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CORPORATE SOCIAL RESPONSIBILITY IN EMERGING MARKETS. CASE STUDIES OF SPANISH MNCs IN LATIN AMERICA.

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ABSTRACT

Purpose: This paper analyses CSR initiatives in emerging markets from developed-countries-based multinational companies (MNCs).

Methods: The analysis is based on eight case studies with data collected through in-depth interviews with senior managers of the companies representing 85% of the Spanish foreign investments in Latin America.

Results: The results show that CSR initiatives from these companies seem to be guided by Instrumental Theories as they use these initiatives as a strategic tool to achieve economic objectives, seek a positive relation between them and their financial performance, and use them to strengthen their reputation.

Conclusions: The findings tend to indicate that Instrumental Theories of CSR seem to apply for Western MNCs operating in emerging markets.

Keywords: CSR, Spanish Companies, Latin America, Instrumental Theory

Research paper

INTRODUCTION

How are MNCs deploying their Corporate Social Responsibilities (CSR) initiatives in emerging markets (EMs)? Are they following the same patterns as in Western economies? Are they using CSR mainly to improve their financial performance? Are they engaging relevant stakeholders in this process? Are they pursuing CSR strategies mainly to strengthen their legitimacy in the host country? Answering these questions is relevant as CSR is currently an important element of most MNCs' strategy while at the same time EMs are becoming a strong engine of growth for many companies in Western economies (Khanna & Palepu, 2010; Prahalad & Hammond, 2002; Saigol & Thomas, 2010).

Answering these questions is also a relevant contribution to academic literature, mainly because recent works on emerging markets have questioned the fit of some mainstream theories to the specific situation of EMs; in particular, internationalisation (Child & Rodrigues, 2005; Mathews, 2006), institutions (Peng, Wang, & Jiang, 2008; Zhu, Wittmann, & Peng, 2011), Foreign Direct Investment (FDI) (Buckley, Clegg, Cross, Liu, Voss, & Zheng, 2007), strategy (Khanna & Palepu, 2010; Rui & Yip, 2008), etc. In fact, CSR studies have mainly focused on advanced economies, whether at the micro or macro level (Carroll, 1991; Chiu & Sharfman, 2009; Christensen & Overdorf, 2000; Freeman, 1984, 1994) with very few focused on EMs (Aguinis & Glavas, 2012; Alon, Lattemann, Fetscherin, Li, & Schneider, 2010; Nicholls-Nixon, Davila Castilla, Sanchez Garcia, & Rivera Pesquera, 2011; Wang & Juslin, 2009) .

In this context, and focusing on the key questions presented above, this paper makes three contributions. First, the answers to these questions enrich the current debate on the fit of received theories, in particular CSR theories, with the reality of EMs; this being the main contribution of the article. A second contribution is the analysis of key elements of different CSR theories (like stakeholders' engagement, legitimacy, financial performance, reputation, etc.) in the context of EMs. A third contribution is the study of the characteristics of CSR initiatives in environments different from the ones also generally studied, like the USA or the EU. The latter is of particular importance considering the growing importance of EMs in the World's economy (Fornes, 2012) .

The paper is structured as follows. A review of the literature containing the main conceptual framework follows this section. The Methodology and Sample section then describes the sample used and the research method followed for the analysis of data. Third, the Theoretical Insights section presents the Research Propositions. A Discussion section analysing the results vis-à-vis current literature comes fourth. The paper concludes with a Summary and Conclusions.

REVIEW OF THE LITERATURE

CSR theories are focused on one of the following aspects of social reality: economics, politics, social integration and ethics. They have been classified into four main groups (Garriga & Melé, 2004): (i) Instrumental Theories in which CSR is seen mainly as a strategic tool to achieve economic objectives and wealth creation; (ii) Political Theories, based on the existence of a social contract between business and society, implies some indirect obligations of business towards society (later extended to "corporate citizenship" to describe a new role of business in society); (iii) Integrative Theories, which consider that business ought to integrate social demands and as a consequence business' responsibilities depend on the values of the society where they operate; and (iv) Ethical Theories, which base the relationship between business and society on ethical values.

