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Insights into Corporate Social Responsibility Disclosure among Multinational Corporations during Host-Country Political Transformations: Evidence from the Libyan Oil Industry

Running Head: Multinational Firms' Social Reporting in Libya

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Insights into Corporate Social Responsibility Disclosure among Multinational Corporations during Host-Country Political Transformations: Evidence from the Libyan Oil Industry

ABSTRACT

This study investigates the corporate social responsibility disclosure (CSRD) practices of multinational corporations (MNCs) operating in the Libyan oil industry, particularly amidst significant political transformations within the host country (HSC). By examining these insights, we aim to shed light on how these corporations navigate and address CSRD considerations in a dynamic and politically evolving environment. To analyse these aspects, we employ various econometric models, including two-stage least squares (2SLS) and propensity score matching (PSM). Our examination covers a dataset of 6,000 data points representing 35 multinational oil corporations headquartered in 18 different home countries (HMCs) across five continents, spanning the years from 2008 to 2015. Our findings indicated that the level of institutional quality convergence between MNCs' HMCs and HSC significantly determines the extent of HSC-related CSRD by MNCs. Additionally, the study emphasised that MNCs' internationalisation and business horizon within the HSC are critical factors influencing their CSRD in that country. The findings furthermore suggested that MNCs with a higher CSRD might exert an influence on the political decisions of their HMCs' governments concerning the political crisis in the HSC.

KEYWORDS: Corporate Social Responsibility Disclosure, Host-Country, Institutional Legitimacy, Institutional Quality, Multinational Corporations, Political Turmoil

1. INTRODUCTION

Corporate social responsibility (CSR) in multinational corporations (MNCs) heavily relies on their interactions with influential local stakeholders within a specific context (Beddewela & Herzig, 2013). MNCs employ CSR initiatives to legitimise their activities (Beddewela & Fairbrass, 2016). However, MNCs in emerging economies often fail to sustain CSR performance in host countries (HSCs) due to prioritising business considerations over the local community (Kolk & Lenfant, 2010). In this context, Darendeli and Hill (2016) suggest that non-market stakeholders frequently play a significant role in legitimating MNCs' operations in HSCs through CSR engagement. Therefore, our debate begins by exploring the question: What motivates MNCs to disclose CSR in HSCs?

Existing literature identifies several motivations. Firstly, one possible motivation for MNCs to disclose CSR information regarding their operations in HSCs could be the institutional quality of the HSC itself (Marano & Kostova, 2016). Crucially, the CSR performance of MNCs is associated not only with the institutional quality of HSCs (Tashman et al., 2019) but also with the institutional quality of their home countries (HMCs) (Ellimäki et al., 2019; Williams & Steriu, 2022). Nonetheless, prior research has yet to investigate how the potential disparity in institutional quality between HMCs and the HSC might influence the MNCs' disclosure of CSR information within the HSC. Thus, this paper uniquely investigates the potential influence of the expected institutional quality gap between HMCs and the HSC on MNCs' disclosure of CSR information in the HSC. This exploration helps MNCs understand one of the key players involved in the legitimation process of their operations in HSCs through CSRD engagements.

Secondly, as MNCs heavily invest in HSCs compared to their headquarters countries (Shetty, 2013; Achyldurdyyeva et al., 2019), the significance of MNCs' businesses in the HSC can serve as another motivation for their engagement in CSR disclosure. Recent scholarship has underscored the significance of CSR disclosures by MNCs operating in HSC. However, the existing literature exhibits a notable dearth of comprehensive analytical investigations into the potential impact of MNCs' business significance within HSCs, especially concerning the repercussions of political upheaval on the extent of CSR information disseminated in HSCs. Notably, with the exception of Kolk and Lenfant (2010), prior inquiries have failed to undertake thorough offline and online examinations of MNCs' official websites (Attig et al., 2016; Ellimäki et al., 2019; Kolk & Perego, 2010; Tashman et al., 2019), and none have ventured into longitudinal web-based studies. This conspicuous gap in the literature raises the fundamental query: To what extent can the significance of MNCs' operations in a host country influence their web-based CSRD endeavours within the HSC? Thus, this study addresses this empirical gap by longitudinally examining the potential impact of the significance of MNCs' operations in the HSC on their web based CSRD related to that HSC.

Thirdly, the global nature of MNCs is another factor that likely affects their CSRD in the HSC (Attig et al., 2016; Jung et al., 2016). The majority of previous empirical studies concerning the assessment of the global scope of MNCs predominantly concentrate on ascertaining their extraneous operations, including all HSCs apart from home countries, with notable examples provided by Attig et al. (2016) and Jung et al. (2016). In contrast, the present study makes a novel and substantive contribution by introducing the notion of "globality," herein operationalised as internationalisation, and establishing a cogent nexus between this metric and two pivotal dimensions: the aggregate revenue generated by the MNC's global headquarters, spanning the entirety of its operational domains, and the economic indicators characterising the HSC to which said MNC extends its operational footprint.

To address these questions, this study focuses on the case of MNCs' CSRD engagements in Libya, an HSC that has been experiencing an ongoing political crisis. Libya, an emerging economy in North Africa, heavily relies on the oil and gas sector, which constitutes approximately 96% of its GDP (Gerged & Almontaser, 2021). With the ninth-largest oil reserves globally and the largest in Africa (Almontaser, 2019), Libya's oil industry serves as an appropriate context due to the substantial changes in institutional quality that occurred in tandem with the political crisis starting in 2011 (Kaufmann & Raay, 2018). Furthermore, the Libyan oil context represents a highly profitable business for MNCs, thereby emphasising the significance of such operations compared to MNCs' businesses elsewhere (Darendeli & Hill, 2016). Additionally, Libya heavily depends on multinational oil corporations for operating and maintaining its oil industry. For instance, before the US sanctions imposed on Libya in the mid-1980s, US firms alone accounted for approximately 25% of Libyan oil exports (Almontaser, 2019), highlighting the crucial role of foreign oil companies in the Libyan oil sector.

Motivated by the role of MNCs in the Libyan oil sector, this study aims to answer the fourth policy question regarding whether MNCs in this sector have adjusted their CSRD strategies in response to the political crisis in Libya since 2011. Specifically, we examine the potential role of MNCs in exerting pressure on the governments of their home countries to respond politically to the Libyan conflict, safeguarding their oil-related interests in the country. Moreover, we investigate how this political background of MNCs' activities can affect their engagement in CSRD in Libya.

The study's findings are fourfold. Firstly, our evidence suggests that the internationalisation of home countries does not significantly influence MNCs' CSRD related to the HSC. On the contrary, a negative and significant association exists between the institutional quality of the HSC (characterised by low governance quality or high institutional voids, as observed in Libya) and MNCs' CSRD in the HSC. This suggests that multinational corporations exhibit a greater (lesser) degree of CSR associated with HSC when there is a reduced (increased) disparity in institutional quality between the home and host state environments.

Secondly, our findings indicate that MNCs disclose CSR information while considering the future of their businesses in the HSC, with the hope of returning to normalcy as it was before the crisis.

Thirdly, we argue that MNCs' internationalisation (globality) positively influences their engagement in CSRD in the HSC (Libya). Lastly, we find that MNCs with a high level of CSRD seem to influence the political decisions of their home country governments regarding the Libyan crisis. In this case, MNCs encouraged their home country governments to recognise the Libyan Transitional National Council (TNC) shortly after its establishment on February 27, 2011, with the aim of resuming their operations in Libya as soon as the political conflict was resolved.

Our research makes a significant dual contribution to the existing body of knowledge. Firstly, this study adds a valuable dimension to the ongoing discourse surrounding CSRD. Specifically, we delve into the dynamics of MNCs’ CSRD responses, both formal and informal, within the context of political upheavals in HSCs where their operations have been temporarily halted. This exploration of MNCs' reactions to political disruptions enriches our understanding of how they navigate these challenging scenarios from a CSRD perspective.

Secondly, our research pioneers the introduction of innovative metrics for evaluating various facets of web-based CSRD activities. We not only offer novel measurements for assessing the depth and breadth of MNCs' engagement in CSRD initiatives but also provide fresh analytical tools to gauge the internationalisation strategies employed by these global entities. Furthermore, we introduce a novel framework to comprehensively assess the political context in which MNCs operate. By doing so, we not only expand the toolkit available to researchers and practitioners but also advance our ability to scrutinise the relationships between MNCs, their CSRD efforts, and the socio-political landscapes in which they are embedded. This multifaceted approach promises to enhance our understanding of the complex interplay between MNCs, their social responsibilities, and the broader global environment in which they operate.

