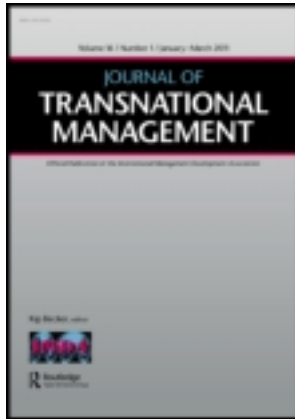


On: 21 February 2014, At: 09:46

Publisher: Routledge

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



## Journal of Transnational Management

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/wtnm20>

### Sentiments That Affect Sociopolitical Legitimation of TNCs in Bangladesh, India, and Pakistan: Sustainable Strategic Management From an Institutional Perspective

Mohammad Bakhtiar Rana <sup>a b</sup> & Olav Jull Sørensen <sup>a</sup>

<sup>a</sup> Aalborg University , Aalborg , Denmark

<sup>b</sup> Jagannath University , Dhaka , Bangladesh

Published online: 21 Feb 2014.

To cite this article: Mohammad Bakhtiar Rana & Olav Jull Sørensen (2014) Sentiments That Affect Sociopolitical Legitimation of TNCs in Bangladesh, India, and Pakistan: Sustainable Strategic Management From an Institutional Perspective, *Journal of Transnational Management*, 19:1, 62-106

To link to this article: <http://dx.doi.org/10.1080/15475778.2014.869464>

PLEASE SCROLL DOWN FOR ARTICLE

Taylor & Francis makes every effort to ensure the accuracy of all the information (the "Content") contained in the publications on our platform. However, Taylor & Francis, our agents, and our licensors make no representations or warranties whatsoever as to the accuracy, completeness, or suitability for any purpose of the Content. Any opinions and views expressed in this publication are the opinions and views of the authors, and are not the views of or endorsed by Taylor & Francis. The accuracy of the Content should not be relied upon and should be independently verified with primary sources of information. Taylor and Francis shall not be liable for any losses, actions, claims, proceedings, demands, costs, expenses, damages, and other liabilities whatsoever or howsoever caused arising directly or indirectly in connection with, in relation to or arising out of the use of the Content.

This article may be used for research, teaching, and private study purposes. Any substantial or systematic reproduction, redistribution, reselling, loan, sub-licensing, systematic supply, or distribution in any form to anyone is expressly forbidden. Terms & Conditions of access and use can be found at <http://www.tandfonline.com/page/terms-and-conditions>

# **Sentiments that Affect Sociopolitical Legitimation of TNCs in Bangladesh, India, and Pakistan: Sustainable Strategic Management from an Institutional Perspective**

MOHAMMAD BAKHTIAR RANA

*Aalborg University, Aalborg, Denmark and Jagannath University, Dhaka, Bangladesh*

OLAV JULL SØRENSEN

*Aalborg University, Aalborg, Denmark*

*The study focuses on TNCs' sociopolitical legitimation in Bangladesh, India, and Pakistan with a view to ensuring sustainability in the greater institutional context. Taking an institutional perspective as a theoretical lens, using a grounded theory methodology, and employing nine cases as a methodological tool, the study explores and conceptualizes three types of sentiments. They are abbreviated as "REN-sentiments," and cause tensions between TNCs and sociopolitical actors in the process of legitimation. The REN-sentiments comprise "religiosity and ideology," "nationalism and patriotism," and "ecological balance," and suggest that tensions stemming from these sentiments can be managed and often turned into opportunities if appropriate strategies are applied. Eight types of strategic choices derived from the nine case studies are presented in order to mitigate, manage, and cash in on the REN-sentiments in South Asian markets. Such strategies include collaboration strategy, local development strategy, strategy of alignment with sociopolitical actors, local name and staffing strategy, hibernation strategy, sentiment-focused strategy, isomorphism strategy, and openness strategy.*

**KEYWORDS** *institution, sentiment, sociopolitical legitimation, South Asia, strategies and sustainability, TNC international management*

---

Received August 2013; revised November 2013; accepted November 2013.

Address correspondence to Mohammad Bakhtiar Rana, International Business Centre, Department of Business and Management, Aalborg University, Fibigerstræde–10, 9220, Aalborg, Denmark. E-mail: mbr@business.aau.dk

## INTRODUCTION

International business (IB) has embraced the institutional view in theoretical and strategic frameworks (Cantwell, Dunning & Lundan, 2010; Dunning & Lundan, 2008, 2009, 2010; Peng, 2004; Peng, Wang, & Jiang, 2008). However, sociopolitical legitimation of transnational corporations (TNCs) as part of the institutional view still has not been sufficiently investigated (see Turcan, Marinova, & Rana, 2012).

The “social institutional view” (e.g., Busenitz & Spencer, 2000; Chan & Makino, 2007; Hall & Soskice, 2001; Kostova & Zaheer, 1999; Orr & Scott, 2008; Whitley, 1992) suggests that regulative, normative, and cognitive institutions affect business practices and economic performances in cross-border situations. Within this area of institutional research, terms such as “liabilities of foreignness” (Hymer, 1976; Zaheer, 1995), “institutional distance” (Xu & Shenkar, 2002), “institutional idiosyncrasies” (Henisz, 2003), and “institutional void” (Khanna, Palepu, & Sinha, 2005) are increasingly common. Although there is considerable variation in terms and rubrics, these studies typically lay out a general hypothesis about the main assertion (i.e., big question) of IB, as Peng, (2004) claims: that difference between cultures or social institutions impede or stimulate the success of cross-societal ventures (Orr & Scott, 2008). Business system literatures show how the institutional conditions and the nature of business systems shape the structures and strategies of TNCs in which they operate (Morgan, Kristensen, & Whitley, 2001; Whitley, 1992, 2007). Despite increasing use of the institutional view in IB, studies have paid limited attention to understanding cognitive institutions, particularly sentiments, and the way they affect firms’ legitimation in cross-border social contexts. Sentiments are important because they eventually lead firms to design appropriate strategies for earning and maintaining sustainability in a particular social context. Every society has distinct cognitive institutions that shape sentiments differently, affecting TNCs’ operations and sustainability differently. There are two major reasons that understanding society’s “sentiment” toward TNC management is important. One, relationships between TNCs, societies and government is becoming increasingly complex (Yamin & Sinkovics, 2007), particularly in emerging markets, where formal institutions are relatively weak but civil society and media are highly visible. The complexity in these relationships is often manifested in the form of sentiments that causes tensions in TNC sustainability and management in South Asian sociopolitical markets. As a result, firms need to understand and address these sentiments through appropriate strategic approaches. Two, TNCs are socially accountable to global communities such as multilateral institutions and civil society actors (e.g., activist groups and NGOs) (Keck & Sikkink, 1998; Kourula & Laasonen, 2010), in addition to host institutions. These actors continuously scrutinise the behavior of TNCs and thereby influence societies to form sentiments at the national, supra-national, and global levels.

One study of Dawoo Corporations in Poland by Lee, Ghauri, and Hadjikhani (2007) explores the relationship between sociopolitical actors and TNCs and explains how firms managed to mitigate tensions that appeared in the sociopolitical environment. The study concludes that the legitimation of TNCs in the sociopolitical market is conditioned by trust (between actors and TNCs) and the commitment of the firms to social actors, in which a set of actors including enterprises, media, governments, specialists, and public opinion play roles. They argue that firms therefore need to have commitment to and strategic investment in these actors.

Working backward from the study by Lee et al. (2007), our study begins with an investigation of why sentiments that cause tension between TNCs and the sociopolitical market develop. By definition “sentiment” is an expression of view, opinion, and feeling (www.oxforddictionaries.com, 15.0513). On the basis of sentiments, people draw conclusions, express views, and make discourses with regard to TNCs’ behaviors, structures, and actions at individual, group, and institutional levels. This process is rooted in social institutions, most particularly in cognitive processes and states of mind. Thus, sentiments are good measure for understanding how one firm earns legitimation in a sociopolitical market while another experiences tension. The understanding process will lead us to different types of sentiments that cause different types of tensions. This understanding can help TNCs make different strategic choices and develop management capabilities to manage each type of sentiment differently.

The specific research questions of this study are: *what are the sentiments that cause tensions for TNC legitimation in the sociopolitical markets of Bangladesh, India, and Pakistan? How do TNCs manage to mitigate these tensions through strategic choices?*

We first present a theoretical background in which institutions and legitimation of TNCs are discussed. This is followed by a discussion of the methodology used. Nine cases are then presented with a short analysis. A typology of the sentiment that affects TNCs’ sociopolitical legitimation, grounded in the cases, is then developed. Sentiments are conceptualized to understand why and how they play a role in creating tension. Based on analysis and conceptualizations we then present the strategic choices used by the TNCs to manage various types of sentiments that cause tensions for them in the sociopolitical market. A discussion of the conclusions of the study, followed by implications and future research directions, is presented at the end.

## THEORETICAL BACKGROUND

The theoretical background of institutions and legitimacy presents the basic concepts that relate to TNC management. An understanding of these concepts will give the reader insight into the theoretical domain in which the study is

positioned. Moreover, this will help the reader understand the empirical sections and the typology of the sentiments; including how and why they affect the cross-border management of firms. However, since this is a theory-building study, it is not driven by the theoretical background presented; rather, it is inspired by the theory to see reality from an institutional perspective.

The literature on the institution is very extensive, and its origins go back to the development of the “early” and “neo” institutional views in the nineteenth century. However, IB has mainly been inspired by the neo-institutional views of economics (Coase, 1937; Nelson & Winter, 1982; North, 1990; Williamson, 1975, 1985, 1991), organizational science (Bourdieu, 1977; Meyer & Rowan, 1977, 1991; Silverman, 1971), sociology (Bereger & Luckmann, 1966; DiMaggio & Powell, 1983, 1991; Donald, 1991; Greetz, 1973; Rosenberg, 1979; Roy, 1997), and political science (Bonchek & Shepsle, 1996; Moe, 1990; Thelen & Steinmo, 1992). A general description of the neo-institutional view and legitimacy in international business is presented below.

## INSTITUTIONS

North (1990, pp. 4–5) argues, based on a game analogy, that institutions provide “rules of the game” and organizations act as the “players.” Organizations may well assist in constructing the rules, attempting to devise rules favorable to themselves, and they also may change the rules by political and other means. Williamson (1975, 1985) views organizations and their structures and procedures in such a way that institutions by their system design exercise governance over production systems and minimize transaction costs. Thus, he emphasises the regulative and normative aspects of institutions. Sociologists like Meyer and Rowan (1977, p. 345), Zucker (1983, p. 1), and Dobbin (1994, p. 118) focus on the cultural-cognitive aspects of institutions and insist that “rationalised organizational practices are essentially cultural, and are very much at the core of modern culture precisely because modern culture is organised around instrumental rationality” (Dobbin, 1994, p. 118). Therefore, institutions, by nature, are multifaceted, durable social structures made up of symbolic elements, social activities, metaphysical entities such as sentiments and values, and material resources. Institutions on the one hand impose restrictions by defining legal, moral, and cultural-cognitive boundaries, and support and empower activities and actors on the other. Though institutions work to provide stability and order, they also undergo both incremental and revolutionary change, and thus our subject must include not only institutions as “property” or “state of an existing social order,” but also institutions as “process.” As far as the process of institutionalization and deinstitutionalization is concerned, it is noteworthy that actors, including organizations, coevolve institutions (Zettinig & Benson-Rea, 2008), and institutions reshape organizational structures and practices later (Whitley, 1992).

Thus, institutional theory is concerned with regulatory, social, and cultural influences that promote the survival and legitimacy of an organization rather than focus solely on efficiency-seeking behavior (Roy, 1997). As cited previously, these institutional forces are acknowledged in multiple works in sociology, organizational theory, political science, and economics, and have been definitively collected and summarized by Scott (2008) in his well-known formulation of the three pillars of institutional forces. There are clear differences between the two theoretical viewpoints, the economics/political science branch and the sociology/organizational science branch. Therefore, we need to position our study in one of these views.

According to Bruton, Ashlstrom, and Li (2010), “the economic/political branch assumes that people make decisions based on the convenience and standardisation of rules and agreements, and thus the external institutions create structures for organisations” (p. 430), while the sociology/organizational theory branch assumes that “people make decisions based on heuristics due to cognitive limitations and take action based on conventions and preconscious behavior. As a result, organizations adjust and conform to values and limits prescribed by society’s institutions” (p. 430). The latter emphasises social norms, shared cultures, cognitive scripts, and schemas instead of rules, regulations, and formal control, as the first does.

In this study we will use Scott’s (2008) approach to institutional theory, but focus on cognitive institutions only in accordance with the assumptions of the sociology/organizational theory branch. Scott’s three pillars, i.e., regulative, normative, and cultural-cognitive systems, fall along a continuum from the conscious to the unconscious, from the legally enforced to the taken for granted (Hoffman, 1997, p. 36). The best approach would be to view all these facets as contributing, interdependent, and mutually reinforcing facets that form a powerful social framework, one that encapsulates and exhibits the celebrated strength and resilience of these structures (Scott, 2008).

The regulative pillar derived from the studies in economics represents a rational actor model of behavior based on sanctions and conformity. Institutions guide behaviors by means of the rules of the game, monitoring, and enforcement (North, 1990) and thus business organizations or individuals need to seek legitimacy through conformity and compliance. However, the regulative components stem primarily from government legislation, industrial agreements, and standards. Although the concept of regulation invokes visions of repression and constraints, many types of regulations enable and assist social actors and action, conferring licenses, special powers, and benefits on some types of actors. Thus, institutions work both to constrain and empower social behavior (Scott, 2008).