The scholarly research of these frameworks in EMs is scarce (Aguinis & Glavas, 2012), Filling this gap is necessary as "firms competing within emerging economies face a 'high velocity' environment of rapid political, economic, and institutional changes that are accompanied by relatively underdeveloped factor and product markets" (Wright, Filatotchev, Hoskisson, & Peng, 2005, p. 7). This changing environment presents different challenges for firms operating in these countries which have been widely documented in the literature (Filatotchev, Wright, Hoskisson, Uhlenbruck, & Tihanyi, 2003; Fornes, 2009; Fornes & Butt Philip, 2011; Fornes & Cardoza, 2009; Guillen, 2000; Hoskisson, Eden, Lau, & Wright, 2000; Khanna & Palepu, 2000; Peng, 2003; Williamson, Ramamurti, Fleury, & Leme Fleury, 2013). To this, Wright et al. added that emerging markets are “a new context in which to understand the relative strengths and weaknesses of the different [conceptual] perspectives” used in conventional theory (p. 2). In fact, most of the works presented above suggest that MNCs operating in these countries develop a set of specific advantages to cope with a changing environment and a relatively low development of local markets. In this context, a debate on the strengths and weaknesses of CSR frameworks and initiatives of MNCs operating in EMs seems necessary.

Within this framework the main question seems to be how (and if) companies can get long-term competitive advantages and at the same time achieve social objectives in EMs (Husted & Allen, 2000) in a win-win situation (where both parties receive what they are looking for (Garriga & Melé, 2004)). For developed markets, different alternatives have been presented. For example, Christensen & Overdorf (2000) proposed disruptive innovations in the company’s technology linked to the improvement of social and economic conditions. Vardarajan & Menon (1988) suggested a contribution from the firm to a specific cause when customers engage in resource-generation activities which at the same time strengthen the company’s name/brand. Porter & Kramer (2002) argued that philanthropic investments could improve the competitive environment by creating greater social value than government or individuals. However companies’ options in EMs remain to be seen in a context where CSR initiatives need to cater for the needs of the bottom of the economic pyramid (a different environment than that in more developed countries) (Prahalad & Hammond, 2002).

In this sense, a number of studies have shown positive correlations between social responsibility initiatives and the financial performance of corporations; (Carroll, 1979; Griffin & Mahon, 1997; Key & Popkin, 1998; Margolis & Walsh, 2003; Orlitzky, Schmidt, & Rynes, 2003; Roman, Hayibor, & Agle, 1999; van Beurden & Gössling, 2008; Waddock & Graves, 1997). Similarly, studies have found a positive relationship between corporate financial performance, market value, and customer satisfaction (Goll & Rasheed, 2004; Luo & Bhattacharya, 2006), and also companies implementing CSR strategies tend to improve their differentiation and competitiveness (van Beurden & Gössling, 2008). This evidence leads to questions about the effect (if any) of CSR initiatives in emerging markets on MNCs' financial performance.

On top of financial performance, Instrumental Theories also recognise the need to widen the assessment of MNCs' performance as "today it is quite readily accepted that shareholder value maximization is not incompatible with satisfying certain interests of people with a stake in the firm (stakeholders)" (Garriga & Melé, 2004, p. 54). In fact, in recent years many companies have been incorporating social perspectives into their core frameworks to help in the understanding of competition and to guide their business strategy as "social dimensions of competitive context are factors in the external environment that significantly affect the underlying drivers of competitiveness in those places where the company operates" (Porter & Kramer, 2006, p. 6). In this sense, expectations from the society transmitted through stakeholders then result in commitments and corporate actions that have an indirect positive impact on MNCs' financial performance (Alon et al., 2010; Bendheim, Waddock, & Graves, 1998; Berman, Wicks, Kotha, & Jones, 1999; Freeman, 1984; McWilliams & Siegel, 2001; Wheeler, Colbert, & Freeman, 2003).

In this context, some authors support the view that CSR initiatives offer a positive image to stakeholders, reinforce reputation, and provide an improved outlook in the stock market as well as being a key element in attracting new clients, employees, shareholders, distributors and suppliers (Fombrum & Shanley, 1990; Van der Laan, Van Ees, & Van Witteloostuijn, 2008; Villagra & Lopez, 2013). Also companies “can build reputational advantage internationally by being early adopters of vanguard CSR practices” (Fombrum, 2005, p. 10). In fact, recent studies have shown a relationship between business reputation and financial performance (Fernandez & Luna, 2007). Probably for this reason, some MNCs as part of global business operations are extending their CSR initiatives to host countries where stakeholders can also be actively managed in order to influence the company´s performance in a positive manner (van Tulder & van der Zwart, 2006). Then, dialogue with local stakeholders becomes key in corporate strategy to increase internal and external visibility, therefore creating economic value for firms (Van der Laan et al., 2008).