The subsequent sections of the study provide an illustration of the collected data, research methods, methodology, and results. The study concludes with a discussion of its limitations and recommendations for future research.

2. LEGITIMACY THEORY, PREVIOUS STUDIES AND HYPOTHESES DEVELOPMENT

2.1. Previous studies

The existing literature in the field of CSRD within the context of MNCs reveals several notable gaps. This study aims to address these gaps and contribute to the knowledge in the following ways:

First, while previous research has emphasised the link between the CSR performance of MNCs and the institutional quality of both HSCs and their HMCs (Marano & Kostova, 2016; Tashman et al., 2019), it has failed to explore how the potential disparity in institutional quality between HMCs and HSCs influences MNCs' CSR information disclosure. This paper uniquely investigates this influence, shedding light on how this disparity impacts the legitimation process of MNCs' operations in HSCs through CSR engagement. Second, MNCs often make significant investments in HSCs, but there is a dearth of comprehensive analytical investigations into how the significance of their operations in HSCs, especially concerning political upheaval, affects the extent of CSR information they disclose in HSCs. This paper aims to fill this gap by conducting a longitudinal web-based study to assess the influence of the significance of MNCs' operations in HSCs on their web-based CSR disclosure.

Third, prior studies primarily focused on assessing the global scope of MNCs in terms of their external operations, excluding their Home Countries (Attig et al., 2016; Jung et al., 2016). This study introduces the concept of "globality," operationalized as internationalization, and establishes a connection between this metric and two crucial dimensions: the aggregate revenue generated by the MNC's global headquarters and the economic indicators characterizing the HSC. This innovative approach contributes to a more holistic understanding of MNCs' CSR disclosure practices.

Fourth, the study's unique case of Libya, an HSC facing an ongoing political crisis, provides a distinctive context. Libya's heavy reliance on the oil and gas sector, along with the substantial changes in institutional quality due to the political crisis, offers a relevant setting to examine the dynamics of MNCs' CSR activities. The study also adds to the ongoing debate (Gerged & Almontaser, 2021; Kaufmann & Raay, 2018; Darendeli & Hill, 2016) by exploring how MNCs in the oil sector might have adjusted their CSRD strategies in response to the crisis and their potential role in influencing the response of their home countries to safeguard their interests in Libya. By doing so, this research can reveal the role of MNCs in influencing the politics of their home countries in the context of foreign operations and how this affects their CSRD engagement in that context.

2.2. Theoretical framework: Legitimacy theory

Political concerns are closely tied to the social accounting context (Gray et al., 2014), particularly in petroleum-based economies in Africa (Owoye & Bissessar, 2014), such as Libya (Molz et al., 2019). In countries affected by the Arab Spring, including Libya, political changes influence Corporate Social Responsibility Disclosure (CSRD) with limited institutional actions (Avina, 2013). Political change plays a key role in altering the institutional environment (Ali & Harvie, 2013), thereby posing a threat to firms' legitimacy due to the unstable and ambiguous political patterns they often face (Darendeli & Hill, 2016), which is the focus of this paper.

Legitimacy theory has been widely utilised as a theoretical framework to understand why companies voluntarily disclose CSR information. It is considered the most appropriate and commonly used framework for explaining the factors influencing and outcomes of CSRD in various contexts (Campbell, 2000; Lauwo et al., 2016; Lindblom, 1994; Fernando & Lawrence, 2014). Additionally, legitimacy theory can explain why companies feel the need to enhance CSRD to legitimise their operations following a political crisis in a specific context (Campbell, 2000). Lindblom (1994) and Oliver (1991) highlight that disclosing sufficient CSR information about actual operations to key stakeholders helps legitimise a firm's activities in the face of public pressure. Another reason for adopting this theoretical framework is the effectiveness of web-based disclosure in the legitimation process, which is a concern in the current study (Saxton et al., 2019).

Institutional legitimacy (Dowling & Pfeffer, 1975) diminishes the significance of conflicts between firms and stakeholders (Suchman, 1995). This is because institutionalists focus on institutions at the sectoral or industrial level (Dowling & Pfeffer, 1975) rather than emphasising the role of principal institutions, typically large firms, in the process of legitimation (Suchman, 1995). The Libyan oil sector follows an institutional structure with a central firm, namely the National Oil Corporation (NOC), which holds concessional contracts for all oil operations and represents the local government. The NOC likely plays a focal and political role in the legitimation process from a CSR perspective.

Organisations should generally comprehend and morally safeguard human rights to a level accepted as a minimum, which should align with their political power (Buchanan, 2004). Hsieh (2015) suggests that multinational corporations (MNCs), functioning politically like governments, should consider human rights in their operational activities (cf. Santoro, 2011). However, the study raises concerns about the intervention of these firms in a role originally assigned to governments. Distinguishing MNCs from governments diminishes the moral responsibility of profit-driven firms (Wettstein et al., 2019), especially in developing countries where government institutions have poor quality and are traditionally considered wholly responsible for human rights (Tashman et al., 2019). This enables MNCs to legitimise their activities by adopting unconventional CSRD practices (Tashman et al., 2019).

Legitimate power refers to the ability to establish enforceable rules and regulations (Takata, 1995). Organisations can exercise this power legitimately by transparently disclosing information to those who responsibly utilise it within accepted norms and values (Stanfield & Carroll, 2004) to defend their existence (Guthrie & Parker, 1989). In this paper, a legitimacy theory perspective is employed to examine the institutional determinants of CSRD activities in the context of MNCs operating in Libya, which has experienced a high level of political instability since 2011. The hypotheses development will be thoroughly discussed in the subsequent sections.

2.3. The institutional quality of HSC

Institutions refer to humanly devised constraints that shape human interaction, encompassing both formal constraints, such as rules and laws, as well as informal constraints, like norms and conventions (North, 1990). Institutional voids occur when the necessary institutional arrangements supporting markets are absent, weak, or fail to fulfil their expected role (Mair & Marti, 2009). These voids have an impact on the performance of MNCs in terms of market functioning within host-country settings (Ricart et al., 2004).

According to Azizi and Jamali (2016), the argument that increased disclosure by foreign oil companies in post-revolutionary periods is driven by probable governmental pressure is not justified, given the decline in the effectiveness of government in HSCs. They suggest that global oil companies rely on their previous CSR reputation within HSCs to maintain legitimacy (Campbell et al., 2012). However, this view contrasts with previous research studies (Lai et al., 2016; Reimann et al., 2015), which indicate that poor institutionalisation and a lack of coercive pressure at the national level hinder the fulfilment of local CSR requirements by MNCs (Azizi & Jamali, 2016; Luo, 2001).

The quality of governance at the macro level is considered a crucial factor contributing to the success of CSR initiatives undertaken by multinational oil companies in HSCs (Frynas, 2009). However, Achyldurdyyeva et al. (2019) found that MNCs have generally reduced their CSR engagements, regardless of whether they are targeting global or domestic stakeholders. This finding contradicts the results of Nuhoglu (2003), who conducted a study comparing the environmental disclosure practices of local with multinational companies in Turkey in 2000 and found that multinational companies disclosed more environmental information than their local counterparts, primarily in the form of non-monetary (narrative) disclosure (Jenkins & Karanikola, 2014).

Marano and Kostova (2016) found that the success of MNCs' CSR agendas in different HSCs depends on the level of institutional pressure exerted on the companies within their transnational field. This institutional pressure can compel MNCs to perform well even in institutional contexts, such as developing countries, where CSR engagements are still in their early stages (Visser, 2006). However, MNCs tend to prioritise CSR-related reporting in host countries over global issues (Achyldurdyyeva et al., 2019; Rodriguez et al., 2006). This finding contrasts with Gulbrandsen and Moe (2005), who argue that MNCs do not significantly contribute to local CSR issues due to unclear budgetary schemes shared with local governmental bodies. Nonetheless, MNCs remain key players with whom governments must transparently collaborate to address the social and environmental needs of the people (Bagire et al., 2011).

Different MNCs have distinct national-level CSR-related interests (Skjærseth et al., 2004). Interestingly, certain CSR-related issues can be politically negotiated by MNCs in countries with poor and weak institutions (Skjærseth et al., 2004) or even in developed countries where CSR issues are highly significant to the public (Skjærseth & Skodvin, 2001).