The second institutional pillar is the normative one, which represents models of organizational and individual behavior based on prescriptive, evaluative, and obligatory dimensions of social life, professional interactions, and organizational interactions (Scott, 2008; Bruton, 2010). Institutions

guide the behavior or actions of human beings vis-à-vis firms by defining what is appropriate or expected in various social and commercial situations. Normative systems are typically composed of values (what is preferred or considered appropriate in a given society) and norms (how things are to be done, consistent with those values) that subsequently establish consciously followed “ground rules” to which people tend to conform (Scott, 2007). This means that normative institutions exert influence through a social obligation to comply, and this is rooted in social expectations as to what an organization or individual should be doing and how (March & Olsen, 1989). Some values and norms are applicable to all members of the collective groups, whereas others apply to selected types of actors or positions; the latter standards/norms give rise to roles in terms of specified positions. These beliefs are not simply anticipations or predictions, but prescriptions—normative expectations—of how specified actors are supposed to behave (Scott, 2008).

The cognitive pillar, the third set of institutions, is summarized by Scott (2007) and derived from the recent cognitive turn in social science (DiMaggio & Powell, 1991). It represents models of individual behavior based on subjectively constructed rules and meanings, which are gradually developed that limit appropriate beliefs and actions. This feature of neo-institutionalism may operate at the individual level in terms of culture and language (Carroll, 1964; Scott, 2007). Others may be the taken-for-grantedness and preconscious behavior (DiMaggio & Powell, 1991; Meyer & Rowan, 1991). In the cognitive paradigm, what a creature (person) does is largely a function of the creature’s internal representation of its environment (D’Andrade, 1984:88). This pillar is becoming increasingly important to entrepreneurship and international business research in terms of how societies accept entrepreneurs and how transnational corporations inculcate values and even create a cultural milieu whereby entrepreneurship and international management are accepted, encouraged, and sustained (Bosma, Acs, Autio, Coduras, & Levie, 2009; Harrison, 2008; Li, 2009).

To understand or explain any human being’s action as a social reaction, the analyst must consider not only the objective conditions, but also the actor’s subjective interpretation. Extensive research by psychologists over the past three decades has shown that cognitive frames enter into the full range of information-processing activities: from determining what information will receive attention; to how it will be encoded; to how it will be retained, retrieved, and organized into memory; to how it will be interpreted and understood. Thus, cognitive frames affect evaluations, judgments, predictions, and inferences (see Markus & Zajonc, 1985).

Each of the three institutional pillars impacts firm legitimacy. They are assumed to be particularly important to understanding international management and entrepreneurship in emerging economies (Peng & Zhou, 2005). Although both normative and cognitive institutional pillars draw on culture, there are differences between the two. The normative pillar represents

behavior and actions that organizations and individuals ought to take, as standards of behavior and commercial conventions. A normative evaluation of legitimacy concerns whether the organization's activities and behavior are proper and consistent with influential groups' standards, expectations, and societal norms (Suchman, 1995). The cognitive institutional pillar takes the form of scripts, schemas (one's own understanding of the world that is conditioned by personal experience, beliefs, and social values), and taken-for-granted elements that influence individuals in a particular sociocultural and political context (Bruton, 2010). A cognitive evaluation of legitimacy concerns the congruence between an organization and its sociocultural environment (Meyer & Scott, 1983). The institutional environment helps determine the process of gaining cognitive and moral legitimacy, which are critical for organizations (particularly international organizations) in overcoming the liabilities of newness (Stinchcombe, 1965) and of foreignness (Hymer, 1976) in order to increase survival prospects (Ahlstrom & Bruton, 2001; Freeman, Carroll, & Hannan, 1983). Both entrepreneurial organizations and foreign organizations and their members/actors need to behave in a desirable or appropriate manner within a socially constructed system or they will face sanctions for deviating from the accepted norms (Schein, 2009; Suchman, 1995).

## LEGITIMACY AND TRANSNATIONAL CORPORATIONS

Legitimacy is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p. 574). It reflects congruence between the behavior of legitimated firms and the shared beliefs of a group of legitimating actors (Chan & Makino, 2007), which Scott (2008) termed social acceptability and credibility. Therefore, legitimacy is a generalized rather than event-specific evaluation and is "possessed objectively, yet created subjectively" (Suchman, 1995, p. 574). Legitimating actors are observers or constituents within the environment of a firm who determine whether the firm's organizational activities are legitimate within a given institutional context, and who bestow social acceptance by supplying resources to legitimated firms so that they can sustain their operations in a competitive environment (Scott, 2001; Suchman, 1995).

However, from an institutional perspective, legitimacy is not a commodity or a resource to be possessed or exchanged, rather a condition reflecting perceived consonance with relevant rules and laws, normative support, and alignment with the cultural-cognitive framework. There is always a question as to whose assessments count in determining the legitimacy of a set of arrangements. Stinchcombe (1968, p. 162) asserts that "in the end, whose values define legitimacy is a matter of concerted social power; a power is legitimate to the degree that, by virtue of the doctrines and norms by which



it is justified. The power-holder can call upon sufficient other centres of power, as reserves in case of need, to make his power effective.”

According to Scott (2008, p. 61), “the three pillars elicit three related, but distinguishable bases of legitimacy.” The regulatory pillar emphasizes conformity to rule, i.e., legitimate organizations are those established by and operating in accordance with relevant legal or quasi-legal requirements. A normative conception stresses a deeper, moral base for assessing legitimacy. Hence, normative controls are much more likely to be internalized than regulative controls. And the incentives for conformity are likely to include intrinsic as well as extrinsic rewards. A cultural-cognitive view points to the legitimacy that comes from conforming to a common definition of the situation or frame of reference, a recognizable role or structural template that is often more difficult to achieve than regulative legitimacy (Kostova & Zaheer, 1999; Scott, 2008). The cultural-cognitive mode is the “deepest” level because it rests on preconscious, taken-for-granted understandings. It may lie between the normative and regulative domains as to the degree to which it can be observed and interpreted (Kostova & Zaheer, 1999). Organized sentiment may be the ultimate manifestation of this type of institution, which may evolve as an organized social network or activist group, and often takes action to oppose TNCs’ behavior. In international management, TNCs tend to obligatorily conform to external environmental differences and pressures in order to offset the uncertainty of newness and foreignness (Aldrich & Fiol, 1994), and thus they need to focus on sociopolitical and cognitive legitimacy for sustainability. Sociopolitical legitimacy is the extent to which macro-level stakeholders (i.e., government, the public, political and social groups, NGOs, and business associations) accept the venture as appropriate given the norms and values of the society and the “laws of the land.” Cognitive legitimation refers to the spread of knowledge about a new venture, and “one can assess cognitive legitimation by measuring the level of public knowledge about the venture activities” (Aldrich & Fiol, 1994, p. 648). In contrast, sociopolitical legitimacy refers to the wider acceptance of the firm’s behavior and actions by the stakeholders in the society.

## METHODOLOGY

Given the argument of Bamberger and Pratt (2010, p. 665) that IB is a context-sensitive field, and researchers should use “unconventional research” methods, where “either or both the sample and context are unusual by today’s norms,” we have developed nine case studies based on longitudinal secondary data collection methods (particularly historical methods) and interviews. Each case highlights critical tensions in the sociopolitical legitimation of TNCs in Bangladesh, India, and Pakistan. The purpose of the study is to develop a typology of the sentiments that cause tensions in

sociopolitical legitimation, grounded in the data from the nine case studies. We use grounded theory method (GT) to theorize the typology of the sentiment. A group of strategic choices is developed from the nine cases to understand how TNCs attempt to mitigate tensions with regard to sociopolitical legitimation. The idea of this research is to capture the reflections of sociopolitical actors who tend to influence the (cognitive) process of developing such sentiment in these societies, including media, the public, commentators, civil society members, activists, and intellectuals. As a result, we have relied heavily on the media, secondary sources, and published cases, assuming that the “subjective views” of these actors have been reflected in the media and other secondary sources. We have captured them through longitudinal secondary data collection processes. The rationale for longitudinal secondary data collection is that any tension with regard to sociopolitical legitimation continues for some time. However, some tensions are related to past incidents in which companies dissolved or left the market. Thus, it was not possible to interview all the actors who were involved in the process of sentiment creation. In-depth interview of the key civil society actor who influenced sentiment creation was possible in only two cases, those of Stevedoring Services of America (SSA) and Asia Energy Limited.

### Selection of the Research Context

South Asia, as one of the world’s oldest cultures and largest bases of human population, with an unprecedented 6% annual growth rate since 1990, is under-researched (Khilji, 2012). India, Pakistan, and Bangladesh are the world’s second, sixth, and eighth most populous countries, respectively (as of July 2012, CIA Fact Book, 2012). The average working populations of these three countries comprise 61% of the population, with around 30% of the population below the age of 14, indicating an emerging working population throughout the entire region (CIA Fact Book, 2012). India is a Big Emerging Market (part of the BRIC country group), with considerably higher growth and a larger economy, while Pakistan and Bangladesh have been listed in the Next Eleven (N-11) emerging countries by Goldman and Sachs. JP Morgan named Bangladesh one of the “Frontier Five” markets for investment. All three countries share common historical and cultural roots, yet there are considerable variations among and within them that present a diverse and dynamic context for study.

### Method Selection

As previously mentioned, we have chosen grounded theory method (GT) to theorize the typology of the sentiments based on nine cases. GT provides “systematic, yet flexible guidelines for collecting and analyzing qualitative data to construct theories ‘grounded’ in the data themselves” (Charmaz, 2006,

p. 2). These guidelines allow for the identification of patterns in data, and by analyzing patterns, researchers can derive empirically valid theory (Glaser & Strauss, 1967). GT is the best support to systematically examine and code the data for structuring of any phenomenon at a general level that leads to theory development. According to Orlikowski (1993), there are three main reasons GT fits our study: first, there is no previous theory on the typology of sentiments as a cognitive institution that creates tension for TNC sociopolitical legitimation. Second, the study incorporates the complexities of organizational context into the understanding of the external sociopolitical phenomena; and third, GT is uniquely suited to studying the kinds of processes and changes that our study investigates (Urquhart & Fernandez, 2006). We use the extant literature at the beginning of the study with the aim of effectively dealing with the important issues of bias and preconceptions (see Glaser, 2001; Sarker Lau, & Sahay, 2001) by understanding prior related studies, rather than being driven by the literature.

### Case Selection and Reliability

The cases are based on sociopolitical tensions for TNCs in the selected countries of Bangladesh, India, and Pakistan. There are nine case studies consisting of two types. The first type contains eight cases which are developed based on secondary data and information available from academic and nonacademic journals, Internet sources, interviews in newspapers and on YouTube, published cases, etc. The method is borrowed from the study by Dorrenbacher and Gammelgaard (2011), who used it to develop cases on power struggles and organizational politics in TNCs. The rationale is that when tensions in sociopolitical legitimation of TNCs surface, they are documented by the media. It is often difficult to capture the relevant empirical information on the incidents that generate tension, as they are sensitive. When tensions calm down, they have already past, and the social actors concerned in sentiments and tensions are unreachable for interview.

The time frame in which incidents occurred is between 1990 and 2001 (though some of the incidents persisted until 2007). The year 1990 is a critical year, as it is when these three countries began liberalizing their economies for foreign investment. The first author of this study started gathering information on the first eight cases in 2004 and continued until 2011. During this time frame information from multiple sources was collected, verified, and revised several times. Previous versions of the first eight cases were presented and published at three conferences, AGBA-World Congress (Rana, 2007), AIB-SEA (Rana & Khilji, 2008), and ISMD (Rana, 2009). During the process of review and presentation of papers, scholars from the three countries at the conferences commented on and critiqued the cases. These comments were addressed in the subsequent version. Rana, the first author on the case study presented at the AIB-SEA conference (Rana & Khilji, 2008),

is a Bangladeshi national and personally experienced some of the tensions described therein, while the second author, Khilji, is a Pakistani national. The purpose of the longitudinal secondary data collection was to understand the nature of tensions and antecedents based on various expressions and interpretations that appeared in the public media that reflected multiple 'subjective views' of the actors involved. This process helped us to draw the theoretical abstracts from the themes and information of the cases.

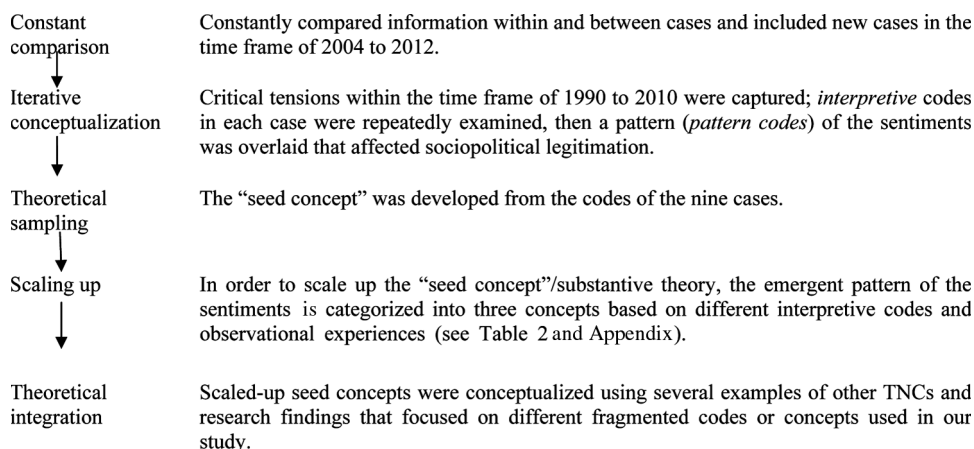
The second type of case, consisting of case C-9, was developed based on in-depth interviews, secondary documents, and observations. This case was a relatively recent event, making it possible to do interview with the civil society actor who was involved in creating the sentiment as a lead agent. The purpose of including this case is to corroborate the theoretical abstracts (seed concepts) derived from the first group of cases using this second type of case, which is developed based on both empirical and secondary information. Having developed multiple cases over eight years (2004–2012), and added more cases until we reached the stage of data saturation, we meet the requirement of iterative conceptualization in the process of theory building. A list of the cases of both types is presented in Table 1.