In addition, within Instrumental Theories CSR initiatives tend to make MNCs more competitive in their home and host markets while creating economic value and reputation. For this reason, it is in the MNCs’ interest to give visibility to their commitments with stakeholders and to communicate their actions. For example, companies publish annual CSR reports and post relevant information on their corporate website. In this sense, a recent study by Chiu & Sharfman (2009) has shown that best practices in the community, corporate governance, human rights, and products have a positive impact on CSR initiatives while increasing the companies’ visibility. This higher visibility is then transformed into legitimacy in the community. Thereby, the communication of their actions is a crucial element of their strategy to give visibility of CSR and achieve differentiation with other companies (Villagra & Lopez, 2013).

Then, MNCs attempt to take all necessary steps to increase their visibility and therefore improve their legitimacy as, within Instrumental Theories, mitigating risks and reducing the potential negative impacts of their activity is one of the main objectives for the development of a CSR strategy. In this sense, civil organisations like NGOs, for example, appear as important players and are key stakeholders. Firms operating in EMs then need to develop specific strategies to deal with local stakeholders to reduce risks and increase their potential positive impact and legitimacy to operate (Van der Laan et al., 2008).

METHODOLOGY AND SAMPLE

The research is based on case studies (Yin, 1994). This methodology was chosen to get a better understanding of the characteristics of the firms operating in developing contexts and their fit with existing theories (Creswell, 2003; Eisenhardt, 1989; Eisenhardt & Graebner, 2007), the main objectives of this study. This methodology is also better suited to examining subjective features such as strategic motives, subjective measures of performance, reputation and legitimacy, etc. (Creswell, 2003).

The theoretical sampling (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Pettigrew, 1990) was built with the eight largest Spanish investors in Latin America; these companies account for over 85% of Spain's investments in the South American region (Arahuetes & Casilda, 2004; ECLAC, 2011; Fornes & Cardoza, 2009). This sample is relevant as Spain's MNCs are the largest European investors in the region, second after US companies. In addition, to be in the sample, Spanish companies needed to have invested in Latin America before 2004 to have an established local operation and have an income of at least 30% of total sales from the region to give subsidiaries an important weight in the firms' balance sheet; only around 15 companies fulfil these requirements (Arahuetes & Casilda, 2004; ECLAC, 2011; Fornes, 2009). The companies in the sample operate in the following industries: Banking and Insurance (Co1, Co4, and Co7), Tourism (Co2), Energy (Co3, Co5, and Co8), and Telecommunications (Co6), a weighting that attempts to mimic the structure of Spanish investments in the Latin American region. Although a relatively small sample, it was designed to offer the option for analytical generalisation (Eisenhardt, 1989).

The data was collected through in-depth interviews, similar to many previous studies on emerging markets' MNCs (Ge & Ding, 2008; Kotabe, Parente, & Murray, 2007; Rugman & Li, 2007). These interviews were conducted with the companies' CSR Presidents (or equivalent position) of the parent firm. Collected data was coded following Glaser and Strauss (1967) and then matched with what has been found in other relevant works. Finally, the findings were analysed through triangulation among the case studies, previous works, and secondary data. These processes aimed at providing internal validity.

The interview grid, based on the ideas and gaps identified in the review of the literature, contained the following variables (in no specific order): company's values, reasons for investing in CSR, relation (if any) between CSR and financial performance (van Beurden & Gössling, 2008), differentiation and industry competitive intensity, relative power of stakeholders (Fernandez & Luna, 2007), community involvement, relations with customers and investors, and environmental footprint (Chiu & Sharfman, 2009; Van der Laan et al., 2008). All the interviews were conducted in Spanish. Data was also collected from other reputable sources like companies' official websites, annual reports, newspaper articles, databases from international organisations (mainly ECLAC, WTO, UNCTAD), etc.

The combination of elements in the methodology – theoretical sampling, case studies, in-depth interviews based on gaps identified in the literature, coding of data, triangulation, and pattern matching – provides this research with a strong reliability, internal, construct, and external validity to support the findings of the analysis (Gibbert, Ruigrok, & Wick, 2008).