In Libya, MNCs have become more vocal about local regulations and policies related to their operations, particularly after the revolution, due to government ineffectiveness (Balhasan et al., 2013; Maher, 2013). However, the use of CSR issues as a manipulative tool by global oil companies in Libya has not yet been empirically addressed (Jamali et al., 2020). Nevertheless, the increased focus on political-oriented CSR actions by MNCs in Libya aligns to some extent with the cases of Sri Lanka (Beddewela & Fairbrass, 2016) and Afghanistan (Azizi & Jamali, 2016), where CSR activities and disclosures are recognised as controlling tools employed by MNCs to influence governments in the host context. It is worth noting that Libya had a higher World Governance Indicator (WGI) score in 2011 compared to Sri Lanka and Afghanistan in 2008, which indicates better institutional quality in Libya before the political turmoil (Miller & Kim, 2017; Schwab, 2019).

The WGI, introduced by the World Bank, serves as a measure of national-level governance worldwide (Kaufmann & Raay, 2018) and has been adopted by scholars in the CSR field as an indicator of institutional quality (Gerged, Beddewela & Cowton, 2021). However, the WGI per country does not correspond to the "inductive" taxonomy of institutional contexts, which focuses on understudied countries rather than well-regarded nations (Fainshmidt et al., 2018). While Fainshmidt et al. (2018) consider countries like Yemen and Sudan, they surprisingly omitted Libya from their study despite the country's similarities in indicators with its neighbouring countries (Miller & Kim, 2017; Schwab, 2019).

In politically conflicted environments, MNCs tend to avoid direct involvement in sensitive issues (Kolk & Lenfant, 2010; Mehlum et al., 2006; Williams & Steriu, 2022). For instance, MNCs from CSR-oriented high-maturity countries are unlikely to invest in battle-weary countries, while MNCs from countries with poorer institutional quality show less concern about CSR issues and are more likely to invest in conflict zones (Driffield et al., 2013). However, larger MNCs might attribute their declining CSR performance to political conflicts in HSCs (Mehlum et al., 2006). Similarly, local Libyan oil companies have also adopted this approach to justify their limited CSRD engagements during and beyond the political conflict in 2011 (Almontaser, 2019). Accordingly, the first hypothesis we test in the current study is as follows:

HYPOTHESIS 1: The higher (lower) the institutional convergence between MNCs' HMC (institutional quality) and HSC (institutional voids), the higher (lower) the level of HSC-related CSRD of MNCs.

2.4. MNCs' globality and the significance of MNCs' operations in the HSC

Jamali and Sidani (2012) proposed that multinational corporations (MNCs) should share their Corporate Social Responsibility and Development (CSRD) capabilities and experiences with national companies, aiming to develop a distinctive CSRD approach that meets societal requirements in the host country (HSC) context, as discussed by Kolk and Lenfant (2010). Skjærseth and Skodvin (2001) also support this perspective. MNCs primarily focus on implementing climate change-related policies within the HSC, aligning with the policies of host-country multinational corporations (HMCs). However, due to the multicultural environment in which they operate globally, MNCs and their subsidiaries in the HSC may risk becoming isolated from local CSR norms. As a result, they often seek "symbolic legitimacy" rather than "substantive legitimacy" (Barkemeyer, 2007; Suchman, 1995).

The second challenge is that MNCs are primarily driven by the profitability of their businesses in the HSC and engage in CSR activities to achieve this objective (Yeganeh, 2020). Consequently, they tend to prioritise countries where their businesses hold significant market presence. Fortanier and Kolk (2007) also support this viewpoint. Similarly, Tashman et al. (2019) acknowledge MNCs' efforts to maintain legitimacy through their CSR approach in countries where their businesses are highly significant. However, they argue that MNCs still disclose symbolic CSR information even in cases where their activities in the HSC are substantial.

Regardless of whether a company is multinational or not, all foreign companies face the challenge of adapting to multicultural environments. Adhikari, Emerson, Gouldman, and Tondkar (2015) conducted a study involving 136 multinational companies and concluded that CSRD is influenced not only by the global nature of the firm but also by the "local business culture," encompassing business orientations, society orientation, or ownership-orientation. Achyldurdyyeva, Jaw, and Wang (2019) also support this perspective from a locality standpoint. In this sense, web-based CSR disclosures can assist foreign companies in strengthening their relationships with domestic stakeholders to legitimise their operations in the HSC. However, Williams and Ho Wern Pei (1999) argue that the ease of website accessibility does not enhance CSRD; instead, national restrictions and conventions hold greater influence. Nonetheless, long-term strategies for adopting CSRD approaches in the HSC are unlikely for MNCs since they do not adequately consider the needs of the local community (Bagire et al., 2011; Kolk & Lenfant, 2010).

In the Middle East and North Africa (MENA) region, MNCs widely adopt local and societal values to establish an accepted form of CSR approach, deviating from Western practices (Darrag & E-Bassiouny, 2013; Hammad et al., 2014; Jamali & Karam, 2018). Even though the Libyan economy may not be highly globalised, the extensive involvement of foreign affiliations and partnerships in the oil sector emphasises CSR and sustainability contributions (Amran & Devi, 2008), particularly in Health, Safety, and Environment (HS&E) practices (Exploration & Production Sharing Agreement (EPSA), 2005). Hence, risk management is likely to be the primary CSR practice of interest for MNCs in the Libyan oil sector.

Many MNCs' businesses in Libya were nationalised after 1969 due to political and economic patterns derived from the socialist ideology prevalent at that time (Elmogla, 2009). Since 2005, the Libyan oil sector has engaged in numerous international affiliations, which, along with regulations, have significantly impacted CSRD activities (Al-drug, 2013, p. 228) and CSR practices (Kailani & Saleh, 2012) in the Libyan context. Generally, CSR-related affiliations with MNCs can positively influence CSR awareness and education in HSCs (Bagire et al., 2011; Gulbrandsen & Moe, 2005). This is because MNCs are more advanced in addressing CSR issues compared to national firms (Bashtovaya, 2014). For instance, European MNCs, particularly those operating in the oil industry, are known for their capability to transfer technology to HSCs and engage with local companies more extensively than other MNCs (Fortanier & Kolk, 2007). This may reflect their tendency to promote the sustainability of HSC economies (Irhoma, 2017; Wiig & Kolstad, 2010).

Habermas (1984) argues that MNCs, under the pressure of globalisation, hold different views of social responsibility, which are practised in coordination with state agents (Nagel, 2005). The globality or internationality of MNCs has been considered a determining factor in CSR studies for disclosure purposes. The internationality rate of foreign companies is measured by the number of subsidiaries worldwide or the percentage of foreign sales relative to total revenues (Attig et al., 2016; Jung et al., 2016). Earlier studies also suggested that MNCs' globality can influence the effectiveness of CSR practices (Jung et al., 2016) and CSRD (Attig et al., 2016). Therefore, this study contributes to the ongoing debate regarding the role of the size of MNCs' operations in a host country and their globality in advancing CSRD strategies in the HSC by examining the following hypothesis:

> **HYPOTHESIS 2:** MNCs' CSRD activities towards the HSC are positively associated with the globality of MNCs and the significance of their operations in the HSC.

2.5. The political background of MNCs' activities

Numerous scholars have examined the influence of political factors on the CSR strategies of MNCs in different global contexts (Beddewela & Fairbrass, 2016; Gulbrandsen & Moe, 2005; Herrmann, 2004; Sanders, 2012), including the specific context of MNCs in Libya (Darendeli & Hill, 2016; Hove, 2017; Martinez, 2014). Among six African oil-producing nations, namely Libya, Angola, Algeria, Egypt, Nigeria, and Sudan, the proportion of GDP contributed by the extractive industries in each country is closely linked to the prevailing political landscape (The World Bank, 2016). These six countries collectively possess 93% of the continent's proven crude oil reserves (KPMG International, 2013). In Libya, the former political regime was led by the longest-serving African leader since World War II (Visser, 2005). Consequently, the granting of oil concessions to specific MNCs cannot be divorced from the foreign political policies of the ruling regime, particularly in Libya. For instance, the $900-million oil deal between British Petroleum (BP) and Libya in 2004 was predominantly driven by political negotiations between former British Prime Minister Tony Blair and former Libyan leader Gadhafi (House of Commons Foreign Affairs Committee, 2016). Despite concerns raised by Mediterranean countries regarding BP's offshore operations, the political nature of the agreement marginalised those worries (NOC Chairman, 2010).