The events described in the final case began in 2006 and continued until 2010. The first author of this study lived in Bangladesh during the period of tension and personally observed the tension. He interviewed the key civil society actor, Professor Anu Mohammad, who led the movement and organized activist groups against the TNCs, during this period. Anu Mohammad is a professor of economics at Jahangirnagar University, Dhaka, and the founder

**TABLE 1** Descriptive Information of the Cases

No.	Case	Year of Event	Country of Occurrence	Form of Venture	Country of Origin of TNC
C-1	Lehar Pepsi	1990	India	JV	USA
C-2	Enron	1993–96	India	WO consortium (Enron, GE, Bechtel)	USA
C-3	Stevedoring Services of America (SSA)	1997–2002	Bangladesh	WO	USA
C-4	Anti-American Sentiment & a Group of TNCs	2004	Pakistan	JV/Franchise	N/A
C-5	Lever Brothers	1997–98	Bangladesh	JV	UK & The Netherlands
C-6	Mecca-Cola	2003	Pakistan	WO	France
C-7	McDonald's India	2001	India	JV	USA
C-8	Hindustan Lever	2001–07	India	JV	UK & The Netherlands
C-9	Asia Energy Ltd.	2006–10	Bangladesh	WO	UK

JV=Joint Venture, WO=Wholly Owned.



**FIGURE 1** Research process of theory building.

and secretary general of the National Committee for Protecting Oil, Gas, Port, and Natural Resources of Bangladesh, the activist group that protects the interests of the country and thus creates sentiment. This informal activist group counts among its members teachers, professionals, politicians, social workers, cultural activists, and students. It played a key role in creating tensions in cases C-3 and C-9. Professor Mohammad was interviewed for an hour on June 18, 2012, for the purpose of getting a subjective interpretation of the sentiments that caused tension between TNCs and sociopolitical actors.

### Research Process in Theory Building

The process of theory building, including the coding and analyzing data, is done in accordance with the guidelines of Urquhart, Lehman, and Myers (2010), presented in Figure 1.

### SUMMARY OF THE CASES

A brief summary of the nine cases from Bangladesh, India, and Pakistan is presented as follows. The cases mainly answer three questions: (1) What was the origin of the tension (adverse action) from the sociopolitical market? (2) Why did it come about (what antecedents are responsible)? (3) How was the tension aggravated or managed by the TNCs?

#### Case 1: Lehar Pepsi

PepsiCo entered the Indian market during the mid-1950s, but pulled out because it was not profitable enough. When PepsiCo left, an Indian company,

Parle Exports, had become the dominant supplier of soft drinks under the brand name Thums Up. PepsiCo re-entered India in 1990 after three years of negotiations and public discourses. When PepsiCo began to negotiate with the Indian government to re-enter, a number of protectionist conditions were in place: only 40% foreign equity was allowed, foreign companies had to develop exports to compensate for import of equipment, strict conditions had to be met for repatriation of dividends, etc. During that time India's attitude toward FDI (foreign direct investment) was summed up by the president of the Association of Chambers of Commerce and Industry of India, who said, "Most of our people, in all political parties, have no concept of how the world is moving. My political friends think it's the seventeenth century and that every investment... is going to come into India and take over." Because of political sensitivity, the negotiation process with PepsiCo was lengthy and involved a number of public debates. The major argument of the public debates on PepsiCo's re-entry was that foreign capital and imports should be restricted to those high technology areas in which India lacked expertise. However, it was further argued that the proposed production of processed foods and drinks was not essential, and that the imported equipment would hurt India's balance of payments. Journalists, however, reported that PepsiCo had a CIA connection that aimed to undermine India's independence. Although the initial investment was only \$15 million, PepsiCo needed approval at the cabinet level. There were 20 parliamentary debates, 15 committee reviews, and 5,000 articles in the press about the proposed investment over a three-year period.

PepsiCo negotiated a joint venture (JV) arrangement with two Indian companies that it felt it could ease the negotiation process. However, the joint venture required government approval to function. One of the two Indian companies in the JV was a division of Tata Industries, which is India's most reputable and dominant company. The second one was a government-owned company, Punjab Agro Industries. The idea was to signal that the public interest would be served by the venture.

As part of its strategy, PepsiCo and its JV partners proposed that the new company locate in the politically volatile state of Punjab, where they enlisted the support of Sikh (a religious group) leaders who lobbied publicly on their behalf. They claimed that providing jobs would help Punjabi farmers and subdue Sikh terrorism. The partners estimated that the investment would create 25,000 jobs in Punjab and another 25,000 elsewhere; these numbers were announced in the media. They also pointed out that China and the former Soviet Union had allowed entry of foreign soft drink producers, showing how India was lagging behind other socialist countries. They further argued that new technology and know-how would prevent some of the waste of fruits grown in Punjab that would be used by the company, which they estimated at 30%.

The U.S. government, without public reference to PepsiCo, threatened to impose trade sanctions against India because of its strict foreign investment

regulation. Indian government officials and the management of the JV secretly met. Subsequently, PepsiCo agreed to place a new logo, *Lehar* (meaning “tide” in Hindi), above the Pepsi insignia, in order to better align itself with public debates and sentiment. The JV management also lobbied publicly against U.S. trade sanctions against India. The U.S. government backed down. India’s Ministry of Food Processing Industries announced tax breaks for food processors in India, and PepsiCo re-entered the Indian market (A Passage to India, 1989; Chakravarty, 1989; Kaye, 1988; Spaeth, 1989; Weisman, 1988).

## Case 2: Enron India

In just 15 years Enron Corp. grew to be America’s seventh largest company. It was accused of corruption, bribery, and exploitation of the Indian economy. Subsequently, it was forced to leave the country due to huge protests and growing sociopolitical pressure.

In 1993 Enron came to India, forming a consortium with GE and Bechtel to build a massive, 2,015- megawatt power plant costing US\$20 billion with a 20-year power-purchase contract with the Maharashtra State Electricity Board. When the story of the secret contract was broken by Zee TV, it became public that Enron would use natural liquefied gas from one of its subsidiaries in the Middle East. Many social actors and scholars considered this odd because India had abundant coal, traditionally a much cheaper and more commonly used fuel for generating electricity. The proposed project would have increased the cost of electricity production and thus the cost to the Maharashtra Electricity Board. Public sentiment turned against Enron when this information appeared in newspapers and on television.

In an interview, Raghu Dhar of Zee TV told CBS News correspondent Bob Simon about how Enron, with the help of two U.S. administrations, pushed for and built the plant. Though it would quadruple Indian electricity bills, it guaranteed large profits at no risk to Enron. Zee TV criticized the move, pointing out that the deal signed with Enron would be burdensome to the Indian people, who would have to pay for all the power produced, whether or not it was needed or used by the Maharashtra Board.

The World Bank refused to invest in the project and issued a report warning that the plant and the electricity were much too expensive, but the U.S. government backed Enron’s plan. Subsequently news outlets reported that in an effort to stop his criticism of its proposed operations in India, Enron had offered the business editor of India’s largest television network US\$1 million a year to be its corporate communications chief. According to Pradyumna Kaul, a management consultant evaluating the Enron project for the Indian government, “The Indian government in Delhi was told that they would have no alternative but to sign [Enron’s deal]. That was the only condition from the U.S. government to continue to support India on the foreign exchange financial front.”

Despite negative sentiments and public debates the project went through, but ultimately the plant was shut down as India's state electric company could no longer pay Enron's bills. Enron Chairman Kenneth Lay demanded a billion-dollar bailout from the Indian central government, which was backed by the American administration. A local politician, the media, and civil society members played key roles in stopping the Enron project. The politician even made it a campaign promise. Media reports fuelled the growing tension that India's national interest was undermined and threatened. Later, it was made public that the Indian government was forced to sign the deal. Enron Corp. finally went bankrupt in 2001 due to poor corporate governance practices. (Enron Scandal at a Glance, 2002; Kohn, 2009).

### Case 3: Stevedoring Services of America (SSA)

In 1997 Stevedoring Services of America (SSA) bought 200 acres of coastal land in Chittagong, Bangladesh, to construct an international container terminal costing US\$550 million.

The Chittagong Port Authority planned to scrap a 20-year-old agreement with the labor union that would have allowed SSA to hire workers only from registered trade unions. This was the result of the agreement between SSA and the Port Authority. The idea was to avoid the irregularities and partisan politicization of the labor unions that often caused violent conflicts and strikes. The Port Authority believed that the proposed terminal would be more efficient if SSA had more freedom in hiring workers (Rana, 2009). Labor union leaders opposed this decision. Mohiuddin Ahmed, then mayor of Chittagong Metropolitan City and opposition Awami League leader, sparked the public outcry and the sentiment and organized the movement against the SSA's investment. As a former dock labor leader, Mohiuddin had a strong influence over the trade unions at Chittagong port. The movement he led comprised both political and labor activism against the government's decision and SSA's investment.

"He called upon the people to resist the construction of the container terminal port and termed it a conspiracy of America to control the shipping route" (Samad, 2002). Opposition political leaders and intellectuals publicly argued that the proposed container terminal would have modern logistical facilities and would thus eventually cause the government port, which did not have automated logistical supports, to lose its annual earnings. This would result in layoffs at the government port due to its lower number of service operations. The National Committee to Protect Oil, Gas, Mineral Resources, Power and Ports, led by Professor Anu Mohammad, joined the movement based on the argument that the nation's foreign trade would be dependent on a U.S.-owned port. Concern for layoffs, national security, and nationalism became the central reasons for the mass movement against SSA.



While trade workers demanded that SSA recruit from registered trade unions, this posed a high risk for SSA, as it would be difficult to ensure higher efficiency if they had limited choices for recruitment as was the case at the government port. Dockworkers vowed to continue the strike, which was supported by 30,000 port workers, opposition leaders, and civil society members (BBC News, May 29, 2002).

In 2002, after 33 days of strike and a number of violent clashes between police and dockworkers, the High Court of Bangladesh ruled that the government's approval of the construction of the private container terminal was illegal, resulting in the suspension of SSA's construction work. Bangladesh's Supreme Court found that the government's deal with SSA bypassed the jurisdiction of the Port Authority. Supreme Court had termed the granted lease of the land by the Port Authority "an arbitrary manner" (Price, 2004).

#### Case 4: Anti-American Sentiment and the Responses of a Group of TNCs

During the United States' attacks in Iraq and Afghanistan between 2001 and 2003, brochures and pamphlets were distributed in some public places in Pakistan such as mosques, parks, schools, universities, roadsides, and markets. The brochures contained information distinguishing between "local and foreign products," and on the "same level quality." This was an attempt to exploit anti-American sentiment among Pakistanis during the war period. Local Pakistani companies started using the slogan "Be Pakistani, Buy Pakistani." This campaign eventually damaged the market shares and images of many global brands like Nestlé's Polo, Lifebuoy of Unilever, McDonald's, Igloo, and KFC. Most of these TNCs had either joint venture or local franchise operations in Pakistan. Amazingly, the information that had this palpable effect was distributed through informal channels and word of mouth and was based "merely" on emotional appeal, making no claims as to real benefits on the basis of quality.

During this time it was difficult for a few TNCs that marketed American brands or were perceived to be U.S.-branded to manage and sustain brand image. Local competitors emerged aggressively and tried to capture market share while the market showed strong anti-American sentiment. This anti-American sentiment was caused by the perception that the U.S. invasions of Afghanistan and Iraq were acts of anti-Islamic aggression. Anti-American sentiment paved the way for local companies to convert consumers to the motto "Be Pakistani, Buy Pakistani." This was a media strategy of the local companies that sparked the nationalistic sentiment of the general public.

While local companies opted for a patriotic approach by picking up the word "Pakistani," TNCs sought a different path. Some of them preferred to keep a low profile and stopped media advertising, while others changed their overall communication strategies. After a while, most of the TNCs

mimicked the local companies' successful strategy and incorporated the theme "Pakistani" into their product marketing and promotional campaigns. KFC was the best example of this practice, followed by others including Nestlé's Polo, Lifebuoy, and McDonald's. Along with the Pakistani theme in their promotional campaigns, Igloo and KFC showed how much they contributed to the socioeconomic development of Pakistan. At the same time, they used the national flag and the green color of the flag on the packaging of their products to exploit patriotic feeling. Rafiq Rangoonwala, CEO at KFC Pakistan (it is owned by the Cupola Group, a high-profile UAE-based conglomerate) explained, "The objective was to clearly establish the truth about multinationals and their contribution in Pakistan. We wanted to portray the bigger picture and not fold to the slanted propaganda of certain vested interests." Obviously, locals had a different point of view. According to Hatim Fakhruddin, brand manager at Igloo, "The planned objective was to counter the competition and strategically brand Igloo as the only national ice cream company in Pakistan." Muhammad Amjad, group brand manager at Young's Food Products, added, "Our objective is to identify the corporate brand Young's and its sub-brands as Pakistani with pride and contributory to the country."

An interesting element of this communication strategy was to use the national flag emblazoned everywhere. Fakhruddin commented, "We used the national flag because this is the sign of our unity and it symbolizes our true expression of love and belonging to our homeland. The main advantage Igloo anticipated from it was to identify it with the country and its people and their emotions regarding their homeland." These companies not only managed to halt the short-term sales decline due to anti-American sentiment, but were able to ensure trust and respect for the brand. Regarding the success of these communication strategies, Rangoonwala said, "The market feedback was astounding when people realized the implications of their actions against TNCs' positions. We believe we had significantly accomplished what we had set out to achieve." Aly Mustansir, marketing manager of Lifebuoy, was also happy: "We are pleased to see that our efforts were met with genuine appreciation that exceeded our expectations." Although KFC, Igloo, Unilever, and YFP obtained the desired results from this strategy, this was not the case with every brand that tried to jump on the Pakistani-branding bandwagon (Ahsan, 2004; Ralph, 2012).

### Case 5: Lever Brothers Bangladesh

Lever Brothers Bangladesh, presently Unilever, has been operating in Bangladesh since 1964. It is the market leader in detergent and toiletries and has a strong foothold in the sociopolitical market due to its long presence.