THEORETICAL INSIGHTS AND RESEARCH PROPOSITIONS

The analysis of the data started with the assumption that Instrumental Theories of CSR (Garriga & Melé, 2004) were the ones followed by the companies in the sample. This was because Instrumental Theories were among the first theories to appear on CSR in developed countries (a seminal article on this stream was published by Milton Friedman in 1970) and include different elements such as assessments of the financial impact, potential legitimacy by the communities in which MNCs operate, and potential positive reputation and visibility resulting from CSR initiatives (Fombrum & Shanley, 1990; Friedman, 1970; Garriga & Melé, 2004; Windsor, 2001). The idea behind the Instrumental Theories is that firms can gain unique company-specific advantages by implementing CSR initiatives (Godfrey & Hatch, 2007). In addition, with no previous evidence showing otherwise, it was assumed that CSR initiatives in EMs are at an early stage of development, similar to other areas of MNCs and institutions (Boisot & Meyer, 2008; Buckley et al., 2007; Khanna & Palepu, 2000, 2010; Williamson et al., 2013; Wright et al., 2005), and as a consequence more developed theories (such as Political Theories, Integrative Theories, or Ethical Theories (Garriga & Melé, 2004)) may not be completely applicable (although they are analysed in the Discussion section below).

CSR as a strategic tool to achieve economic objectives and wealth creation

The key question under this heading was about the main driver for the development of CSR initiatives. In this context, interviewees were asked for the main reasons for investing in CSR in the particular case of emerging markets. Co1 said that “CSR is a good business, we do it because it is profitable”; for Co2, CSR is a commercial tool “that helps repetition of purchases”; Co3 stated that “CSR is a business and as such it grows with the rest of the company’s operations”; Co4 ranked increased market value and increased value for shareholders as their first and second reason, respectively, to invest in CSR, the only firm with this pattern of responses; Co5 added that “a company that incorporates requirements from the society becomes more attractive to investors, retains employees, etc.” and this is the reason for investing in CSR; Co6 have been investing in CSR in Latin America since 1999-2000 “with the aim to minimise the risks of our business”; Co7 said that CSR “is good for differentiation, especially during the current crisis"; and Co8 ranked increased customer satisfaction first.

In addition, interviewees were asked to rank the main reasons for investing in CSR initiatives from a list of nine options (plus "others"). See Annex I for the complete list of options. The options with the highest number of responses, ranked as the main three reasons were: (i) increased customer satisfaction (four responses), (ii) increased legitimacy (four responses), (iii) increased value for shareholders (three responses), (iv) increased differentiation (three responses). It is also of interest to note that the eight companies in the sample actively monitor what their competitors are doing in CSR and make strategic decisions based on these movements.

In general the comments from the respondents were unequivocal and all followed the same direction. These answers tend to show that the companies in the sample have a clear strategic focus when investing in CSR in emerging markets: to achieve economic objectives and wealth creation. These are the main principles behind the Instrumental Theories, therefore:

> *Proposition 1: Developed countries' MNCs seem to follow Instrumental Theories in their CSR initiatives in emerging markets.*

Relation between social responsibility initiatives in EMs and financial performance

Based on the main assumption that MNCs from developed countries invest in CSR in EMs guided by Instrumental Theories, it was thought that firms seek a positive relation between social responsibility initiatives in EMs and financial performance. In this context, interviewees were asked about this possible relation. Co1 said that "they have developed a new tool to measure the return of investments on CSR that provides information about impacts and risks, but it is currently being applied in Spain only"; Co2 said that "although we find it difficult to have an objective measure we think that returns from CSR contribute to an important percentage of the company's profits"; Co3 stated that "we estimate that CSR has a positive impact on profits although we have not found an efficient way to measure its impact yet"; Co4 said that "they do not look for a direct relation between RSC and financial performance as it is difficult to measure and demonstrate"; Co5 added to their comment on becoming more attractive to investors and employees (Proposition 1) that "they do not know how to measure it", suggesting that some kind of relation is expected; Co6 said that they are "currently developing a methodology to measure this relation"; Co7 stated that "they have a clear measurement of returns in CSR"; and Co8 added that "the relation between CSR and financial performance is included in the annual objectives for managers".