The dominance of the United States, the European Union, and Japan in the home countries of the oil companies included in the research sample can potentially result in international initiatives or interventions in various political crises (Benmamoun et al., 2012; Witte et al., 2019). De Villa, Rajwani, Lawton, and Mellahi (2019) argue that strong political ties between the governments of home countries (HMCs) and host countries (HSCs) encourage MNCs to engage more actively in political matters. This trend is also evident during transitional management reconstructions following or concurrent with political conflicts, as MNCs adopt strategies to mitigate potential negative impacts (Witte et al., 2019). Additionally, studies focusing on developing countries, including those related to the Arab Spring, support this line of argumentation (Kitchen, 2012).

This study aims to investigate the influence of MNCs' home country institutional background on their web-based CSRD in the HSC, specifically Libya. Campbell et al. (2012) contend that the greater the cultural distance between home and host countries, the lower the CSRD performance of MNCs in the host country. In contrast, the uprisings in 2011 exposed the political nature of the oil sector, as the former regime utilised oil concessions as leverage against Western governments, which subsequently withdrew their legitimacy after the uprising began in February 2011 (RT News, 2011). This serves as additional evidence of the politically governed nature of the oil sector in Libya. Consistent with previous findings (Campbell et al., 2012; Darendeli & Hill, 2016; Morsing & Roepstorff, 2015; Witte et al., 2019), we propose that the political influence of MNCs' home country governments on the host country (HSC) is positively associated with their CSRD engagements in the HSC. Thus, we contribute to the existing international literature by testing the third hypothesis as follows:

> **HYPOTHESIS 3:** MNCs' CSRD activities toward the HSC are positively associated with the political influence of MNCs' governments on the HSC.

3. RESEARCH METHODOLOGY

3.1. Data and sample

We employed a deductive and longitudinal methodology to amass data on the CSRD initiatives of MNCs operating in Libya between 2008 and 2015. The selection of this time period was motivated by the availability of comprehensive CSRD data on MNCs' websites about their operations in Libya.

To ensure the relevance and reliability of our dataset, we implemented a specific set of sampling criteria. Our approach involved meticulous manual data collection from a substantial sample of 6000 webpages of 35 foreign oil companies headquartered in 18 different HMCs spanning five continents. Initially, we excluded nine of these companies. Three of them were removed from consideration as they had never disclosed any information pertaining to Libya during the research period. The remaining six were omitted because their CSR disclosures were not directly related to the Libyan context. Consequently, our analysis was based on an exclusive group of 26 MNCs representing 16 different nationalities. This data collection effort was executed in March 2020.

It's worth noting that the majority of the selected MNCs primarily engaged in upstream activities, as explicitly indicated on the NOC[1] website.

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[1] Available Online at: https://noc.ly/index.php/en/companies-2, Accessed on 5 July 2020.

However, we also included a subset of MNCs involved in downstream activities, albeit through a random web search method.

For a more comprehensive understanding of the data collection process, please refer to Appendix 1, which provides additional details about the information gathered for the purposes of this study.

3.2. Variables' measurements

As mentioned before, newly introduced web metrics have been used to evaluate the significance of CSRD for the studied MNCs and their operations in Libya. In line with prior literature (Chaudhri & Wang, 2007; Georgakopoulou & Dionysis, 1997; Pollach, 2003; Stillar, 1998), we employ the extent of the CSR-occupation of web pages (CSRD%WEB), the depth of web CSR contents in a website hierarchy (HOWFAR) and the volume of CSRD about the HSC (VCSRD) as proxies for our dependent variable (i.e., web-based CSRD activities of MNCs about the HSC) (See Table 1). In addition to the illustrations shown in Table 1, the assumption of adopting CSRD%WEB as a dependent variable is that the greater the CSR occupation of a webpage, the higher the significance of the disclosed CSR information. The second assumption for HOWFAR is that the closer the CSR contents are to the homepage, the higher the significance of CSR disclosure. CSR sustainability information has been collected from either online published reports or websites.

[Insert Table 1 here]

The independent variables are measured as follows. First, regarding the institutional quality (voids) of HMCs (HSC), we employ Political Stability (WGIPS), Government Effectiveness (WGIGE), Control of Corruption

(WGICC), Voice and Accountability (WGIVA), Regulatory Quality (WGIRQ), and Rule of Law (WGIRL). However, due to a high level of collinearity between all World Governance Indicators (WGIs) (See Gerged et al., 2021), we used the sixth root of multiplication of the six WGIs to represent the institutional quality (voids) of HMCs and the HSC (Libya) as follows:

$$(WGIALL = \sqrt[6]{WGICC \times WGIVA \times WGIPS \times WGIGE \times WGIRQ \times WGIRL}).$$

Second, MNCs often describe their globality proudly by their contribution to the HSC's GDP from different perspectives (Fortanier & Kolk, 2007). Hence, the globality of MNCs is measured as the ratio of the revenue of headquarters from all operations worldwide to Libyan oil production (RHQ%LBOP). Also, we use another component of MNCs' globality, which is the significance of an MNC's business in Libya compared with other HSCs (SLBS10). It is related specifically to 2010, the year before MNCs suspended their oil operations in Libya in 2011, as presented in their annual reports. Specifically, it is the ratio of a firm's activity size in Libya compared to other HSCs, which is mainly determined by the revenue of their operations.

Third, to determine whether the MNCs have an imposition power on their governments' decision to engage officially with the Libyan crisis and whether HSC-related CSRD matters to those politically powerful MNCs, we use the number of days to the date of recognition of the Libyan national transitional council (NTC) by the government of MNCs' HMC since it was established (i.e., NTC) on the 27th February 2011 (NDNTC) as another measure for the influence of MNCs' governments on the political conflict in the HSC.

3.3. Model Specification

We use a multivariate linear regression model as the main estimation to examine our research hypotheses in line with previous CSR research (e.g., Gerged, Albitar, & Al-Haddad, 2021; Gerged et al., 2023; Salem et al., 2021a, b; Tan et al., 2022; Salem et al., 2023; Kim et al.., 2012). The model is specified as follows:

$$\begin{aligned} CSRD_{it} = {} & C_i + \beta_{it} \; WGIALL_{Libya\,(HSC)} + \beta_{it} \; RHQ\%LBOP + \beta_{it} \; SLBS10 \\ & + \beta_{it} \; WGIALL_{HMC} + \beta_{it} \; NDNTC + \beta_{it} \; Liquidity \\ & + \beta_{it} \; Debt\,ratio + \beta_{it} \; Disclosure\,Format + \epsilon_{it} \end{aligned}$$

Research variables are operationally defined in Table 1. CSRD related to Risk management is substantially relevant to environmental information as well as Health, Safety and Environment (HS&E) contents. Few observations were found for customer engagement and protection. The social domain consists of community and employee information involved in HSC.

4. Results

4.1. Univariate and bivariate analysis

Table 2 shows the descriptive statistics of our sample. Our data reveals that CSRD%WEB scored the highest SD (15.25) among the CSRD proxies with a 5.64% mean value. This average value is lower than what has been reported in other developing countries, such as 13.3% for web-based CSRD practices in the banking sector of the UAE (Georgiadou & Nickerson, 2020). This implies that web-based CSRD is still at an early stage in Libya compared with other developed and developing economies. The mean value of the national governance quality of the HSC (Libya) (WGIALL) is 7.47%, whereas it scored

73.89% (WGIALL_HMC) in HMCs. This shows a considerable institutional gap or institutional quality divergence between HMCs and the HSC (Libya). Similarly, a mean value of MNCs' political influence (NDNTC) of 94.77 days with a minimum of 10 days and a maximum of 202 days shows that the mainstream of the sampled MNCs was relatively conservative in their response to the Libyan crisis at the beginning averagely spending more than three months to convince their HMCs to recognise the Libyan NTC as a legitimate governing body of the country. This political conservatism at the beginning of the crisis could be justified by MNCs' concerns of losing their existence's legitimacy in Libya if Ghadafi's regime had contained the revolution.