In 1997, a local company called Aromatic Cosmetics Limited tarnished the Lever Brothers brand image and corporate reputation by claiming in an

aggressive promotional campaign that most detergent and toiletries companies, including Lever Brothers, used imported animal fat in making soap (toilet and laundry soap) that was primarily sourced from pig fat. This campaign created a feeling in the society that Level Brothers had betrayed the trust of the Muslim majority in Bangladesh, as the soap was not “Halal.” Halal is a religious concept in Islam that draws a clear demarcation between permissible and non-permissible substances and actions for Muslims.

Aromatic claimed that it used vegetable fat in producing “Halal soap” instead of animal fat. Because pig is taboo for Muslims, consumers almost stopped buying Lever’s soap LUX. The message conveyed by the public’s response to Aromatic’s campaign was that the company had violated the religious faith and values of the people because it knew that pig is taboo for Muslims.

Sales of Aromatic soap rose abruptly and it became the leading brand on the market within a few months, while sales of the LUX brand dropped sharply. People began to regard Lever as a foreign company that had betrayed their trust and violated tenets of their faith for a long time.

For some time, Lever strategically went into hibernation and almost stopped advertising. After some time, it launched a new promotional campaign with a new product and packaging, which claimed that it also used “vegetable fat.” Despite strategic repositioning it could not regain consumer confidence and trust so quickly. Long-term marketing strategies, public relations, and new promotional policies helped it regain its lost market share after a couple of years.

### Case 6: Mecca-Cola

“No more drinking stupid, drink with commitment!” With this slogan Mecca-Cola, a French-owned company, started its soft drink business with an aim to cash in on anti-American sentiment and Muslim religious beliefs. In its corporate policy it announced that it would donate 20% of its net profit to charities; 10% would go to Palestinian charities for child welfare and skills training. The remaining 10% would be given to European associations that work toward world peace and support the Palestinian people in their legitimate struggle for independence (Mecca-Cola website, 2004).

French Tunisian entrepreneur Tawfik Mathlouthi launched the controversial cola brand in 2002, mainly in Europe and the Middle East, as well as in Asia, as a rival to Coca-Cola. News outlets had reported that Coca-Cola had acknowledged that it felt the impact of boycotts of its brand in the Middle East at that time. Ben Deutsche, spokesman for Coca-Cola, said, “Our business and local bottling partners in the Middle East have felt the impact from the boycott.” Rita Clifton, chairwoman of London-based InterBrand, a global branding consultancy firm, said Mecca-Cola stands out as a competing product against a dominant global brand because it represents the first viable alternative based on a political and cultural identity. “Usually, when

there have been calls for boycotts of American brands, there were no substitutes that people could opt for instead. Mecca-Cola represents that alternative," said Clifton (Bhatnagar, 2003; Murphy, 2003).

Mecca-Cola entered Pakistan in 2003 and received a huge response from the day it entered. It challenged the U.S. giants Coca-Cola and Pepsi's market dominance in Pakistan at a time when there was fierce anti-American sentiment and people were looking for a substitute (Henley & Vasagar, 2003).

Referring to sales of the product, Mathlouthi reported that some 750 billion bottles had been sold in 54 countries in 2003. After launching the product in Pakistan during the holy month of Ramadan, the founder announced that new factories would be set up in various cities in Pakistan, including Lahore, Karachi, and Peshawar. Thus Mecca-Cola showed its commitment to the Pakistani people and society, proving that its new investments would create jobs for locals (Mecca-Cola launched in Pakistan, 2003).

### Case 7: McDonald's India

McDonald's entered India in 1996 and became a joint venture (50:50) with around 50 outlets by 2003. In April 2001, the fast food chain faced a debacle after it revealed that its U.S. French fries contained natural beef extract. As soon as this information became public, Hindus and vegetarians worldwide reacted furiously. They felt misled and cheated even though the company had never explicitly claimed that its fries were suitable for vegetarians. However, it had always complied with the requirements of the U.S. Food and Drug Administration (FDA). (Note: Cows are sacred to Hindus, thus they do not eat them. Vegetarians in India have ideological and religious reasons for being vegetarian, not health reasons only.)

H. B. Barti, a Hindu lawyer from Seattle, took the initiative to file a lawsuit against McDonald's. The Vegetarian Legal Action Network (VLAN) also made its voice heard. The mission of VLAN is to protect the rights of vegetarians. The reaction in India to the revelation was swift.

Soon after the information became public, religious groups in India took the issue to the public to foster an outcry. A group of agitated people ransacked several franchises in India and called for a boycott of McDonald's for violating their religious and ideological identities and values. Hindu political groups such as Shiv Sena and Bharatiya Janata Party (BJP) and the Internet action group McSpotlight Network also voiced their views. These pressure groups called for an investigation, a public apology, and sued for damages from the company.

McDonald's India allowed a public investigation and publicly apologized. In the United States, McDonald's also publicly apologized for wrongdoing. The investigation in India did not find beef extract in the French fries on the vegetable menu. McDonald's Inc. also paid a US\$10 million compensation package for the welfare of vegetarian and religious groups in India (Zwart & Tulder, 2006).

Today India is the only country in the world where McDonald's does not offer any beef or pork on the menu. McDonald's India took several strategic actions to neutralize the negative sentiments of the public; for instance, it used slogans and statements in advertisement asserting, "We do not use any animal flavoring or extract for any of our vegetable products, including French fries. All our vegetarian products are 100% vegetarian" ("McDonald's outlets in India do not use beef or pork," 2004). Indian McDonald's outlets also began to offer new vegetarian menu items with local names such as the "Shudh Shakahari Burger" (100% vegetable burger). McDonald's India publicly announced that it had created its own supply chain in India, resulting in more job creation and the growth of small businesses in India, during the time of the conflict.

### Case 8: Hindustan Lever

Hindustan Lever (HLL), Unilever's subsidiary in India, had a strong foothold in the market and society. It had long experience of the business system and local culture of India spanning more than half a century.

Despite extensive collaborations with local NGOs for CSR and other activities, it was accused of environmental damage and unsafe work conditions by ex-workers associations and civil society groups such as Palni Hills Conservation Council (PHCC), Tamil Nadu Alliance Against Mercury (TAAM), and Greenpeace. The allegations included charges of damaging the environmental balance with mercury radiation at its thermometer factory in Kodaikanal, Tamil Nadu.

A number of workers and their families are thought to be victims of the persistent dangers caused by the mercury radiation. In 2001, Greenpeace called for "Prosecuting HLL for Forest Crimes" caused by HLL's inadequate commitment to integrity and concern for public health and the environment. This incident put HLL's credibility in question in the greater society.

Ameer Shahul, Toxics Campaigner, Greenpeace India, said, "In any developed country, Unilever would have been forced to clean up and remediation of such a disaster site immediately, using best standards and practices. There is ample evidence to prove that the mercury emitted from the HLL plant had far greater and wider impacts than the experts commissioned by HLL were prepared to reveal. And yet, three years after being caught, HLL has yet to submit complete clean-up protocols to the Pollution Control Board. Thousands of people, especially workers, their families, and other residents, have been unsuspecting victims of the persistent dangers posed by Unilever's inadequate commitment to transparency, integrity, or concern for public health and environment" ("Prosecute HLL for Forest Crimes," 2004).

Soon after the news broke and public outcry began growing, HLL closed down the factory and investigated the matter with its own research team, for

which it engaged the National Environmental Engineering Research Institute of India (NEERI) and an independent international research organization. At the same time, it also allowed various national government agencies to investigate the allegations and suspected radiation affecting workers and the environment.

Finally, after six years of waiting, in 2007 the Madras High Court directed the government to investigate the matter by expert committee. The expert committee did not find any clinical conditions at that time among the factory workers tied to mercury exposure at the factory in the past.

### Case 9: Asia Energy Ltd

Asia Energy Pty Ltd, a UK-based mining company, entered Bangladesh in 2005 to extract coal at Phulbari, Dinajpur. Its aim was to construct a power plant of 500-MW, a US\$1.4 billion project with an estimated land requirement for the coal mine area of 6,000 hectares or 60 square kilometers. The area contains more than 100 villages (around 150,000 inhabitants) in the Dinajpur district. Thousands of acres of croplands as well as houses, schools, colleges, roads, railroads, markets, and business centers fall within the project area.

The company claimed that Bangladesh would receive returns worth US\$21 billion over the 30 years of the mine's lifetime. Of this, US\$7.8 billion would come as direct financial gains and US\$13.7 billion as indirect multiplier benefits. The profits would include 6% royalty, 45% corporate tax (tax on earned profit), and 2.5% import duty.

As it used the open-pit method to extract coal, the project severely affected the livelihoods of the inhabitants and the climate of the area. It was estimated that 129,417 people would be displaced while 80% of the land in the area would be made unproductive for agricultural use. Local inhabitants and civil society members claimed that when the extraction started, cultivated land outside the mine was contaminated by the coal during the rainy season and floods, which damaged the crops. During extraction mine operation required that water be sucked out around the clock, which dried up the surrounding land. The water table fell so far during the dry season that local residents could not get drinking water from their tube wells. Although Asia Energy conformed to the regulations of the government and began operations as per the conditions of its agreement with the government, local people opposed the open-cut method and the evacuation of their lands, on which they had lived for generations. A national committee composed of civil society members called the National Committee to Protect Oil, Gas, Mineral Resources, Power and Ports, led by Professor Anu Mohammad, started organizing actions against Asia Energy. The movement created huge public outcry through writing, speaking, public discussions, and actions such as strikes and blocking of operations. It is notable that a national committee with no formal structure has become a trusted patriotic

activist group in Bangladesh that receives public support and participation from people from all facets of society regardless of political identity, religious belief, or occupation. During the course of the movement's public actions local political leaders from both the ruling and opposition parties and from farmers' groups joined, although officially the ruling political party did not support the movement at any stage.

The national committee was successful in creating sentiment against Asia Energy on the ground, raising awareness that it damaged the climate and cultivable lands, affected the local people's lives by appropriating their forefather's lands, and offered many more losses than benefits in terms of financial returns, livelihoods, environment, and social identity of the people in the mine area. Kalafut and Moody (2008), in their casebook on Asia Energy, reflected the society's view in six points that affected the public discourse:

- People and the activist groups demanded for no open-pit mine, compatible use of coal, and eco-friendly methods.
- The project underestimated the number of affected people and civil society's sentiments.
- There was no replacement plan for agricultural land occupied.
- The company had an inadequate compensation package and limited rehabilitation measures.
- There was a lack of transparency and collaborative attitude on the firm's side.
- National interests and ownership were undermined.

On August 26, 2006, around 50,000 farmers, members of surrounding ethnic communities, students, local political leaders, and civil society members marched toward Asia Energy's headquarters office to halt its operations. While the protesters marched toward the plant, paramilitary forces started firing on them. Eight people died, and more than 50 were wounded. The protests continued until the government agreed to accept the demands of the people and an official agreement was signed between protesters led by the national committee and the government. All news media outlets gave the protests large coverage by continuously reporting on the story. In a newspaper interview, the secretary general of the national committee, Professor Anu Mohammad, said, "It is Bangladesh where the coal was found, and a foreign company will become its owner? There is no proper way to measure the actual benefit to Bangladesh and the price it would pay. What becomes clear is that Bangladesh will have to buy its own coal from the company at an international price." Protests continued in an infrequent manner until 2010, when Asia Energy tried to resume operations using the open-pit method (Pulbariresistance.blogspot.com, 2009).

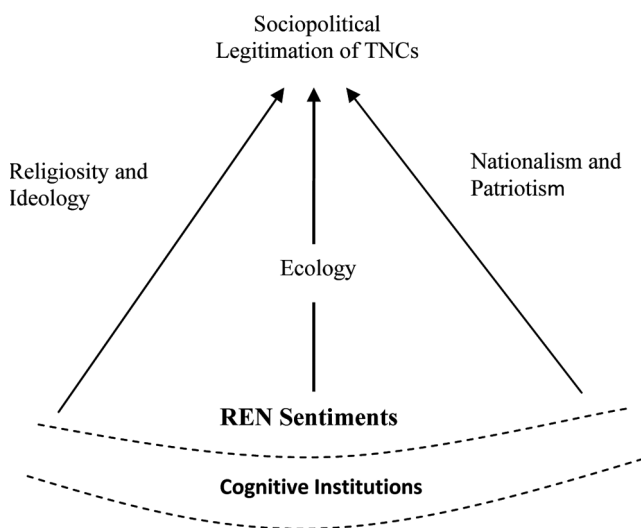
In a newspaper interview, Anu Mohammad continued:

[It is] not only the socio-economic benefit for the country that our organisation demands from the TNCs in the extraction, energy, and oil sectors;

we also care about the environmental protection of our nation. We want to ensure our ownership, i.e., “people’s ownership,” of the natural resources such as gas, oil, coal, and the ports. And we don’t want TNCs to export our natural resources since we badly need them for our economic development. You have witnessed that we forced the government not to allow Tata’s US\$2 billion investments in the coal-based power plant. We also forced the government to stop exporting gas by ConocoPhillips, and put pressure on government to stop a coal-based power plant in the mangrove forest in Khulna. However, we are not against the FDI in general.

## ANALYSIS

Theoretical coding from the nine cases provides us with a pattern that shows five types of sentiments that cause tension in sociopolitical legitimation of TNCs (see appendix). These sentiments are underpinned by similar types of antecedents rooted in the society’s cognitive framework. The five types of sentiment are: religiosity, ideology, ecology, nationalism, and patriotism. The reason antecedents are rooted in society’s cognitive framework is that these antecedents lie in society’s value system, history, culture, identity, emotions, and judgments; thus they affect individuals’ thinking and decision-making processes and often lead to group behavior and group perception. Media, religious and political groups, NGOs, and civil society members help instigate these sentiments when TNCs, by their actions, undermine society’s cognitive institutional standards.