These comments seem to confirm that companies seek a positive relation between CSR investments and financial performance in EMs (although it is still not clear how this relation is measured). In addition, these findings complement and strengthen Proposition 1; companies in the sample invest in CSR in EMs with a strategic focus to achieve economic objectives, a strategy expected to generate positive financial returns shown in the balance sheet. Therefore:

> *Proposition 1a: Developed countries' MNCs seek a positive financial return from their social responsibility initiatives in EMs.*

Legitimacy in EMs

The eight companies in the sample said that they are improving legitimacy in the developed markets where they operate by giving visibility to their CSR initiatives. These companies decided to increase their visibility/legitimacy through their participation in international, European, and/or domestic rankings/indices like the Dow Jones Sustainability Indices[1], RepTrak[2], and MERCO[3]. In this sense, it is important to highlight that the eight firms in the sample score relatively highly in these rankings/indices.

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[1] Dow Jones Sustainability Indices http://www.sustainability-index.com/
[2] RepTrak http://www.reputationinstitute.com/advisory-services/reptrak

However, what is interesting for the purpose of this research is how they leverage this legitimacy in EMs. The eight companies claim to give medium-high decision making autonomy to their subsidiaries in EMs to develop their own CSR initiatives adapted to local needs, but always within the umbrella of the firm's position in the rankings/indices creating, thus, a top-down strategy. This centred orientation of CSR activities can be confirmed by the analysis of the annual reports posted on their websites. Most have a clear focus on the MNCs' total CSR activities; Co1 and Co4 do not even post information related to CSR. Co5, Co6, Co7, and Co8 offer information on their CSR activities divided by region/country/community (including EMs) only from 2004-2005.

The answers from the interviewees and the analysis of secondary data tend to suggest that legitimacy is sought for the MNCs as a whole and mainly in the home country, without a differentiation for local communities or grassroots involvement. In addition, by focusing on international rankings/indices they may be trying to appeal to international investors and/or consumers rather than addressing the needs of the local community, which strengthens Propositions 1 and 1a. Therefore:

> *Proposition 2: MNCs seek legitimacy through CSR initiatives, including their operations in EMs, as a means to improve their image in the home country.*

Engagement with host country stakeholders

To understand their companies' priorities to deal with the local community, interviewees were asked to choose the CSR areas where their companies will be investing from a list of eight options. The answers were: community actions (Co2 and Co3), talent management and conciliation (Co1, Co3, Co4, and Co5), corporate governance and ethics management (Co3, Co5, Co6, and Co7), the environment (Co1, Co2, Co3, and Co5), equal opportunity programmes (Co3, Co4, and Co8) and corporate volunteering (Co1 and Co8). On top of this,

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[3] MERCO http://www.merco.info/es/countries/4-es

five companies explicitly stated that they develop active strategies to deal with local stakeholders (Co2, Co3, Co6, Co7, and Co8); some of them recognised that they even measure their impacts in the community (Co2 and Co3) and most of them measure the potential risks posed by their operations (Co1, Co3, Co4, and Co6). Annex II presents the list produced to interviewees.

From these responses it seems that companies in the sample are operating in two main areas. The first area includes joint/shared work with external stakeholders to minimise the risk of the operations (for the community and at the same time for the company) which includes community actions, the environment, and ethics management. The second area comprises strategies focused at internal stakeholders, probably to increase employee morale and retention, such as talent management, corporate governance, equal opportunity programmes, and corporate volunteering. In both cases these initiatives seem to have the purpose of strengthening the company's reputation and as a consequence improving its financial performance. Therefore:

> *Proposition 3: MNCs actively manage stakeholders in EMs, part of their CSR initiatives, as a means to improve their financial performance.*

DISCUSSION

Contributions

In response to recent calls to enrich the debate on the fit of received theories in the context of EMs (Buckley et al., 2007; Peng et al., 2008; Williamson et al., 2013; Wright et al., 2005) as well as to identify trends towards and away from globalisation (Buckley, 2002; Peng, 2004), this article makes the following contributions.

The results of the analysis presented in the previous section suggest that the companies in the sample tend to follow the pattern described in the Instrumental Theories of CSR. This is mainly because the companies in the sample are using CSR as a strategic tool to achieve economic objectives. Examples of this can be found in the data shown in Proposition 1, such as companies actively monitoring competitors' CSR initiatives, or by investing in CSR to increase customer satisfaction or to increase value for shareholders. This is complemented by the companies' intention to measure the returns on their investments in financial terms (Proposition 1a).