Table 3 shows the bivariate linear correlation analysis of the study variables. The correlation analysis is based on Pearson's correlation coefficients. The results show significant correlations between the three proxies of the dependent variable (i.e., CSRD%WEB, HOWFAR, and VCSR) and all independent variables except for WGIALL (i.e., institutional *voids* of HSC).

[Insert Table 2 here]

[Insert Table 3 here]

The significant change in WGIALL of Libya during the eight years—see Appendix —was not a matter of CSR-related performance in most MNCs, as shown in Table 3.

4.2. Multivariate analysis

Table 4 shows the results of conducting a linear regression analysis to investigate the determinants of web-based CSRD activities of MNCs about the HSC in times of political crisis. Collectively, the results suggest that MNCs'

CSRD strategies in conflict zones are broadly determined by the institutional voids of the HSC, MNCs' internationality, and the political interference of MNCs' governments in the HSC's political crisis.

Crucially, the results shown in indicate that the national governance index of the HSC (WGIALL) is negatively and significantly associated with HOWFAR and VCSRD measures of web-based CSRD activities of MNCs in Libya at a 5% level of significance. In contrast, WGIALL is non-significantly linked to the CSRD%WEB proxy of MNCs' CSRD in Libya. This means that the low quality of national governance indicators in Libya (institutional voids) negatively influences MNCs' CSRD engagements in Libya. On the other hand, the findings of Table 4 also indicate that the institutional quality of the headquarters of MNCs (WGIALL of HMC) is insignificantly attributable to web-based CSRD-related activities of MNCs in the HSC. This means that the quality of institutions in the HMC of MNCs operating in the Libyan oil industry does not reflect their engagement in web-based CSRD activities. Collectively, given this result and the institutional quality divergence between HMCs and the HSC noted in Table 2, we argue that MNCs' CSRD engagement in the HSC can be determined by institutional quality *convergence* between HMCs and the HSC based on WGIs. This implies partial statistical acceptance for hypothesis 1.

Likewise, Table 4 shows that RHQ%LBOP and SLBS10 as proxies for MNCs' globality have positive and significant associations with CSRD measures (i.e., CSRD%WEB, HOWFAR, and VCSR). This implies that the more the internationalisation of MNCs and the higher the significance of their businesses in Libya, the greater the volume of their CSRD in the HSC. This gives full statistical credibility to Hypothesis 2.

[Insert Table 4 here]

Regarding MNCs' probable political influence on their HMCs' decisions about the political crisis in the HSC (Libya), Table 4 shows that NDNTC is negatively associated with web-based CSRD-related activities of MNCs in the HSC (Libya). This means that the quicker the political response in the HMCs' government to recognise the Libyan NTC as a legitimate representative of the Libyan people, the higher the level of CSRD engagements of MNCs in the HSC (Libya). Generally speaking, our evidence suggests that the sampled MNCs are well-known globally and have a political influence on governments where their headquarters are located, and that is positively associated with their CSRD engagements in Libya. This gives full statistical support to Hypothesis 3.

Remarkably, but not the main focus of our study, Table 4 suggests that debt ratio and disclosure format have significant relationships with web-based CSRD activities of MNCs in Libya. In contrast, liquidity is insignificantly related to CSRD activities. Additionally, we excluded these control variables from our models as a sensitivity test. Table reports that excluding controls decreases the adjusted R^2 of all models, although the main empirical results remained similar.

4.3. Robustness tests

We conducted a set of additional tests to verify the strength of the obtained findings in Table 4 against the potential occurrence of endogeneity concerns. First, all independent variables and controls have been squared for non-linear regression (Gallant, 1975), as shown in Table 5. The results of this test are mostly consistent with the results of the main regression analysis for all models exhibited in Table 4.

[Insert Table 5 here]

Second, a two-staged Least Squares (2SLS) test has been considered as a robustness check for possible endogeneity concerns, as shown in Table 6. The 2SLS test provides the prospect of solving the confounding or omitted variables problem associated with estimating independent variables. Residuals have been generated by regressing independent variables on other controls through the first stage of the Durbin–Wu–Hausman regression test. The findings of the Durbin–Wu–Hausman test indicate significant links between each of the dependent variables on one side and residuals and the three controls on the other side. This implies that a 2SLS estimation may be an appropriate model to address the existing endogeneity problems. Overall, the coefficients of 2SLS are as significant as the regression analysis presented in Table . Thus, our findings seem to be robust to the existence of endogeneity problems.

[Insert Table 6 here]

Third, a Propensity Score Matching (PSM) model has been conducted to determine the probability of matching firms that perform CSRD in high or low values (Gomes, 2019). We employed three new *dummy dependent variables* for this test, as shown in Table 7. It is equal to 0 if the value of the dependent variable is less than the median or equal to 1 if it is greater than this. This test uses a logistic regression method to explore the robustness of our preliminary results in Table 4. Overall, all figures flagged by (√) in Table 4 have a significant association with independent variables.

[Insert Table 7 here]

Accordingly, the results of these robustness tests give further support to the three models in Table 4. This means that our results are robust to various measures of variables and endogeneity concerns.

5. DISCUSSION

In the literature review, it has been demonstrated that the motivations and factors influencing the CSRD agendas of MNCs are multifaceted (cf. Adams et al., 1998). In the specific context of Libya, the primary impetus for disseminating CSR information at both micro and macro levels concerning the HSC is the pivotal role played by the oil industry. The oil sector is renowned for its deep-seated affiliations with MNCs, seeking technical and expert support. During the Libyan crisis in 2011, most of these experts were urgently evacuated to their HMCs, and their reluctance to return remains unchanged. However, this was not the sole reason for MNCs' concerted efforts to strengthen the significance of their CSRD on their websites after the 2011 revolution.

Our research findings unveil that there is no statistically significant relationship between the institutional quality of the HMCs of the selected MNCs, denoted as WGIs_HMC, and the CSRD of these MNCs in relation to their operations' impact on Libya. This outcome aligns with Campbell et al.'s findings in 2012, suggesting that the greater the cultural gap between HMCs and HSC, the weaker the performance of CSRD for MNCs operating in the HSC. Thus, it is anticipated that a pronounced institutional quality disparity between HMCs and the HSC will negatively affect MNCs' CSRD in the HSC. As our results indicate, given the substantial institutional gap between Libya and the HMCs of the chosen MNCs, the poor Worldwide Governance Indicators (WGIs) for Libya (signifying institutional deficiencies) during our study period are detrimentally associated with MNCs' CSRD in Libya. Notably, this finding also applies to both WGIALL_HMC and WGIALL, which exhibit negative correlations with the CSRD of MNCs in Libya (see Table 3). This finding corroborates the research of Tashman et al. (2019), underscoring that MNCs cannot operate in isolation from the socio-political environment in which they are embedded, especially when the decision to maintain operations in the HSC has already been made (cf. Witte et al., 2019). Lindblom's (1994) initial proposal to legitimise firms' activities in response to increased public pressure, particularly after 2011 in Libya (Almontaser, 2019), revolves around disclosing sufficient information about actual operations for key stakeholders (cf. Oliver, 1991). This rationalises the discernible and significant negative relationship between institutional voids (WGIALL) in Libya and the CSRD of MNCs in the country.

MNCs' response to the Libyan crisis, characterised by an uptick in CSRD due to declining political stability, government effectiveness, and the rule of law (elements encapsulated in WGIALL), serves as empirical evidence of how the crisis in the HSC affected MNCs’ CSRD in relation to it. The diminishing WGIALL of the HSC is indicative of government ineffectiveness and a reduced institutional influence on MNCs, particularly in their CSRD activities, which primary stakeholders anticipate. This finding is congruent with Marano and Kostova's (2016) study, suggesting that the institutional influence exerted by HSCs positively affects MNCs' CSRD-related performance, irrespective of the socio-political conditions of the country (WGIALL). According to our findings, prioritising country-specific CSR issues over global concerns (Rodriguez et al., 2006) provides a reasonable explanation for the disassociation between

WGIALL_HMC and CSRD proxies, namely CSRD%WEB and HOWFAR. Furthermore, our research indicates that MNCs are unlikely to act as representatives of their HMCs. This observation stands in contrast to Skjærseth and Skodvin (2001), which proposed that MNCs' considerations of climate change issues and reporting are contingent on regulations in their HMCs, including the Rule of Law and Regulatory Quality. Additionally, our findings do not align with Tashman et al.'s (2019) research, which posited that the institutional voids (low WGIs) in emerging markets cause MNCs to disengage from CSRD activities from a neo-institutional perspective. However, it is essential to note that none of these prior studies focused on country-specific CSR reporting or crisis-induced scenarios.