**FIGURE 2** Typology of the sentiments that cause tension in the process of sociopolitical legitimation of TNCs.



The five types of sentiments that cause tensions for TNCs' sociopolitical legitimation are grouped into three major types: (1) religiosity and ideology; (2) nationalism and patriotism; and (3) ecological balance (see Figure 2 and appendix). They are conceptualized in the following text. Lessons from the failed attempts and success stories in the cases are taken into consideration for conceptualizing the three different sentiments.

## TYOLOGY OF THE "SENTIMENTS"

In this section the seed concepts in the typology of "sentiment" derived from the cases are scaled up and further conceptualized. As already mentioned, sentiments extracted from the case studies are grouped into three types: religiosity and ideology; nationalism and patriotism; and ecological balance (Table 2, Table 3, and Appendix). Different disciplines use typologies in a variety of ways with different meanings, indicating different conceptualizations. Here we shall conceptualize them as to how different types of sentiments affect TNC internationalization and international management, leading them to earn different degrees of sociopolitical legitimation in the three countries. Figure 2 depicts the three types of sentiments that emerge from cognitive institutions and cause tension in the process of sociopolitical legitimation of TNCs in the host South Asian context.

### Sentiment for Religiosity and Ideology

According to Stark and Bainbridge (1985) religion is the set of beliefs, activities, and institutions based on faith in supernatural forces. We consider religiosity as a broad spectrum in which beliefs, values, teachings, and scripts are included. This dimension affects regulative, normative, and cognitive institutional features, depending on the degree to which religiosity is manifested in a particular society.

In contrast, ideology is defined differently from different standpoints. Examples of the philosophical standpoint include Hegelian, Marxist, and Confucian worldviews. From a psychological standpoint, ideology is seen as ethnocentrism or the ideology of individualism and attitude formation (Christopher & Hickenbottom, 2008; Duckitt, Wagner, Plessis, & Birum, 2002; Krauss, 2006, 2002). From the political science viewpoint, the political system—i.e., communism, social welfare, or capitalism—can be an ideology. Ideology has always been at the center of the discourse of political science (Brzezinski, 1960; Crockett & Wallendorf, 2004). Whatever the standpoint for the definition of ideology is, it is a cognitive psychology (Sampson, 1981) and is often intertwined with religiosity and national identity, depending on the context.

Based on the political viewpoint, Dawson (2001, pp. 4–5) defines ideology as "a worldview readily found in the population, including sets of ideas

and values that cohere, that are used publicly to justify political stances, and that shape and are shaped by society. Further, political ideology helps to define who are one's friends and enemies, with whom one would form political coalitions, and furthermore, contains a casual narrative of society and the state. Cognitively, ideology refers to what one 'sees' and responds to in the social world." In contrast, den Hond and de Bakker (2007) define ideology from the sociological standpoint: "The concept of ideology comprises an interconnected set of beliefs and attitudes relating to problematic aspects of social and political topics that are shared and used by members of a group and that inform and justify choice and behavior" (p. 903).

As far as the context of our study is concerned, the political systems of the three countries are dominated by religious identities and ideologies, although India and, recently, Bangladesh have secular constitutional frameworks. The political ideologies of the parties in South Asian countries are divided on the basis of either religious faith vs. secularism or pro-communism vs. pro-capitalism viewpoints. Political relations with foreign countries, including neighboring countries, are shaped by the ideological viewpoints of the political parties that run the government. This phenomenon directly affects intra/inter-regional trade and investment, so the degree of internationalization is influenced. For instance, because of anti-Indian sentiment, Tata's US\$3 billion investment proposal was stalled in Bangladesh during the regime of the pro-Islamic BNP-led government from 2000 to 2005 (BBC News, 2006). By contrast, airtel India was allowed easy entry into the Bangladeshi telecommunications market in 2010 when the Awami League-led government came to power; the Awami League is said to have strong ideological (i.e., secularist) alignment with India's ruling Congress party. Religion has a strong influence over the legal and education systems of these three countries, and thus religion completely underpins the cognitive institutions of the people, which tend to affect the sentiments, causing tension in sociopolitical legitimacy.

In international marketing, the selection of products by consumers tends to be conditioned by the extent to which religiosity and ideological sentiments underpin the cognitive mind-set of the people. We can see this phenomenon in vegetarianism, the Halal concept, ethnocentrism, and the country-of-origin effect (COO). Amine (2008) finds that there is a correlation between the country-of-origin effect and animosity expressed in Francophobia and anti-Americanism, which may be caused by religiosity, hostility between countries, economic nationalism, or the ideological mind-set of the people. However, sentiments may on the one hand pose challenges to TNCs in the sociopolitical market, but on the other hand may turn into opportunities as long as TNCs can strategically cash in on them. This phenomenon can be seen in the cases of Mecca-Cola and Lehar Pepsi. Moreover, Hollensen (2007) once argued that the effect of the cartoon of the prophet Muhammad published in a Danish newspaper (January-February 2006) was the effect on business of Danish TNCs and the Danish image in the Muslim world.

One facet of the religious and ideological sentiment is the boycott movement by activist groups and consumers. They call for boycotts of products from a particular country or a particular company (Friedman, 1991; Munro, 2005). The reasons boycotts take place include child labor, animal rights, human rights, fair prices, workplace safety requirements, illegal occupation of the country, etc. Examples include movements to boycott Israel and Israeli products (<http://boycottisraeltoday.wordpress.com>, <http://www.bigcampaign.org>) and the Ethical Consumers movement (<http://www.ethicalconsumer.org>), in which some TNCs are explicitly targeted.

Another facet is the religious-value-based business that targets a specific segment of consumers that professes that value. For example, Islamic banking (Shariah Banking), Islamic insurance (Takaful), and Islamic management are increasingly popular in the Muslim world. Islamic banking and finance is a popular model in many places with predominantly Muslim populations or large Muslim diaspora communities. There are several transnational banks, such as Citigroup, Société Générale, HSBC, and Lloyds TSB that also offer Islamic financial products and services around the world (Hearn, Piesse, & Strange, 2012).

In management and organization, Parboteeah, Paik, and Cullen (2009) find that Islam, Hinduism, Buddhism, and Christianity have a great influence on work values and human resource management. Cash, Gray, and Rood (2000) showed how religion and spirituality affect work practices and values—through holidays, rituals, leaves of absence, dress codes, symbols, relationships, etc. Another study by Hill (2007) reveals that East Asian management styles have been highly influenced and shaped by different religions and ideologies such as Islam, Hinduism, Buddhism, Christianity, Confucianism, Taoism, Sikhism, etc. Such identities and cognitive affiliations with religion and ideology shape one's mental and behavioral actions that significantly impact TNCs operations and management.

The ideological viewpoint of the society, which tends to be underpinned by the regulative and cognitive institutions, is also important to TNCs in the case of international business. TNCs can, however, cash in on such sentiments through strategic actions; this may apply to religious sentiments, as well. For instance, Telenor has been offering a free call service and Internet protection with regard to child abuse and sexual harassment, which they consider as part of their CSR activities in Scandinavia. However, it does not use this strategy in its largest market in South Asia due to the different ideological viewpoint of the society.

The conceptualization of the religious and ideological sentiment therefore emphasises that TNCs must attempt to understand such sentiments in the society and address them in their corporate strategies and structures depending on the context, in which the type and degree of the sentiment vary.

## Ecological Sentiment

Today, environmental issues and climate change have become central issues in science, business, and politics, and are getting increasing attention in the public discourse. Although not included in the dominant cultural value dimensions, one recent study by Vliert, Einarsen, Euwema, and Janssen (2009) argues that unique local cultural values are shaped by climate-based demands and wealth-based resources, and vice-versa. This limits the universally endorsed cultural values and practices that underpin common decisions and actions of recruitment, handling of work motives, conforming to leadership ideals, and shaping organizational structures and strategies around the world.

In this article we define this concept as “ecological” on a broad spectrum. According to the *Oxford Advanced Learner’s Dictionary* (2000), “ecological” is defined as “relating to or concerned with the relation of living organisms to one another and to their physical surroundings.” We therefore aim to conceptualize ecological sentiment according to the previous definition. Since sociopolitical legitimation of TNCs has two markets in the host context, consumers and sociopolitical actors, we will use examples from the research findings to illuminate these two markets and the ecological sentiment.

Marketing in local and international contexts has adopted the ecological viewpoint from the perspective of consumerism to a considerable degree. Chamorro and Banegil (2006) assert that ecological awareness should be treated as one of the values that will determine the organizational culture, and thus the marketer needs to understand “green marketing” not solely as an activity but also as a philosophy. Using the theory of reasoned action, Polonsky, Vocino, Grau, Garma, and Ferdous (2012) find a positive relationship among general and carbon-specific knowledge, attitude toward the environment, and general and carbon-specific behavior of consumers. Studies indicate that there is a segment of consumers characterized by having an ecologically aware lifestyle, that is, environmental consciousness, selecting and recycling products, and taking part in events to protect the environment (Fraj & Martinez, 2006). Thus, these consumers’ purchasing behavior is conditioned by their environmental attitudes and sentiments (Singh, Vrontis, & Thrassou, 2011). It is not the case that a TNC can only have a broader customer base if it focuses on ecological issues; transparency and willingness to engage in pro-environmental behavior can also affect consumers’ perceptions of the company (Vaccaro & Echeverri, 2010).

Many TNCs address these issues by incorporating ecological values into their business philosophies and thus express them through their corporate strategies and social responsibilities. GlaxoSmithKline (GSK) is a good example. GSK has signed an agreement with the UN’s Global Compact initiative and adopted strategies along the global value chain and in CSR activities that

focus both on ecological balance and on local development in the health and livelihood of people in emerging countries (including the study countries, Bangladesh, Pakistan, and India). It is not true that TNCs should only focus on earning consumers' positive perceptions and the approval of the host/home regulative institutions; they should also intend to ensure legitimacy among multilateral institutions. Teng (2011) finds that achieving ISO14001 certification as part of an environmental strategy has a positive and significant impact on corporate values, as an effect of internal asset.

There are two main objectives for this strategic approach. One is for the TNC to position itself differently in the eyes of consumers (marketing point of view). The second is to legitimize itself in the eyes of sociopolitical actors by being responsible and sensitive to ecology. TNCs can do this by enhancing organizational absorptive capacity on environment-related knowledge in specific contexts (Pinkse, Kuss, & Hoffmann, 2010). Therefore, they can incorporate a reactive sense of environmental responsiveness by inducing an internal change process and leadership within the organization (Dahlmann & Brammer, 2011).

The degree of ecological sentiment often surpasses the extent of religiosity and ideological sentiment, and it depends on the extent to which civil society actors and regulative institutions play roles in the process of developing discourses and sentiments in a certain society.

Jacques (2006) argues that "environmental skepticism" is growing day by day. As a result, TNCs should be careful in their treatment of this issue. His study further indicates several references that this skepticism phenomenon has been very much cognitive, and even though almost everything in modernity demonstrates human improvement, people (consumers and social actors) will continue to believe they are getting worse (Simon, 1999). Thus, the public views TNCs' behavior suspiciously and often protests when it perceives TNCs as untrustworthy and irresponsible. Ecological sentiment therefore is a dominant antecedent of cognitive institutions that has dynamic influence not only over marketing and consumer behavior, but also on sociopolitical legitimization.

### Sentiment of Nationalism and Patriotism

Nationalism and patriotism have many facets that affect TNCs' sociopolitical legitimacy. This group of sentiments can be defined as "national spirit or aspirations, devotion and loyalty to one's own nation, patriotism or excessive patriotism, chauvinism, the desire for national advancement or independence, the policy or doctrine of asserting the interests of one's own nation, viewed as separate from the interests of other nations (identity) or the common interests of all nations" (<http://dictionary.reference.com>). The *Oxford Advanced Learner's Dictionary* (2000) defines nationalism as "an extreme form of patriotism marked by a feeling of superiority over other countries."

The concept of nationalism and national interest has been widely studied in sociology, political science, and history. However, it is poorly addressed in international business studies. The sentiment for nationalism and national interest is often intertwined with religiosity and ideology as well as ecological sentiment; it is hard to separate them from each other, particularly when they are manifested as sentiments against TNCs' behavior.

In business this concept has long been used in two dimensions. One is the consumers' dimension, which encompasses patriotism and consumer ethnocentrism (Rybina, Reardon, & Humphrey, 2010), country of origin, and national loyalty (Brunings, 1997). The second is the peoples' dimension, which encompasses local development and the country's economic gain, animosity, and country-of-origin effect, which has previously been highlighted in the religiosity and anti-Americanism dimension. Nationalism and local development and the country's economic gain dimension have been understudied in the context of TNCs. One study by Balabanis, Diamantopoulos, Mueller, and Melewar (2001) found that consumer ethnocentrism is fueled by patriotism in Turkey, but by nationalism in the Czech Republic. Several cases in our study, for instance, SSA, Enron, Lehar Pepsi, and Asia Energy, also corroborate the above finding that nationalism and sentiment for national economic gain often affect the internationalization process in the host country.

Nationalism, patriotism, ethnocentrism, and protectionism are more likely in the same line that instigates same type of sentiment when manifested. There are two separate notions combined in this concept, nationalism and patriotism. Patriotism produces a sense of love of country and socioeconomic gain for its people and the society. In contrast, nationalism emerges from a sense of identity, separateness, and superiority as a nation. The latter produces a sentiment of deep love and security in shared existence, heritage, flag, language, and roots as a nation. Both cognitive values are socially constructed and intertwined with each other. They come to the fore when a nation's wealth is shared, its natural resources are overused and misused by foreign entities, and national pride and values are undermined. One facet of nationalism is evident in anti-globalization movements, while the other is seen in anti-immigration and protectionism movements. Recent anti-FDI sentiment and debates in the multi-brand retail sector in India is an example of this notion (Sharma, 2012).

