investigate. Much of the existing literature focuses on only one of these aspects, with less consideration of the whole. Secondly, because CSR encompasses many aspects, only a few of these aspects may be selected for investigation when conducting an analytical survey, such as employee benefits, environmental governance, employment issues and so on. This means that the conclusions that may be drawn will be relatively one-sided. The amount of data and information available may also be affected by the fact that it may not be consistent with the direction of the previous investigation. For example, some literature focuses more on the impact of risk management and reputational benefits on multinational companies, while multinational companies have a certain

degree of corporate autonomy when it comes to corporate social responsibility, and this can be inconsistent with previous findings as corporate policies are adjusted from year to year (Juelin Yin, Dima Jamali, 2016).

### 5.1.2 Strengths

The broader context of this paper is to consider the social responsibility undertaken by multinational companies, as the companies are larger, which makes their data more comprehensive and more conducive to analysing their trends. This paper, however, focuses on the CSR strategies of multinational companies and analyses their impact on various aspects of the company, i.e. financial and non-financial, in an attempt to bridge the research gap between business and society. The topic of CSR has recently become relatively popular, and the research on it has become more and more sophisticated, and the relevant theories are also more mature, which can make the conclusions more scientific, and in the process of its continuous development, it is necessary to integrate the theories in order to better meet the current situation of corporate development (Juelin Yin, Dima Jamali, 2016).

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