From a distinct perspective, the independence of MNCs from their HMCs is explicitly emphasised by Witte et al. (2019), who established that "colonial ties" between HMCs and HSCs do not guarantee MNCs' investment in HSCs experiencing political conflicts. This suggests that the governance and political attributes of HMCs compared to HSCs neither encourage nor discourage MNCs from disclosing CSR information in the Libyan context. In other words, regardless of the institutional quality of their HMCs, MNCs adopt their unique approach and engagement with the HSC concerning CSR practices and disclosure. As previously mentioned, the response of MNCs to global crises is less influential than the localised concerns of HSCs. For instance, in the case of the oil spill in the Gulf of Mexico at the outset of 2010, MNCs involved in upstream activities were not motivated to disclose information about the crisis, with BP being a prime example. According to our data, BP only provided information about the environmental crisis twice, and that too three years after the incident, in 2013. This crisis raised concerns in many Mediterranean countries regarding offshore MNC operations in Libya (Almontaser, 2019). However, BP's offshore operations in Libya held lesser importance compared to those in the Gulf of Mexico (Macalister, 2012). Nevertheless, the concerns of Mediterranean countries were insufficient to prompt BP to increase CSRD on its website. This response can be interpreted as an attempt to avoid disclosing unfavourable information or as a strategy of crisis minimisation by avoiding overly sensational anti-pollution reporting (Sethi, 1978).

According to our findings, the criterion used to identify MNCs that disclose their CSR is the degree of global visibility. This discovery aligns with the results of numerous other studies (e.g., Kolk & Lenfant, 2010; Skjærseth & Skodvin, 2001). Theoretically, MNCs employ CSR reporting to legitimise their activities in the eyes of a diverse range of stakeholders, particularly in times of crisis. In this context, we can categorise MNCs' CSR engagements in Libya into two distinct phases. Initially, prior to the political crisis in 2011, MNCs were predominantly focused on CSR activities related to social affairs, including community involvement and employee engagement. The former regime, from 2005 onwards, heavily relied on MNCs to support national programs administered by a close-knit circle of leaders (Wood, 2010). MNCs, particularly those in the oil sector (Palmer & Mohammed, 2014), participated in these programs either mandatorily, as part of contractual agreements, such as the Exploration & Production Sharing Agreement (EPSA) of 2005, or voluntarily on other occasions. Subsequently, following the 2011 crisis, MNCs in Libya shifted their attention toward a 'risk management' approach to CSR reporting. This transformation was prompted by concerns over increasing workplace violence and vandalism. These CSR activities and disclosures can be classified under Health, Safety, and Environment (HS&E).

A distinctive finding in our study highlights that the majority of MNCs disclosing their CSR are headquartered in countries that rapidly responded to the political crisis in Libya. The significance of their involvement in such crises can be inferred from the following quote published on the website of Dutch oil company Wintershall, whose business in Libya accounted for 51.3% of all other subsidiaries' revenue in 2010:

"…the company was facing economic disaster – particularly given Germany's abstention from the Libyan Resolution [1970 UN resolution for protecting civilians] passed by the World Security Council." Wintershall, 13 May 2013

This underscores that these MNCs are recognised as global entities, with revenues approximately double the total oil production of Libya or even greater. They may utilise their influence to shape political decisions (cf. Benmamoun et al., 2012). The oil concessions, operated and managed by MNCs, represented a significant lever that the former leader desperately used during the upheaval in 2011 to exert pressure on Western countries, given their agreement to delegitimise his political regime (RT News, 2011). Nevertheless, the extent of political pressure is unlikely to have an immediate impact on CSR reporting related to the political crisis in Libya. Table 3 illustrates that the correlation between NDNTC and 'Disclosure Format' is +0.192***. This implies that the most influential MNCs, characterised by lower NDNTC (signifying swifter intervention in the Libyan political crisis through their governments), do not promptly disclose their CSR information in HTML format in response to the crisis. Nonetheless, this reflects the influence MNCs exert on governments, as elucidated by Habermas (1984).

From an informatics technical perspective, in response to the Libyan political crisis in 2011, MNCs substantially increased their use of HTML format as a web-based vehicle for CSR disclosure more than ever before. We contend that HTML typically represents immediate responses to events on the ground, while PDFs are mostly stand-alone reports and are used for periodic disclosures (Almontaser, 2019) (See Appendix 3). Additionally, Appendix 3 reveals that HTML-based CSR disclosure is closely linked to risk management. Consequently, the greater the concerns about their activities, the more information is expected to be disclosed responsively. For instance, Wintershall's apprehensions about the financial difficulties it faced following the German government's lack of response to the Libyan crisis led to a substantial increase in CSR disclosure on the company's website in 2012-2013, totalling 2600 words, compared to approximately 8000 words from all other 15 disclosing companies during the same period.

Theoretically, Darendeli and Hill (2016) found that, in Libya, within a non-market context, MNCs legitimised their business activities by concentrating on political behaviour to navigate the political transition in 2011 safely. This strategy revolved around actors with strong local and social ties (Darendeli & Hill, 2016), upon which the former political regime had relied for over four decades (Myers, 2013). It is essential to note that during crisis periods, weak governance of local policies elevates entry risks regardless of whether the studied firms prioritise market or non-market strategies (Henisz & Zelner, 2012). This perspective often overlooks the mutual political relationships between the governments of HMCs and HSCs and implies that there was minimal intervention by the HMC government during the political crisis in the HSC (Libya) in 2011 (cf. Jones, 2012; Molnár et al., 2021).

The interpretation above is linked to the significant association between the NDNTC indicator and HSC-related CSR reporting, as evident from all the models presented in Table 4. According to the statistical disparity between NDNTC and RHQ%LBOP, the concerned MNCs are massive enterprises (low RHQ%LBOP) that have a significant impact on the socio-economic and political status of their HMCs. Thus, the Libyan crisis was merely an incidental event for these global firms. It appears that their CSRD is best conveyed cohesively in annual reports or other standalone reports, which are representative of calendrical disclosure. As the primary content of annual reports usually pertains to detailed revenue figures, the repercussions of the Libyan crisis on regional operations are often noted. Additionally, the suspension of operations in Libya in 2011 provided extensive evidence of the importance of employee safety (risk management) and how it takes precedence over operational considerations.

In light of the statistical analysis, the most influential factor in predicting dependent variables (excluding HOWFAR) is undoubtedly SLBS10 (signifying the significance of MNCs' operations in Libya). This implies that the primary motive for MNCs to disclose CSR information is the significance of their operations in the HSC, which reached its zenith in 2010, a year prior to the turmoil in Libya. While a national crisis may influence the CSR disclosure of domestic companies, as exemplified by the housing problem in Russia (Bashtovaya, 2014) and the political revolution in Libya (Almontaser, 2019), MNCs have displayed a tepid response to issues such as the absence of human rights associated with political conflicts in Libya and other developing countries (Benmamoun et al., 2012). Our findings, in this regard, concur with the research of Kolk and Lenfant (2010) and Fortanier and Kolk (2007).

6. CONCLUSION

This paper provides new insights into the macro-level determinants of CSRD practices of MNCs in an unstable HSC. This paper also uniquely highlights the significance of web metrics (i.e., CSRD%WEB and HOWFAR) to evaluate the CSRD practices of MNCs in an HSC.

Our evidence indicates that the institutional and political settings of HMCs do not significantly cast HSC-related CSRD of MNCs. Furthermore, this paper reveals that the higher the convergence between HMCs and HSCs in terms of institutional quality (WGIs), the higher the HSC-related CSRD of MNCs. The findings also suggest that MNCs disclose CSR information concurrently with looking at the horizon of their globality and businesses in the HSC in hopes of returning to normal as it was before the crisis. Additionally, the findings indicate that highly CSR-disclosing MNCs seemed to influence the political decisions of their HMCs' governments in relation to the HSC crisis. This means that the political influence of MNCs on HSCs can be attributable to increasing their CSRD engagements.