Different parts of the world are not equally developed; as a result, the faces of nationalism and patriotism tend to be different in different contexts. However, these sentiments will not always hamper the activities and entry of TNCs; rather, it depends on the strategic approach and commitment of the TNCs in the host context and their interactions with sociopolitical agents, which produce trust in the market.

Of many events sparked by nationalism and patriotism, the recent movement against mining TNCs by the National Committee to Protect Oil, Gas, Mineral Resources, Power and Ports in Bangladesh is noteworthy. This

committee has organized action against ConocoPhillips, a US-owned TNC that recently leased two oil blocks in the Bay of Bengal. The reason for the movement and the rising nationalistic sentiment in the population is the perception among civil society members that the national interest of the country is not served; instead, ConocoPhillips gets four times more economic benefit than Bangladesh itself, even though the oil belongs to Bangladesh. Several studies have found that TNCs in extractive industries tend to face these sorts of challenges from socio-political markets due to violations of ecological and human rights codes, cognitive sentiments, and values, and undermining local development (Banks, 2009; Kline, 2005; Muchlinski, 2009).

### STRATEGIC CHOICES FOR EARNING AND MAINTAINING SOCIO-POLITICAL LEGITIMACY

While the conceptualization of the three sentiments illuminates the causes of the sentiments that affect sociopolitical legitimation, this section describes eight strategic choices for TNCs to mitigate tensions or benefit from the sentiments. Strategic choices that helped TNCs mitigate tensions were identified based on six cases that reflect success stories for firms (C-1, C-4, C-5, C-6, C-7, C-8). The other three firms—Enron (C-2), SSA (C-4), and Asia Energy (C-9)—either left the market or went into silent-mode because of severe tensions and protests. Very interestingly, the TNCs that failed to earn/maintain socio-political legitimacy did not follow the strategies outlined in the following.

The tensions caused by the selected sentiments not only damage reputations but also increase transaction costs for firms. Such tensions also tend to reduce trust in the relationship between firms and the society of the host country. Strategies that TNCs used for mitigating tensions in the socio-political market are described as follows.

#### Collaboration Strategy

Collaboration is a common strategy TNCs use to offset the liability of foreignness, the liability of newness, and institutional distance. There are two important elements within the collaboration strategy. One involves sharing ownership with a local partner. By sharing ownership TNCs can rely on the acceptance and reputation of their local partners to help them gain their own acceptance into society. In collaborative ventures TNCs are often not perceived as foreign entities in the society, and their local partners become a source of local knowledge and networking with sociopolitical actors. Joint venture is the preferred way to execute this strategy, as evident in the cases C-1, C-4, C-5, C-7, and C-8. However, strategic alliance is also used in this regard. In this kind of collaboration, TNCs do not share ownership, but take on local firms as strategic partners.

The second element of the collaboration strategy is the partnership with a local champion or state-owned firm. The local champion can be a private company or a non-governmental/non-profit organization. Being a “local champion” means that the firm possesses a high reputation in the business system and holds a leading market share in the relevant sector. In case 1, PepsiCo formed a joint venture with Tata, India’s leading business group. The JV also included India’s state-owned agriculture firm, Punjab Agro Industries, which helped PepsiCo gain legitimacy within the political machine and among political actors. Another example from Bangladesh is pertinent here. The pharmaceutical company Novo Nordisk formed a strategic alliance with Bangladesh Diabetes Association (BADAS) and Transcom Limited. BADAS is a non-profit organization that runs the country’s largest diabetes clinics in Dhaka, while Transcom is the industry leader in the distribution sector in Bangladesh and manages Novo Nordisk’s distribution. Similarly, Telenor from Norway also entered a JV with Grameen Telecom, a not-for-profit venture of Grameen Bank. Strategic alliance has become a common strategy in the corporate social responsibility (CSR) activities of TNCs, as TNCs tend to make strategic alliances with NGOs and media to carry out CSR activities.

In examining TNCs’ use of collaborative strategy it is interesting to note that out of four case firms that had full ownership in the host markets, three of them failed to legitimize in the context. Only Mecca-Cola (C-6) survived. Enron and SSA (C-2, C-3) had to leave the Indian and Bangladeshi markets, respectively, while Asia Energy (C-9) went into silent mode and stopped all operations in Bangladesh due to rising tensions.

### Local Development Strategy

Local development has become an increasingly common strategy in international management, where TNCs tend to project an image of promoting local development through their ventures and activities. This is an effective strategy in emerging markets where TNCs are perceived to be foreign exploiters, and where society’s needs are unmet because of insufficient state initiatives. This strategy has two primary implications. One is expressed by a venture’s vision that shows greater interest to local development through the initiatives of the new venture. The other is reflected by the corporate social responsibility initiatives and the public communication. For example, PepsiCo (C-1) showed commitment to setting up agro-processing factories in the Punjab, by which it created jobs for locals. It also said it would use agricultural waste and thereby contribute more to the society by offering a good price for agricultural products. McDonald’s followed the same strategy and publicly trumpeted how much it contributed to social development by expanding its value chain in India. The same applies to Mecca-Cola (C-6), which vowed to build a factory in each major city in Pakistan to create more jobs for locals.



When anti-American sentiment (C-4) ran high in Pakistan during the war in Afghanistan, Igloo and KFC showed their commitment to local development through media communications, stating how much they contributed to the socioeconomic development of Pakistan.

### Strategy of Alignment with Sociopolitical Actors

The use of an alignment strategy indicates that TNCs align their missions with those of the dominant sociopolitical actors who can instigate tensions and who have social power to mitigate tension. Thus, this strategy suggests how TNCs can align their activities with the expectations of the sociopolitical actors. This can be done by “overt” or “covert” negotiations between TNCs and the selected dominant sociopolitical actors. This process can often be dangerous if it is not properly managed or implemented. However, this is a good strategy for entering an emerging market or regaining legitimacy in the society. For example, PepsiCo (C-1) enlisted the support of Sikh religious leaders, who lobbied openly on its behalf. PepsiCo also secretly met with the Indian government and enlisted its support. In contrast, Enron tried to enlist the support of media actors but ultimately failed and was charged with bribery.

### Local Name and Staffing Strategy

The local name and staffing strategy is also a common strategy in international management. TNCs can take local names in two ways. First, they can use a completely local name that has local legitimacy for a new venture; for instance, Telenor took the local name “Grameenphone” by forming a JV with Grameen Bank. Second, assuming a joint name with a local partner can also be an effective strategy, as in Lehar Pepsi (C-1). Having a local name for the venture or brand often keeps the venture or brand from being attacked by social actors even amid mounting tensions and outcry. When names are from the local culture, the firms or brands under those names are not generally perceived as foreign entities. However, this only applies as long as TNCs keep a low profile for their foreign identity and do not violate the threshold legitimating requirements of the sociopolitical actors.

Having local staff, especially a local CEO, at the subsidiary also helps TNCs gain sociopolitical legitimacy in the host context. This is because local staff can use their own social networks and cognitive linkages to communicate and position the company in the sociopolitical market. For example, GlaxoSmithKline maintains an almost entirely local staff, including CEOs, at its subsidiaries in India, Pakistan, and Bangladesh.

### Hibernation Strategy

Hibernation can be a good strategy in international management when sentiments are mounting and TNCs cannot manage them through strategic

approaches. Under these circumstances TNCs can keep their businesses low profile, opt out of promotion and advertisement, and try to keep silent until the adverse reactions die down. For example, TNCs kept a low profile and almost stopped advertising while tensions mounted against American brands in Pakistan (C-4). Lever Brothers Bangladesh (C-5) also followed this strategy when it was accused of violating religious standards by using pig fat in its soap products. Being low-profile does not mean that TNCs remain in hibernation for good; rather they can begin compensatory promotion with the aim of neutralizing negative sentiments when tensions abate. Asia Energy (C-9) is still in hibernation because it has not been able to take appropriate measures to reduce the tensions it faces.

### Sentiment-Focused Strategy

Sentiment-focused strategy is an effective type of strategy that uses the elements that cause tensions in the promotional campaigns to mitigate those tensions. This strategy can be used for neutralizing the sentiments against the firm or cashing in on the sentiments, meaning positioning the company by using the sentiment as an ingredient in its own marketing campaigns. For example, PepsiCo (C-1) used patriotic and nationalistic feelings to improve its image in Indian society. Mecca-Cola (C-6) tried to cash in on religious sentiment by offering the brand name “Mecca” and using the slogan “support the Palestine children and legitimate struggle for freedom.” Many TNCs, including GSK, Arla, and Nestlé, now proactively focus on environmental protection and carbon mitigation strategies along the global value chain and in CSR, in order to counter the ecological sentiment.

### Isomorphism Strategy

Isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions (DiMaggio & Powell, 1983). This indicates that companies tend to follow the common norms and practices in business systems (i.e., strategy and structures) that other firms do, which stem from pressure from institutions. In this strategy, we stress the mimetic isomorphism character in which TNCs follow other firms’ strategies in order to neutralize the effects of sentiments when their strategies come into conflict with the sentiments of the society. In case 4, Igloo, KFC, Nestlé, and other TNCs followed the same slogan—Be Pakistani, Buy Pakistani—that local firms were using to cash in on anti-American sentiment. The TNCs also used the green of the Pakistani flag at the product level to show patriotic feeling. Lever Brothers Bangladesh (C-5) also mimicked a local firm in using the statement “We use vegetable fat in our soap” in its advertising.

## Openness Strategy

Openness strategy is very effective in building or rebuilding trust between firms and sociopolitical actors. When sentiments are growing and creating tension, TNCs need to pay attention to rebuilding trust in their relationships with social actors. Openness means that TNCs should cooperate with sociopolitical actors to give them sufficient information on any alleged problems. They should also share information with the media and sociopolitical actors so that misunderstanding and distrust at the cognitive level is eliminated if it is founded on rumors or false allegations. Third-party investigations that legitimating actors view as trustworthy often help reduce tension and rebuild trust. McDonald's India (C-7) allowed a public investigation and publicly apologized for its mistake. It paid compensation in the form of charity. Hindustan Lever (C-8) cooperated with the state investigation team and hired an independent international research organization to investigate alleged mercury radiation. It also shared information with the media and state organizations.

## DISCUSSION AND CONCLUSION

We conclude by stating that the REN-sentiment (Religiosity and ideology; Ecological balance; and Nationalism and patriotism) causes tensions in the process of sociopolitical legitimation of foreign TNCs in South Asia. TNCs therefore should understand these sentiments in the host-country context prior to formulating strategies for internationalization, ownership structure, consumer marketing, recruitment, CSR, and subsidiary management. In order to manage such sentiments the previously discussed strategies can be used. However, it is not easy to formulate such strategies unless firms have sufficient knowledge of the sentiments and their natures in the local context. Based on the findings from the case studies and the literature review, we outline a framework (see Table 2) for REN-sentiment that TNCs can take into consideration prior to formulating strategies. This framework can guide TNCs to understand each sentiment in a particular context.

In line with Lee et al. (2007), we therefore argue that REN-sentiments grow when there is a trust gap between TNCs and sociopolitical actors. In the same way that TNCs tend to position their products in the consumer market, they should also position their identity among sociopolitical actors by meeting their expectations and requirements. This can be done by expressing commitment through firms' strategic approaches and actions.

Sentiments evolve and are subject to change over time as the economy, technology, and political contexts develop. Activist groups, when acting on such sentiments, tend to bring changes in institutions, oppose the existence and behavior of TNCs, and threaten sociopolitical legitimation of TNCs (den Hond & de Bakker, 2007). Such sentiments tend to emerge frequently in

**TABLE 2** Sentiments (REN) that Affect Sociopolitical Legitimation of TNCs

Dominant Sentiments	Abbreviated Form (REN)	Various Forms and Factors
Religiosity and Ideology	<b>R</b>	<p>Religious teachings (e.g., prohibition of interest, taboos, dress codes for men and women, prayer time and day, code of communication, etc.)</p> <p>Religious or ideological beliefs and assumptions toward society, economy, and politics</p> <p>Value for religious and ideological scripts, idols, monuments, and celebrations</p> <p>Religious and ideological hostility/animosity or friendliness</p> <p>Sense of religious and/or ideological identity threat</p>
Ecological Sentiment	<b>E</b>	<p>Sense of ecological balance</p> <p>Damage to environment that directly affects human-life, survival, and climate change</p> <p>Value for solutions to environmental problems and social betterment</p>
Nationalism and Patriotism	<b>N</b>	<p>Value of nutrition, hygiene, and safety</p> <p>Pride in nationality and the national heritage</p> <p>Value for national/ethnic identity</p> <p>Value for national heritage and monuments, flags, songs, languages, historical events, and heroes</p> <p>Value for national economic interest, benefit, and development (any sort of innovation or technological advancement, investment, productivity, or value creation that improves the quality of life and socioeconomic advancement)</p> <p>Patriotism: love for the nation, rivalry in terms of national identity with other nations</p> <p>Political rivalry and animosity with other nations (as nation state or national identity)</p> <p>Value for indigenous people's rights, heritage, and survival</p>

weak institutional contexts that fail to protect the interests of social actors. Despite common cultural roots, Bangladesh, India, and Pakistan are divided by political conflict. From the historical point of view, the experience of being colonised by outsiders has led them to have a low degree of trust for foreigners. This feature of the cognitive institution in South Asian countries helps develop sentiments at the society in response to ignorance or violations by TNCs. Our study therefore emphasizes the importance of understanding historical background and sociopolitical context, particularly sentiments and the cognitive institutions. TNCs should pay attention to and gather knowledge on the sentiments as part of sociological and historical phenomena, as presented in Table 2. However, REN-typology may be used in other emerging markets with similar institutional features, and thus further research can be undertaken to investigate the applicability of this concept.

## IMPLICATIONS AND FUTURE RESEARCH DIRECTION

This inductive concept, REN-sentiment, has two major implications for international management. One is for strategy formulation and the other is for corporate value development in sociopolitical contexts in emerging economies. Future research can be pursued to test these sentiments using qualitative and quantitative studies in other emerging markets.