Also, the data presented under Proposition 2 and Proposition 3 continue to strengthen this finding by showing that their engagement with local stakeholders is mainly to protect their operations or to improve employees' morale and retention, as well as that companies in the sample intend to show their CSR credentials by scoring high in rankings/indices but in general not engaging at the local level.

The fact that these companies are following the principles of Instrumental Theories is, of course, not a problem. The point is, as argued earlier in the paper, that these findings suggest that CSR initiatives in EMs are at an early stage of development, similar to what has been found in other areas of MNCs and also on institutions (Buckley et al., 2007; Chen, Li, & Shapiro, 2012; Del Sol & Kogan, 2007; Estrin & Prevezer, 2011; Fornes, 2012; Hoskisson et al., 2000; Khanna & Palepu, 2000; Wright et al., 2005).

In the particular case of CSR, the reason may be that the civil society in Latin American EMs has a lower level of association, a more hierarchical structure, and its influence on the countries' affairs is limited in comparison to, for example, some European countries where the concept of CSR is a bottom-up force like Germany, the Netherlands, or the Nordic countries (Fornes & Cardoza, 2010; van Tulder & van der Zwart, 2006). This could explain why Political theories of CSR may not be applicable to these emerging markets as they assume “interactions and connections between business and society” and a discussion of the relative power of business and their responsibility (Garriga & Melé, 2004, p. 55). Something similar could be said about Ethical theories as "they are based on principles that express the right thing to do or the necessity to achieve a good society" (Garriga & Melé, 2004, p. 60). None of the assumptions/principles of these theories seem to be present in the findings of this research.

On the other hand, companies in the sample may be following some of the principles behind Integrative theories of CSR as they consider social demands "to be the way in which society interacts with business and gives it a certain legitimacy and prestige" (Garriga & Melé, 2004, p. 57) but only in their global operations and with a focus on image and reputation for the company as a whole.

The findings also have implications for practice and policy-making. Based on the experience in advanced economies, especially those in Northern Europe, companies can act proactively and develop bottom-up CSR initiatives to improve their engagement with the local communities. Host countries' governments can also develop incentives for companies to engage in CSR initiatives and therefore strengthen their position in the market, like for example the European Union's Ecolabel[4].

Limitations

First, a pertinent question for the chosen research strategy is its reliability, internal, construct, and external validity. Following a well-established body of literature on case study and qualitative research (Creswell, 2003; Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Gibbert et al., 2008; Glaser & Strauss, 1967; Pettigrew, 1990; Yin, 1994), the findings of this article resulted from an in-depth analysis of case studies with data collected from a carefully selected theoretical sample with data analysed following well-established methods like coding, triangulation, and pattern matching. This combination was designed to minimise possible

[4] http://ec.europa.eu/environment/ecolabel/

concerns in these areas, and as a consequence to strengthen the research design and therefore the conclusions of the paper.

A second concern of case study and qualitative research is the size and composition of the sample. Measures were taken to minimise possible concerns in this area. The companies were selected for theoretical, not statistical, reasons (Glaser & Strauss, 1967) with the aim of replicating or extending emergent theories (Eisenhardt, 1989; Pettigrew, 1990), this being one of the main objectives of the research. Second, the four industries (banking and insurance, tourism, energy, and telecommunications) were considered to analyse polar types (Pettigrew, 1990) within the population. In other words, this sample offers the possibility of analytical generalisation as defined by Eisenhardt (1989). In any case, future research may aim to improve this by collecting data from larger samples and, more importantly, by analysing time series.

Future research directions

This research leaves some areas awaiting further research. Considering the increasing importance of EMs in the world’s economy and especially the growth of FDI from developed countries-based MNCs (UNCTAD, 2012), the analysis of these questions will broaden and deepen the understanding of emerging markets and as a consequence push the research agenda on CSR. The areas are:

- what are the sources/drivers/engines for developed countries-based MNCs to decentralise CSR initiatives in EMs and therefore work closer to the grassroots (this includes having the views/opinions of the subsidiaries in their CSR focus)?;
- what is needed for developed countries-based MNCs to go beyond financial performance/image/reputation in CSR initiatives in EMs?;

- as CSR in EMs is a relatively new phenomenon, what is the effect on CSR of the learning process experienced by MNCs in EMs?;
- on the other side of the argument, it is relevant to ask what emerging-markets-based firms are doing related to CSR.