Given the undeniable fact that the national program of CSR and sustainability within the context of the studied HSC, namely Libya, primarily hinges upon the oil sector's activities carried out via foreign concessions and affiliations, as underscored in the work of Irhoma (2017), our empirical findings strongly advocate for the NOC to assume a pivotal role as the governing authority of the Libyan oil sector. In this role, the NOC should spearhead the formulation and execution of a comprehensive and robust strategy aimed at overseeing and nurturing the ongoing and completed CSR and sustainability development plans of MNCs operating within the HSC of Libya.

Additionally, our research presents a twofold recommendation. Firstly, we propose that MNCs should proactively serve as exemplary representatives of their HMC on the global stage by harnessing their vast reservoir of capabilities and expertise to elevate their engagement in CSR endeavours within the HSC. This entails a commitment to environmental stewardship, community development, and the promotion of societal well-being. By becoming genuine stewards of corporate responsibility, MNCs can contribute significantly to the safeguarding of the environment and the establishment of thriving, functional societies in the host country.

In essence, the research underscores the critical importance of a coherent and vigilant approach to the management of CSR and sustainability initiatives within Libya's oil sector. It champions the NOC as the linchpin for effective oversight and guidance in this regard and underscores the imperative role MNCs must play in championing CSR, not just as a business requirement but as a means of creating lasting positive impact and upholding the broader interests of both Libya and the international community.

Although our findings are robust, there remain some limitations which further studies can explore. This article has focused on one HSC, namely Libya, which provided a unique case to explore the macro-level determinants of CSRD of MNCs in a non-enabling institutional environment. Nevertheless, replicating our evidence on various HSCs with a similar tyrannical history and revolutionary consequences would provide valuable justifications for the findings of this paper.

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Appendix 1:
MNCs across countries and various types of activities

No.	Company name	Nationality (Headquarters)	CSR Observations (2008-2015)	Type of Activities
1	OPSINT	UK	9	Downstream
2	EMACO Group	UK	2	Downstream
3	CROSCO	Croatia	1	Upstream
4	REPSOL	Spain	34	Upstream
5	Eni Oil & Gas	Italy	84	Upstream
6	Schlumberger	France	7	Upstream
7	BP	UK	11	Upstream
8	Total	France	1	Upstream
9	Suncor	Canada	12	Upstream
10	HESS	USA	10	Upstream
11	Marathon	USA	5	Upstream
12	OMV	Austria	18	Upstream
13	Wintershall	Germany	29	Upstream
14	EXPRO Group	UK	1	Downstream
15	Petro Canada	Canada	3	Upstream
16	Polish Oil & Gas	Poland	10	Upstream
17	Occidental Petroleum	USA	3	Upstream
18	Statoil	Norway	3	Upstream

19	Gazprom	Russia	1	Upstream
20	RWE	Germany	4	Upstream
21	TPIC	Turkey	4	Upstream
22	Medco	Malta	2	Upstream
23	ONGCVI	India	1	Upstream
24	TATNEF	Russia	10	Upstream
	Total	15	265	

Appendix 2
WGIALL of HMCs during the period from 2008 to 2015 (source: World Bank)

Country	2008	2009	2010	2011	2012	2013	2014	2015
United Kingdom	87.242409	83.198365	87.029848	86.009792	86.461402	87.379405	86.781706	87.92053
Croatia	63.272277	64.190022	64.993524	65.377525	64.832087	65.199976	66.248803	65.71605
Spain	71.329912	70.744807	71.677186	75.762961	73.420687	73.233263	73.298887	73.967661
Nigeria	15.606571	12.813108	12.66948	12.836903	12.799796	13.263756	12.998295	15.773
Italy	69.258037	67.378228	67.749729	67.418006	66.841634	67.358373	66.733703	67.039621
France	85.626517	84.218122	85.347509	84.036612	83.463783	83.243838	81.723217	80.318178
Canada	93.722575	94.966792	93.093268	93.634592	94.14214	94.105863	95.095147	95.101167
United States	86.57362	83.40665	83.862038	84.497106	85.074032	84.031881	83.765349	84.091339
Austria	95.622692	93.393507	93.616033	92.713158	93.649926	94.131691	93.226049	92.194198
Germany	90.27759	90.278499	89.300083	88.656218	88.934869	89.91415	91.697076	89.196597
Poland	72.085964	74.393772	75.834331	76.59872	77.288466	76.418897	77.294424	76.991484
Norway	95.96598	95.919722	96.953033	97.299996	97.437471	97.925251	96.252532	96.508044
Russia	23.774026	23.999706	25.178752	25.658782	24.913904	25.74284	25.280548	23.367445
Turkey	47.314533	45.914749	47.263771	47.265473	44.846962	43.0486	42.514801	38.952653
Indonesia	34.069127	33.029145	33.112776	33.719048	37.679758	39.526775	42.646503	40.482194
India	40.955848	38.221572	38.283614	37.511951	36.10167	36.828183	37.926747	42.404047
Libya	**15.432176**	**12.738839**	**10.46363**	**7.5608399**	**6.4935677**	**4.425807**	**3.0793988**	**2.0634883**

Appendix 3:
MNCs' responses to the Libyan crisis in relation to their CSRD about Libya

	Type of CSR disclosure		Format of disclosure	
	Social Domain	**Risk Management**	**HTML**	**PDF**
HTML	4.3	5.2	-	-
PDF	8.4	7.2	-	-
Pre-Crisis (2008-2011)	6.4	5.5	3.1	8.8
Post-Crisis (2012-2015)	6.2	6.9	6.4	6.8

Note: HTML often reflects instant responses to events on the ground, while **PDFs are** mostly stand-alone reports and used as calendarial disclosure. The above-presented CSRD quantities are in thousands of words.

Table 1:
The Summary of Measure and Variables.

A- DEPENDENT VARIABLES	
	Web-based CSRD Activities
CSRD%WEB	The percentage of CSRD volume (in words) out of the total volume of Webpage.
HOWFAR	How far is CSRD from Home Page? It has been determined by the number of required mouse clicks to reach CSR content.
VCSRD	The volume of CSRD (in words) about the host country (HSC).
B- INDEPENDENT VARIABLES	
	The institutional quality of the HSC and HMCs
WGICC	Control of Corruption
WGIVA	Voice and Accountability
WGIPS	Political Stability
WGIGE	Government Effectiveness
WGIRQ	Regulatory Quality
WGIRL	Rule of Law
WGIALL	A condensed variable combines all six WGIs of the Libyan context.
WGIALL_HMC	Condensed variable of the six WGIs of the home country (HMC) where the headquarters of the company is based.
	Globality of disclosing companies (MNCs' operations in the HSC):
RHQ%LBOP	The revenue of headquarters from all operations all over the world compared to Libyan oil production.
Profit-based significance (SLBS10)	The significance of Libyan businesses disclosing MNCs in 2010. It has been determined as a percentage of Libyan business revenue out of the global business revenue of the disclosing MNC.
	The political influence of MNCs' governments on the HSC:
NDNTC	The number of days to the date of recognition of Libyan NTC by the government of the HMC of MNCs since it was established on 27 February 2011.
C- **CONTROL VARIABLES:**	
Liquidity	The percentage of 'cash and cash equivalent' is shown in the Balance Sheet out of the total assets.
Debt ratio	The percentage of liabilities out of the total Balance Sheet.
Disclosure Format	Dummy variable: Online Webpage (i.e., HTML) = 1; Offline Webpage (i.e., PDF) = 0. Offline webpages are often called downloadable webpages.

Table 2:
Summary of all variables for eight years (2008 to 2015)

Details	N	Min	Max	Mean	Median	SD
Dependent variables:**						
CSRD%WEB	265	0.005	86.05	5.64	0.47	15.25
HOWFAR	265	2	13	5.4	6	2
VCSR (in words)	265	6	622	60.4	60.0	2.6
Independent variable:						
WGIALL	265	2.063	15.432	7.477	6.387	4.458
Total WGIALL_HMC	265	12.669	97.925	73.889	73.420	18.780
Globality of disclosing MNCs:						
Total RHQ%LBOP (%)	265	0.0001	11.130	1.329	1.021	1.393
Total SLBS10 (%)	265	0.001	0.800	0.176	0.155	0.181
The political influence of MNC governments:						
Total NDNTC	265	10	202	94.77	106	49.724
Controls						
Liquidity	265	-0.447	122.7	0.691	0.069	7.523
Debt ratio	265	-2.632	22.22	0.235	0.145	1.434
Disclosure Format (Dummy)*	265	-	-	-	-	-

Note: Research variables are operationally defined in Table 1. * HTML = 1 and PDF = 0. They are 38% and 62% of the whole data records (265), respectively. ** The descriptive statistics are based on *pre-transformed* dependent variables.