## ACKNOWLEDGMENTS

The authors are grateful to Emeritus Professor John Child of Birmingham University, UK, and other colleagues of IBC for their valuable comments on the earlier version of the article presented during the seminar at the International Business Centre (IBC), Aalborg University, Denmark.

## REFERENCES

- A passage to India. (1989). Panorama. In John D. Daniels, L. H. Radebaugh, & D. P. Sullivan (2001). *International business: Environments and operations* (pp 432–435). Upper Saddle River, NJ: Prentice Hall.
- Ahlstrom, D., & Bruton, G. D. (2001). Learning from successful local private firms in China: Establishing legitimacy. *Academy of Management Executive*, 15(4), 72–83.
- Ahsan, S. (2004). Branding on Pakistan. Retrieved from [http://www.chowk.com/show\\_article.cgi?aid=00003099&channel=market%20street&s](http://www.chowk.com/show_article.cgi?aid=00003099&channel=market%20street&s)
- Aldrich, H., & Fiol, C. M. (1994). Fools rush in? The institutional context of industry creation. *Academy of Management Review*, 19(4), 645–670.
- Amine, Lyn Suzanne. (2008). Country-of-origin, animosity and consumer response: Marketing implications of anti-Americanism and Francophobia. *International Business Review*, 17, 402–422.
- BBC News. (2002, May 29). Bangladesh port grinds to a halt. Retrieved from <http://news.bbc.co.uk/2/hi/business/2013384.stm>
- BBC News. (2006, July 10). Tata halts Bangladesh investment. Retrieved from [http://news.bbc.co.uk/2/hi/south\\_asia/5164926.stm](http://news.bbc.co.uk/2/hi/south_asia/5164926.stm)
- Balabanis, G., Diamantopoulos, A., Mueller, R. D., & Melewar, T. C. (2001). The impact of nationalism, Patriotism and internationalism on consumer ethnocentric tendencies. *Journal of International Business Studies*, 32(1), 157–175.
- Bamberger, P. A., & Pratt, M. G. (2010). Moving forward by looking back: Reclaiming unconventional research contexts and samples in organizational scholarship. *Academy of Management Journal*, 53(4), 665–671.
- Banks, G. (2009). Activities of TNCs in extractive industries in Asia and the Pacific: Implications for development. *Transnational Corporations*, 18(1), 43–59.
- Bereger, P. L., & Luckmann, T. (1966). *The social construction of reality: A treatise in the sociology of knowledge*. New York, NY: Doubleday Anchor.

- Bhatnagar, P. (2003). Mecca-cola: Potshot at Coke? The “political” cola is cashing in on anti-American sentiment in the Middle East and Europe. Retrieved from [http://money.cnn.com/2003/03/20/news/companies/mecca\\_cola/](http://money.cnn.com/2003/03/20/news/companies/mecca_cola/)
- Bonchek, M. S., & Shepsle, K. A. (1996). *Analyzing politics: Rationality, behavior and institutions*. New York, NY: W. W. Norton & Co.
- Bosma, N., Acs, Z. J., Autio, E., Coduras, A., & Levie, J. (2009). *Global entrepreneurship monitor: 2008 executive report*. Babson Park, MA: Global Entrepreneurship Research Consortium.
- Bourdieu, P. (1977). *Outline of a theory of practice*. Cambridge, UK: Cambridge University Press.
- Brunings, E. R. (1997). Country of origin, national loyalty and product choice: The case of international air travel. *International Marketing Review*, 14(1), 59–74.
- Brzezinski, Z. (1960). Communist ideology and international affairs. *The Journal of Conflict Resolution*, 4(3), 266–291.
- Busenitz, L., Gomez, C., & Spencer, J. W. (2000). Country institutional profiles: Unlocking entrepreneurial phenomena. *Academy of Management Journal*, 43(5), 994–1003.
- Cantwell, J., Dunning, J. H., & Lundan, S. M. (2010). An evolutionary approach to understanding international business activity: The co-evolution of MNEs and the institutional environment. *Journal of International Business Studies*, 41, 567–586.
- Carroll, J. B. (Ed.). (1964). *Language, thought, and reality: Selected writings of Benjamin Lee Whorf*. Cambridge, MA: The MIT Press.
- Cash, K. C., Gray, G. R., & Rood, S. A. (2000). A framework for accommodating religion and spirituality in the workplace. *The Academy of Management Executive*, 14(3), 124–134.
- Chakravarty, S. N. (1989, November 27). How Pepsi broke into India. *Forbes*, pp. 43–44.
- Chamorro, A., & Banegil, T. M. (2006). Green marketing philosophy: A study of Spanish firms with ecolabels. *Corporate Social Responsibility and Environmental Management*, 13(1), 11–24.
- Chan, Christine M, & Makino, S. (2007). Legitimacy and multi-level institutional environments: Implications for foreign subsidiary ownership structure. *Journal of International Business Studies*, 38(4), 621–638.
- Charmaz, K. (2006). *Constructing grounded theory: A practical guide through qualitative analysis*. Thousand Oaks, CA: Sage.
- Christopher, J. C., & Hickinbottom, S. (2008). Positive psychology, ethnocentrism, and the disguised ideology of individualism. *Theory and Psychology*, 18(5), 563–589.
- CIA Fact Book. (2012). Country information: India, Pakistan and Bangladesh. Retrieved from [www.cia.gov](http://www.cia.gov).
- Coase, R. H. (1937). The nature of the firm. *Economica*, 4, 385–405.
- Crockett, D., & Wallendorf, M. (2004). The role of normative political ideology in consumer behaviour. *The Journal of Consumer Research*, 31(3), 511–528.
- Dahlmann, F., & Brammer, S. (2011). Exploring and explaining patterns of adaption and selection in corporate environmental strategy in the USA. *Organisational Studies*, 32(4), 527–553.

- D'Andrade, R. G. (1984). Cultural meaning systems. In R. A. Shweder & R. A. Levine (Eds.), *Cultural theory: Essays on mind, self and emotion* (pp. 88–119). Cambridge, UK: Cambridge University Press.
- Dawson, M. C. (2001). *Black visions: The roots of contemporary African-American political ideology*, Chicago, IL: University of Chicago Press.
- den Hond, F., & de Bakker, F. G. A. (2007). Ideologically motivated activism: How activist groups influence corporate social change. *Academy of Management Review*, 32(3), 901–924.
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147–160.
- DiMaggio, P. J., & Powell, W. W. (1991). Introduction. In W. W. Powell & P. J. DiMaggio (Eds.), *The new institutionalism in organizational analysis* (pp. 1–38). Chicago, IL: University of Chicago Press.
- Dobbin, Frank R. (1994). Cultural models of organizations: The social construction of rational organizing principles. In Diana Crane (Ed.), *The sociology of culture: Emerging theoretical perspective* (pp. 117–141). Oxford, UK: Blackwell.
- Donald, M. (1991). *Origins of the modern mind: Three stages in the evolution of culture and cognition*. Cambridge, MA: Harvard University Press.
- Dorrenbacher, C., & Gammelgaard, J. (2011). Subsidiary power in multinational corporations: The subtle role of micro-political bargaining power. *Critical Perspectives of International Business*, 7(1) 30–47.
- Duckitt, J., Wagner, C., Plessis, I. D., & Birum, I. (2002). The psychological bases of ideology and prejudice: Testing a dual process model. *Journal of Personality and Social Psychology*, 83(1), 75–93.
- Dunning, J. H., & Lundan, S. (2008). Institutions and the OLI paradigm of the multinational enterprise. *Asia Pacific Journal of Management*, 25, 573–593.
- Dunning, J. H., & Lundan, S. (2009). The multinational firm as a creator, fashioner and respondent to institutional change. In Simon Collinson & Glenn Morgan (Eds.), *Images of the multinational firm* (pp. 93–115). UK: Wiley.
- Dunning, J. H., & Lundan, S. (2010). Forthcoming. The institutional origins of dynamic capabilities in multinational enterprises. *Industrial and Corporate Change*, 19(4), 1225–1246.
- Enron scandal at a glance. (2002, August 22). BBC News. Retrieved from <http://news.bbc.co.uk/1/hi/business/1780075.stm>
- Fraj, E., & Martinez, E. (2006). Environmental values and lifestyles as determining factors of ecological consumer behaviour: An empirical analysis. *Journal of Consumer Marketing*, 23(3), 133–144.
- Freeman, J., Carroll, G. R., & Hannan, M. T. (1983). The liability of newness: Age-dependence in organizational death rates. *American Sociological Review*, 48, 692–710.
- Friedman, M. (1991). Consumer boycotts: A conceptual framework and research agenda. *Journal of Social Issues*, 47(1), 149–168.
- Glaser, B. G. (2001). *The grounded theory perspective: Conceptualization contrasted with description*. Mill Valley, CA: Sociology Press
- Glaser, B. G., & Strauss, A. L. (1967). *The discovery of grounded theory: Strategies for qualitative research*. New York, NY: Aldine.

- Greetz, C. (1973). *The interpretation of culture*. New York, NY: Basic Books.
- Hall, P., & Soskice, D. (2001). *Varieties of capitalism*. New York, NY: Oxford University Press.
- Harrison, L. E. (2008). *The central liberal truth: How politics can change a culture and save it from itself*. New York, NY: Oxford University Press.
- Hearn, B., Piesse, J., & Strange, R. (2012). Islamic finance and market segmentation: Implications for the cost of capital. *International Business Review*, 21(1), 102–113.
- Henisz, W. J. (2003). The power of the Buckley and Casson thesis: The ability to manage institutional idiosyncrasies. *Journal of International Business Studies*, 34(2), 173–184.
- Henley, J., & Vasagar, J. (2003, January 8). Think Muslim, drink Muslim, says new rival to Coke: French firm capitalises on anti-U.S. feeling to sell cola. *The Guardian*. Retrieved from <http://www.guardian.co.uk/media/2003/jan/08/marketingandpr.internationalnews>
- Hill, J. S. (2007). Religion and the shaping of East Asian management styles, *Journal of Asia-Pacific Business*, 8(2), 59–88.
- Hoffman, Andrew, W. (1997). *From heresy to dogma: An institutional history of corporate environmentalism*. San Francisco, CA: New Lexington Press.
- Hollensen, S. (2007). *Global marketing: A decision-oriented approach* (4th ed.), Essex: Pearson Education Limited.
- Hymers, S. H. (1976). *The international operations of national firms: A study of direct investment*. Cambridge, MA: MIT Press.
- Jacques, P. (2006). How should corporations deal with environmental scepticism? *Corporate Social Responsibility and Environmental Management*, 13, 25–36.
- Kalafut, J., & Moody, R. (Eds.). (2008). *Phulbari Coal Project: Studies on displacement, resettlement, environmental and social impact*. Dhaka, Bangladesh: Samhati Publications.
- Kaye, L. (1988, October 27). Pepping up the Panjab. *Far Eastern Economic Review*, pp. 77–78.
- Keck, M. E., & Sikkink, K. (1998). *Activists beyond borders: Advocacy networks in international politics*. Ithaca, NY: Cornell University Press.
- Khanna, T., Palepu, K. G., & Sinha, J. (2005, June). Strategies that fit emerging markets. *Harvard Business Review*, pp. 63–76.
- Khilji, S. E. (2012). Editor's perspective: Does South Asia Matter? Rethinking South Asia as relevant in international business research. *South Asian Journal of Global Business Research*, 1(1), 8–21.
- Kline, J. M. (2005). TNC codes and national sovereignty: Deciding when TNCs should engage in political activity. *Transnational Corporation*, 14(3), 29–53.
- Kohn, D. (2009, February 11). Enron scandal spreads to India? Retrieved from [http://www.cbsnews.com/8301-18560\\_162-505913.html](http://www.cbsnews.com/8301-18560_162-505913.html)
- Kostova, T., & Zaheer, S. (1999). Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review*, 24(1), 64–81.
- Kourula, A., & Laasonen, S. (2010). Nongovernmental organizations in business and society, management, and international business research: Review and implications from 1998 to 2007. *Business & Society*, 49(1), 35–67.