SUMMARY AND CONCLUSIONS

How are MNCs deploying their CSR initiatives in emerging markets (EM)? Are they following the same patterns as in Western economies? Are they using CSR mainly to improve their financial performance? Are they engaging relevant stakeholders in this process? Are they pursuing CSR strategies mainly to strengthen their legitimacy in the host country? This work provides hints on the answers to these questions after an analysis of CSR initiatives in emerging markets from developed-countries-based multinational companies (MNCs). The analysis was based on data collected from eight interviews with companies representing 85% of the Spanish foreign investments in Latin America.

The starting point of the research was the Instrumental Theories of CSR for the case of EMs; in this sense: (i) companies are using CSR in EMs as a strategic tool to achieve economic objectives (the main principle behind Instrumental Theories), (ii) MNCs seek a positive relation between CSR initiatives in EMs and their financial performance (also a key principle within Instrumental Theories); and (iii) companies in the sample develop CSR initiatives, including those in EMs, to increase their legitimacy as part of their global reputation rather than to deal with host country challenges.

All in all, Instrumental Theories of CSR seem to apply for Western MNCs operating in emerging markets. These findings highlight the need to continue the study of CSR from Western MNCs in EMs as the vast majority of academic literature relates to the characteristics of social responsibility initiatives in developed economies.

Finally, these findings highlight the need to continue the study of the development of CSR in emerging markets as the vast majority of academic literature relates to the characteristics of CSR in developed countries. As the case of Latin America shows, CSR initiatives are still in their early stages of development and it is important to know (and understand) how they are going to continue their development.

ANNEX I: LIST OF REASONS TO INVEST IN CSR PRESENTED TO INTERVIEWEES (IN *ITALICS*, TRANSLATION FOR REPORTING PURPOSES)

Razones de la empresa para invertir en RSC. ***(Reasons for the company to invest in CSR).***

De las siguientes opciones, ¿podría, por favor, clasificar las 5 más relevantes para su empresa dependiendo de su importancia al decidir la iniciativa en RSC? **El número 1 indica el ranking más alto.**

(In the following, please rank the five most relevant points for your company depending on their importance when deciding the lead on CSR ***(1 indicates the highest ranking)).***

□ Incrementar valor bursátil *(increase market valuation)*

□ Incrementar beneficio de accionistas *(increase value for shareholders)*

□ Fortalecer la reputación empresarial *(strengthen institutional reputation)*

□ Diferenciarse de la competencia *(increase differentiation)*

□ Mayor Satisfacción de clientes *(increase customer satisfaction)*

□ Captar nuevos consumidores *(reach new customers)*

□ Reducir impacto medioambiental *(reduce environmental footprint)*

□ Aumentar productividad de empleados *(increase employee productivity)*

□ Legitimarse en la comunidad *(increase legitimacy)*

□ Otra (especificar) ________________ *(others – specify)*

ANNEX II: LIST OF WHERE THE COMPANIES WILL BE INVESTING PRESENTED TO INTERVIEWEES (IN *ITALICS*, TRANSLATION FOR REPORTING PURPOSES)

¿Cuáles son las dimensiones de RSC en las que su empresa realizará la próxima iniciativa?

(What are the dimensions of CSR where your company will take its next initiative?)

Por favor, elija las más relevantes de las siguientes opciones, con un máximo de 3 respuestas.

(Please choose the most relevant of the following options, with up to 3 answers).

1- Competitividad e Innovación responsable en productos y servicios □

(Competitiveness and responsible innovation in products and services)

2- Involucrar a los grupos de interés en las actividades de la empresa □

(Involvement of stakeholders in the company's activities)

3- Acciones en la comunidad □

(Community actions)

4- Gestión del talento y conciliación de la vida laboral y personal □

(Talent management and conciliation)

5- Gobierno Corporativo y gestión ética □

(Corporate governance and ethics)

6- Preserva y mejora medioambiental □

(Environment)

7- Igualdad de oportunidades □

(Equal opportunities)

8- Voluntariado Corporativo *(Corporate volunteering)*	□

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