Table 3:
Correlation Matrix

	Dependent variables			Independent Variables					Control Variables		
	1	2	3	4	5	6	7	8	9	10	11
1- CSRD%WEB	1.000										
2- HOWFAR	.132**	1.000									
3- VCSRD	.576***	.352***	1.000								
4- WGIALL	-0.006	-0.045	-0.101	1.000							
5- RHQ%LBOP	-0.008	.435***	.195***	-0.11*	1.000						
6- SLBS10	.371***	-.129**	.170***	-0.075	-.334***	1.000					
7- WGIALL_HMC	.193***	-0.116*	-0.055	-.170***	0.021	.284***	1.000				
8- NDNTC	-.199***	-.320***	-.218***	-.227***	-.236***	0.076	0.039	1.000			
9- Liquidity	0.007	-0.042	-0.013	-0.081	-0.066	-0.002	-.148**	0.045	1.000		
10- Debt Ratio	0.051	.124**	.129**	-0.087	-0.031	-.217***	-0.062	0.019	.155**	1.000	
11- Disclosure Format	.395***	-.373***	-.141**	-.204***	-.305***	.418***	.436***	.192***	-0.038	-0.008	1.000

Note: Research variables are operationally defined in Table 1. * Pearson correlation is significant at the 0.10 level, ** at the 0.05 level, *** at the 0.01 level (2-tailed).

Table 4:
Linear Regression analysis

	CSRD%WEB	HOWFAR	VCSRD	CSRD%WEB	HOWFAR	VCSRD
INDEPENDENT VARIABLES:						
The Institutional Quality (voids) of the HMCs (HSC):						
WGIALL (Host Country)	0.031 0.230	-0.009** 0.067	-0.025** 0.033	-0.002 0.947	-0.007 0.154	-0.025** 0.036
WGIALL_HMC	-0.005 0.578	-0.002 0.270	-0.006* 0.087	0.013 0.109	-0.004*** 0.008	-0.009*** 0.008
The Globality of MNCs:						
RHQ%LBOP	0.276*** √ 0.003	**0.098***** √ 0.**000**	0.142*** √ 0.001	0.114 0.231	**0.109***** **0.000**	0.149*** 0.000
SLBS10	**4.039***** **0.000**	0.321** 0.017	**1.937***** √ 0.**000**	**4.629***** **0.000**	0.081 0.534	**1.448***** **0.000**
The Political Influence of MNCs' Governments on the HSC:						
NDNTC	-0.010*** √ 0.000	-0.002*** √ 0.000	-0.004*** √ 0.001	-0.009*** 0.001	-0.002*** 0.000	-0.004*** 0.000
CONTROLS:						
Liquidity	0.006 0.687	-0.003 0.264	-0.006 0.350	-	-	-
Debt Ratio	0.207** 0.011	0.047*** 0.002	0.135*** 0.000	-	-	-
Disclosure Format	**1.637***** √ 0.**000**	-0.219*** 0.000	-0.315** √ **0**.016	-	-	-
Constant	-1.290* 0.076	1.899*** 0.000	4.749*** 0.000	-1.675** 0.026	2.022*** 0.000	4.993*** 0.000
VIF	≤1.610	≤1.610	≤1.610	≤1.251	≤1.251	≤1.251
F Value	14.889*** 0.000	16.598*** 0.000	9.184*** 0.000	13.607*** 0.000	19.743*** 0.000	10.324*** 0.000
Adj. R^2	0.296	0.321	0.199	0.193	0.262	0.150
N	265	265	265	265	265	265

Note: Research variables are operationally defined in Table 1. * Correlation is significant at the 0.10 level, ** at the 0.05 level, *** at the 0.01 level (2-tailed). Figures in **bold** have the highest absolute standardised coefficient (Beta) in the model. √ A flag indicates the similarity of all robustness tests with linear regression analysis.

Table 5:
Non-linear regression

	CSRD%WEB	HOWFAR	VCSRD
INDEPENDENT VARIABLES:			
The Institutional Quality (voids) of the HMCs (HSC):			
WGIALL (Host Country)	0.002 0.172	0.000 0.178	-0.002*** 0.005
WGIALL_HMC	-0.0009 0.167	0.0001 0.407	-0.0008*** 0.006
The Globality of MNCs:			
RHQ%LBOP	0.033*** 0.003	0.010*** 0.000	0.016*** 0.001
SLBS10	4.863*** 0.000	0.080 0.668	2.187*** 0.000
The Political Influence of MNCs' Governments on the HSC:			
NDNTC	-0.0007*** 0.000	0.0001*** 0.000	-0.0003*** 0.000
CONTROLS:			
Liquidity	0.0005 0.696	0.0002 0.362	-0.00004*** 0.000
Debt Ratio	0.009** 0.015	0.001* 0.085	0.006*** 0.001
Disclosure Format	1.579*** 0.000	-0.245*** 0.000	-0.302** 0.022
Constant	-0.547 0.205	1.899*** 0.000	5.024*** 0.000
F Value	14.238*** 0.000	11.132*** 0.000	8.566*** 0.000
Adj. R^2	0.308	0.258	0.211
N	265	265	265

Note: Research variables are operationally defined in Table 1. At * at the level of 10%, ** at the level of 5%, and *** at the level of 1%.

Table 6:
Two-Staged Least Squares Analysis

	CSRD%WEB	HOWFAR	VCSRD
INDEPENDENT VARIABLES:			
The Institutional Quality (voids) of HMCs (HSC):			
WGIALL (Host Country)	0.002 0.880	-0.010** 0.037	-0.034*** 0.005
WGIALL_HMC	-0.013*** 0.002	-0.002 0.290	-0.007* 0.076
The Globality of MNCs:			
RHQ%LBOP	0.414*** 0.000	0.092*** 0.000	0.118*** 0.004
SLBS10	-0.943* 0.076	0.359* 0.054	2.601*** 0.000
The Political Influence of MNCs' Governments on the HSC:			
NDNTC	-0.009*** 0.000	-0.002*** 0.000	-0.005*** 0.000
CONTROLS:			
Liquidity	-0.023*** 0.004	-0.004 0.158	-0.004 0.513
Debt Ratio	-0.030 0.471	0.038*** 0.009	0.085** 0.016
Disclosure Format	-0.560*** 0.000	-0.300*** 0.000	-0.243** 0.019
Constant	7.442*** 0.000	1.732*** 0.000	4.245*** 0.000
F value	26.503*** 0.000	16.228*** 0.000	8.911*** 0.000
Adj. R^2	0.453	0.336	0.218
N	265	265	265

Note: Research variables are operationally defined in Table 1. At * at a level of 10%, ** at a level of 5%, *** at a level of 1%.

Table 7:
Propensity Score Matching Test

	CSRD%WEB	HOWFAR	VCSRD
INDEPENDENT VARIABLES:			
The Institutional Quality (Voids) of the HMCs (HSC):			
WGIALL (Host Country)	0.036 (0.035)	0.045 (-0.047)	0.034 (-0.019)
WGIALL_HMC	0.016 (-0.012)	0.011*** (-0.045)	0.011 (0.012)
The Globality of MNCs:			
RHQ%LBOP	0.139*** (0.484)	0.211*** (0.726)	0.121** (0.305)
SLBS10	0.995*** (4.537)	1.222*** (4.991)	1.087*** (4.821)
The Political Influence of MNCs' Governments on the HSC:			
NDNTC	0.004*** (-0.020)	0.005*** (-0.014)	0.003*** (-0.010)
CONTROLS:			
Liquidity	0.045 (-0.015)	0.527* (-0.914)	0.039 (-0.037)
Debt Ratio	0.159 (0.208)	0.713*** (2.057)	0.410 (0.569)
Disclosure Format	0.457*** (1.868)	0.400 (-0.467)	0.359*** (-1.248)
Constant	1.216 (-0.171)	1.385*** (4.477)	1.087 (-0.443)
Nagelkerke R^2	0.385	0.441	0.273
N	265	265	265

Note: Research variables are operationally defined in Table 1. The coefficient is between brackets and standard error followed by the level of significance: * at the level of 10%, ** at the level of 5%, *** at the level of 1%.