- Krauss, S. (2006). Does ideology transcend culture? A preliminary examination in Romania. *Journal of Personality*, 74(4), 1219–1256.
- Lee, J.-W., Ghauri, P. N., & Hadjikhani, A. (2007). MNCs' actions in the sociopolitical market: A study of a case with a network approach. In R. R. Sinkovics & M. Yamin (Eds.), *Anxieties and management response in international business* (1st ed.) (pp. 119–139). Palgrave Macmillan.
- Li, Y. (2009). Emotions and new venture judgment in China. *Asia Pacific Journal of Management*. doi: 10.1007/s10490-010-9193-9.
- March, J. G., & Olsen, J. P. (1989). *Rediscovering institutions: The organizational basis of politics*. New York, NY: Free Press.
- Markus, H., & Zajonc, R. B. (1985). The cognitive perspective in social psychology. In G. Lindzey & E. Aronson (Eds.), *The handbook of social psychology* (Vol. 1) (3rd ed.), (pp. 137–230). New York, NY: Random House.
- Mecca-Cola launched in Pakistan. (2003, November 3). *PakTribune*. Retrieved from <http://www.paktribune.com/news/index.php?id=43944>
- McDonald's outlets in India do not use beef or pork. (2004, March 8). *Yahoo News*.
- Meyer, J. W., & Rowan, B. (1977). Institutionalized organisations: Formal structure as myth and ceremony. *American Journal of Sociology*, 83(2), 340–363.
- Meyer, J. W., & Scott, W. R. (1983). Centralization and the legitimacy problems of local government. In J. W. Meyer & W. R. Scott (Eds.), *Organizational environments: Ritual and rationality* (pp. 192–215). Beverly Hills, CA: Sage Publications.
- Meyer, J. W., & Rowan, B. (1991). Institutionalized organizations: Formal structure as myth and ceremony. In W. W. Powell & P. J. DiMaggio (Eds.), *The new institutionalism in organizational analysis* (pp. 41–62). Chicago, IL: University of Chicago Press.
- Moe, T. M. (1990). Political institutions: The neglected side of the theory of public bureaucracy. In Oliver E. Williamson (Ed.), *Organisation theory: From Chester Barnard to the present and beyond* (pp. 116–153). New York, NY: Oxford University Press.
- Morgan, G., Kristensen, P. H., & Whitley, R. (Eds.) (2001). *The multinational firm*. Oxford, UK: Oxford University Press.
- Muchlinski, P. (2009). Social and human rights implications of TNCs' activities in the extractive industries. *Transnational Corporations*, 18(1), 125–136.
- Munro, L. (2005). Strategies, action repertoires and DIY activism in the Animal Rights Movement. *Social Movement Studies*, 4(1), 75–94.
- Murphy, V. (2003, January 8) Mecca-Cola challenges U.S. rival. *BBC News* Retrieved from [http://news.bbc.co.uk/2/hi/middle\\_east/2640259.stm](http://news.bbc.co.uk/2/hi/middle_east/2640259.stm)
- Nelson, R. R., & Winter, S. G. (1982). *An evolutionary theory of economic change*. Cambridge, MA: Belknap Press of Harvard University Press.
- North, D. C. (1990). *Institutions, institutional change and economic performance*. New York, NY: Cambridge University Press.
- Orlikowski, W. (1993). CASE tools as organizational change: Investigating incremental and radical changes in systems development. *MIS Quarterly*, 17(3) 309–340.
- Orr, Ryan J., & Scott, W. Richard. (2008). Institutional exceptions on global projects: A process model. *Journal of International Business Studies*, 39(4), 562–588.
- Oxford Advanced Learner's Dictionary*. (2000). Retrieved from <http://oxforddictionaries.com>

- Parboteeah, K. P., Paik, Y., & Cullen, J. B. (2009). Religious groups and work values: A focus on Buddhism, Christianity, Hinduism, and Islam, *International Journal of Cross Cultural Management*, 9(1), 51–67.
- Peng, M. W. (2004). Identifying the big question in international business research. *Journal of International Business Studies*, 35(2), 99–108.
- Peng, M. W., Wang, D. Y., & Jiang, Y. (2008). An institution-based view of international business strategy: A focus on emerging economies. *Journal of International Business Studies*, 5(39), 920–936.
- Peng, M. W., & Zhou, J. Q. (2005). How network strategies and institutional transitions evolve in Asia. *Asia Pacific Journal of Management*, 22(4), 321–336.
- Phulbariresistance.blogspot.com. (2009). Retrieved from <http://phulbariresistance.blogspot.com/2009/09/mineral-resources-is-blood-flown-in-our.html>
- Pinkse, J., Kuss, M. J., & Hoffmann, V. H. (2010). On the implementation of a “global” environmental strategy: The role of absorptive capacity. *International Business Review*, 19(2), 160–177.
- Polonsky, M. J., Vocino, A., Grau, S. L., Garma, R., Ferdous, A. S. (2012). The impact of general and carbon-related environmental knowledge on attitudes and behavior of U.S. consumers. *Journal of Marketing Management*, 28(3–4), 238–263.
- Price, T. (2004). Bangladesh dockers resist SSA port privatization. Retrieved from [http://www.owcinfo.org/ILC/Chittagong/Dockers\\_resist\\_chttgg.html](http://www.owcinfo.org/ILC/Chittagong/Dockers_resist_chttgg.html)
- Prosecute HLL for Forest Crimes. (2004, March 8). Retrieved from <http://grenpeaceindia.org/recentnewsdetails.php?Newstype=subnes&rnid=205>
- Ralph, T. (2012). Anti-American sentiment on the rise in Pakistan. Global Post. Retrieved from <http://www.globalpost.com/dispatch/news/regions/americas/united-states/120628/anti-american-sentiment-the-rise-pakistan>
- Rana, B. (2007). Paradigm of national responsiveness and national cultural values in international business operation: Challenges for MNCs in South Asian emerging markets. *Academy for Global Business Advancement (AGBA)*, 4th World Congress, Vol. 4, No. 1- Part-2, (pp. 479–492).
- Rana, M. B. (2009). National culture influenced by socio-cultural and political factors is inhibiting MNCs growth: A case study approach on India, Pakistan and Bangladesh markets. *11th ISMD International Conference on Markets and Development Proceedings*, Hanoi, Vietnam, January 5–8, 2010.
- Rana, M. B., & Khilji, S. E. (2008). Exploring the influence of socio-cultural factors acting as inhibitors to globalization and multinational growth in emerging markets: Evidence from South Asia. *Academy of International Business (AIB)-2008 Conference Proceedings*, Southeast Asia Chapter, paper no. 062, ISBN.962-8134-10-8, December 4–6, Kuala Lumpur, Malaysia.
- Rosenberg, M. (1979). *Conceiving the self*. New York, NY: Basic Books.
- Roy, W. G. (1997). *Socializing capital: The rise of the large industrial corporation in America*. Princeton, NJ: Princeton University Press.
- Rybina, L., Reardon, J., & Humphrey, J. (2010). Patriotism, cosmopolitanism, consumer ethnocentrism and purchase behavior in Kazakhstan. *Organisations and Markets in Emerging Economies*, 1(2), 92–107.
- Samad, S. (2002, June 12). Bangladesh court blocks U.S. firm’s port plan. *Daily Times*. Retrieved from [http://www.dailytimes.com.pk/default.asp?page=story\\_12-6-2002\\_pg7\\_28](http://www.dailytimes.com.pk/default.asp?page=story_12-6-2002_pg7_28)

- Sampson, E. E. (1981). Cognitive psychology as ideology. *American Psychologist*, 36(7), 730–743.
- Sarker, S., Lau, F., & Sahay, S. (2001). Using an adapted grounded theory approach for inductive theory building about virtual team development. *Database for Advances in Information Systems*, 32(1), 38–56.
- Schein, E. H. (2009). *Helping: How to offer, give, and receive help*. San Francisco, CA: Berrett-Koehler Publishers.
- Scott, W. R. (2007). *Institutions and organizations: Ideas and interests*. Thousand Oaks, CA: Sage.
- Scott, W. (2008). *Institutions and organizations: Ideas and interests*. (3rd ed.). Thousand Oaks, CA: Sage.
- Sharma, A. (2012, July 24). Traders to protest against FDI in multi-brand retail. *The Economic Times*. Retrieved from [http://articles.economictimes.indiatimes.com/2012-02-20/news/31079741\\_1\\_multi-brand-retail-sector-fdi-protest-march](http://articles.economictimes.indiatimes.com/2012-02-20/news/31079741_1_multi-brand-retail-sector-fdi-protest-march)
- Silverman, D. (1971). *The theory of organisations: A sociological framework*. New York, NY: Basic Books.
- Simon J. (1999). *Hoodwinking the nation*. Cited in Jacques, P., (2006), How should corporations deal with environmental skepticism? *Corporate Social Responsibility and Environmental Management*, 13, 25–36.
- Singh, S., Vrontis, D., & Thrassou, A. (2011). Green marketing and consumer behavior: The case of gasoline products. *Journal of Transnational Management*, 16(2), 84–106.
- Spaeth, A. (1989, September 22). India beckons—and frustrates. *Wall Street Journal*, pp. 23–25.
- Stark, R., & Bainbridge, W. S. (1985). *The future of religion*. Berkeley, CA: University of California Press.
- Stinchcombe, A. (1965). Social structure and organizations. In J. March (Ed.), *Handbook of organizations*, (pp. 142–193). Chicago, IL: Rand McNally.
- Stinchcombe, A. (1968). *Constructing social theories*. New York, NY: Harcourt, Brace and world.
- Suchman, M. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of Management Review*, 20(3), 571–610.
- Teng, M. (2011). The effects of an environmental management on intangible assets and corporate value: Evidence from Taiwan's manufacturing firms. *Asian Business and Management*, 10(3), 381–404.
- Thelen, K., & Steinmo, S. (1992). Historical institutionalism in comparative politics. In Sven Steinmo, Kathleen Thelen, & Frank Longstreth (Eds.), *Structuring politics: Historical institutionalism in comparative analysis* (pp. 1–32). Cambridge, UK: Cambridge University Press.
- Tolbert, P. S., & Zucker, L. G. (1996). The institutionalization of institutional theory. In S. R. Clegg, C. Hardy, & W. R. Nord (Eds.), *Handbook of organization studies* (pp. 175–190). London: Sage Publications.
- Turcan, R. V., Marinova, S. T., & Rana, M. B. (2012). Empirical studies on legitimation strategies: A case for international business research extension: Institutional theory in international business and management. In L. Tihanyi, T. M. Devinney, & T. Pedersen (Eds.), *Advances in international management—Institutional theory*

- in international business and management*. Bingley, UK: Emerald Group Publishing Limited.
- Urquhart, Cathy, & Fernandez, Walter. (2006). Grounded theory method: The researcher as blank slate and other myths. International Conference on Information Systems (*ICIS Proceedings*) Retrieved from <http://aisel.aisnet.org/icis2006/31>
- Urquhart, C., Lehmann, H., & Myers, M. D. (2010). Putting the “theory” back into grounded theory: Guidelines for grounded theory studies in information systems. *Information System Journal*, 20, 357–381.
- Vaccaro, A., & Echeverri, D. P. (2010). Corporate transparency and green management. *Journal of Business Ethics*, 95(3), 487–506.
- Vliert, E. V. D., Einarsen, S., Euwema, M. C., & Janssen, O. (2009). Ecological limits to globalisation of managerial situations. *International Journal of Cross Cultural Management*, 9(2), 185–198.
- Weisman, S. R. (1988, March 21). Pepsi sets off a cola war in India. *New York Times*, p. 28.
- Whitley, R. (Eds.) (1992). *European business systems: Firms and markets in their national contexts*, London, UK: Sage.
- Whitley, R. (Eds.) (2007). *Business systems and organisational capabilities: The institutional structuring of competitive competences*. Oxford, UK: Oxford University Press.
- Williamson, O. E. (1975). *Markets and hierarchies: Analysis and antitrust implications*, New York, NY: The Free Press.
- Williamson, O. E. (1985). *The economic institutions of capitalism*. New York, NY: The Free Press.
- Williamson, O. E. (1991). Comparative economic organisation: The transaction cost approach. *American Journal of Sociology*, 87, 548–577.
- Xu, D. & Shenkar, O. (2002). Institutional distance and the multinational enterprise, *Academy of Management Review*, 27(4), 608–618.
- Yamin, M., & Sinkovics, R. R. (2007). Introduction. In R. R. Sinkovics & M. Yamin (Eds.), *Anxieties and management response in international business* (1st.ed.) (pp. 1–5). Basingstoke: Palgrave Macmillan.
- Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal*, 38(2), 341–363.
- Zetting, Peter, & Benson-Rea, Maureen. (2008). What becomes of international new ventures? A co-evolutionary approach. *European Management Journal*, 26, 354–365.
- Zucker, Lynne, G. (1983). Organisations as institutions. In Samuel B. Bacharach (Ed.), *Research in the sociology of organisations* (Vol. 2) (pp. 1–47). Greenwich, CT: JAI Press.
- Zwart, A. V. D., & Tulder, R. V. (2006). Case study: Where’s the beef? It’s in your fries! H. B. Bharti and Vegetarian Legal Action Network (VLAN) versus McDonald’s. *International business-society management: Linking corporate responsibility and globalization*. New York: Routledge.

APPENDIX

FACTORS THAT CREATE SENTIMENTS AND AFFECT SOCIOPOLITICAL LEGITIMATION OF TNCs IN SOUTH ASIA (DATA CODED FROM THE NINE CASES)

Sentiments/ Case	Religiosity	Ideology	Ecology	Nationalism	Patriotism
(C-1)		Anti-American sentiment		Job creation, use of local agro-producers and reduction of their wastage, CIA connection may undermine independence, import would affect the balance of payment.	Forced to take local name with Pepsi insignia, joint venture with local and govt. firms, local expertise would be undermined.
(C-2)		Bribery, corporate fraud		Import of raw materials from outside, imposing high price, undue influence from U.S. govt.	Not using local cheap resource: coal.
(C-3)		Ideological standpoint against foreign ownership of port		Fear of losing job, anti-American sentiment/perception of U.S. domination, national identity issue for opposition political party.	Nation's foreign trade would be controlled by the U.S.-owned port.
(C-4)	Feeling of religious identity threat, anti-Islamic sentiment from U.S.	Anti-American sentiment caused by the wars in Iraq and Afghanistan.		Showing how and to what extent TNCs contribute to the Pakistani society and economy, use of flag, use of the green color of the national flag.	Spread "Be Pakistani" feeling, emotion for the homeland.

(Continued)

CONTINUED

Sentiments/ Case	Religiosity	Ideology	Ecology	Nationalism	Patriotism
(C-5)	Violated religious value, Halal issue.				
(C-6)	Brand name: "Mecca"—a religious symbol, support Palestinian struggle-Muslim brotherhood feeling, offer substitute based on religious ideology, launched in holy month of Ramadan.	Ideological stand against Israeli occupation and support for humanitarian work.		Promise to set up several factories to create jobs in Pakistan.	
(C-7)	Violated religious value of Hindus, donate to religious welfare organizations as compensation, offered beef- and pork-free menu, allowed public investigation.	Violated vegetarians' faith and ideological values, offered vegetarian menu.		Job and small business creation throughout the value chain.	
(C-8)		Lack of corporate responsibility.	Mercury radiation, environmental pollution		
(C-9)		Forced to leave forefathers' land—a social identity threat.	Open-pit method damaged the cultivable land and surface drinking water, weather pollution, save the forest.	Country should be the owner of the mine, no replacement plan for agriculture and rehabilitation.	Country gets lower return against the damages caused and the resources taken, low compensation package offered.