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Playing to the Audience? Multi-level interactions between stakeholders and institutions around CSR in Bangladesh

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Abstract

Purpose: While Corporate Social Responsibility (CSR) research and practice has expanded and evolved rapidly in recent years, little is known about how MNC subsidiaries develop their CSR strategies and how they reconcile global and local demands and pressures from both institutions and stakeholders. The paper aims to understand how institutions and stakeholder pressures interact at both national and international levels and how these interactions shape MNC subsidiaries' CSR in Bangladesh.

Design/methodology/approach: Multiple case studies were used to investigate the CSR practices of 10 MNC subsidiaries operating in Bangladesh. To collect data, twenty-one semi structured interviews were conducted. For supplementing primary data, secondary data from annual reports and websites were collected.

Findings: The article demonstrates that the practice of CSR in Bangladesh is a result of pressures exerted by parent companies, international institutions and international stakeholders. The article reveals how lack of pressure from local stakeholders and institutions enable subsidiaries to gain traction and use their agency to apply globalized CSR conceptualizations not necessarily applicable to the localized context.

Originality/value: The study has synthesised existing approaches to develop a multi-level framework for understanding how the intricate interactions between institutions and stakeholders from different levels (i.e. national and international levels) determine the trajectory of CSR adopted by subsidiaries in developing countries. This interaction undoubtedly plays a key role in determining the types of CSR strategy being enacted, the

potential agency of different actors to shape change and the extent to which such pressures are likely to lead to CSR strategies that actually reflect and respond to the needs of local stakeholders.

Keywords- Corporate social responsibility (CSR), institutional theory, multinational corporations (MNCs), stakeholder theory, Bangladesh

Paper type- Research paper

Introduction

Corporate social responsibility (CSR) generally refers to a company's broader responsibilities that go beyond economic responsibility (Wood, 2010) and create either social values, instrumental values or both (Blowfield and Frynas, 2005). Visser defines CSR in developing countries as 'the formal and informal ways in which business makes a contribution to improving the governance, social, ethical, labour and environmental conditions of the developing countries in which they operate, while remaining sensitive to prevailing religious, historical and cultural contexts' (2008, p.474). Hence, CSR can be characterised as a commitment to improve social and environmental conditions through managing relationships with different stakeholders[1] and conforming institutions[2]. Extant literature suggests that there are growing pressures from a range of different institutions and stakeholders which can potentially enhance the commitment to CSR and push companies to fulfil broader social goals (Kim et al., 2018; Lee, 2011; Phiri et al., 2019). These pressures have been heightened by

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[1] Stakeholders are characterized as "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984: p.46)

[2] Institutions are understood as "formal rules and taken for-granted cultural frameworks, cognitive schema, and routinized processes of reproduction; and assumes that actors are motivated more by a logic of appropriateness whereby action is constrained and enabled by cultural frames, schema, and routines" (Campbell, 2006: p. 926). Institutions are categorized as informal (such as religious) and formal (such as laws and regulations) institutions (Lattemann et al., 2009).

globalization, allowing MNCs to operate across both political and cultural boundaries (Arthaud-Day, 2005). As these pressures expand, MNCs are increasingly seeking to utilise CSR as a process through which they can connect core company values with evolving stakeholder expectations.

While there is significant analysis of MNCs' CSR activities within a western context, much less is known from a developing country perspective where analysis remains ambiguous and less fully developed (Yin and Jamali, 2016; Yunis et al., 2018). In particular, little is known about how MNC subsidiaries develop their CSR strategies and how they reconcile global and local demands and pressures from both institutions and stakeholders (Jamali et al., 2019). Existing studies suggest that subsidiaries formulate their strategies based on their interpretation of pressures exerted by local and international stakeholders and institutions (Belal and Owen, 2015; Jamali and Neville, 2011; Roy and Quazi, 2021). Nevertheless, findings from these studies offer a mixed picture regarding the relative impact of local and global pressures in shaping subsidiaries' CSR strategies in host countries (see Kim et al., 2018; Momin and Parker, 2013; Newson and Deegan, 2002).

To understand the relationships subsidiaries have with different stakeholders and institutions, the article proposes a multi-level approach drawing on both stakeholder and institutional theory (Jamali and Carroll, 2017; Jamali and Karam, 2016), and extends theoretical insights from existing frameworks proposed by Lee (2011), Martínez et al. (2016) and Yang and Rivers (2009). This article focuses on MNC subsidiaries in Bangladesh and examines their interplay with global and local stakeholders within a context of institutional voids created by the mix of dysfunctional, ineffective or inefficient institutions (Santangelo and Meyer, 2011). Current CSR studies in Bangladesh focus on the role of stakeholders and institutions in shaping CSR disclosure (e.g., Belal and Owen, 2007, 2015; Hossain and Alam, 2016; Khan et al., 2013). However, there is a lack of research that specifically explores how the pressures from different stakeholders and institutions actually affect the CSR strategies being pursued by MNC subsidiaries. This study demonstrates how the current combination of a lack of local institutional and stakeholder influence on subsidiaries alongside the strong international influence on parent companies, results in the application of 'glocal' CSR by subsidiaries- reflective of a homogenised western interpretation of CSR. The consequence of which is that CSR offers little in terms of substantive change for business practice. The paper does however suggest that there is potential for pressure from local and international stakeholders and institutions to force subsidiaries to develop more extensive forms of local CSR.

The article will be structured as follows. First it will discuss existing analysis of subsidiaries' CSR activity in developing countries. Second it will explain the significance of institutional and stakeholder analysis and why a combined theoretical approach is beginning to reveal important new insights. Subsequently, it builds on existing studies to propose a multi-level synthesis approach combining institutional and stakeholder pressures at both national and international levels. In the empirical section, this approach is utilised to examine how the balance of institutional and stakeholder pressures, nationally and internationally, impact upon the types of CSR strategies applied by MNC subsidiaries in Bangladesh. Finally, it examines the strengths and weaknesses that the Bangladeshi example highlights for this approach and considers its potential application and contribution to ongoing debates about how CSR strategies are shaped and framed.

MNCs, CSR and the developing country context

CSR in developing countries is recognized as facing a distinctive set of contextual issues, including corruption, lack of accountability, unemployment and inequality (Jamali and Neville, 2011; Visser, 2008). Rather than confronting these issues, subsidiaries are often accused of exploiting this weak regulatory context, causing adverse impacts on local communities and the environment (Lund-Thomsen et al., 2016). High dependence on foreign investment gives rise to stark power asymmetries between governments and subsidiaries (Phiri et al., 2019) and prevents governments from enforcing fundamental regulations (Jamali and Karam, 2018). Consequently, it is argued, governments who should be the 'custodian of democratic accountability in the establishment of commonly binding rules and enforcement' (Hamann, 2019, p.1210) show limited intent to regulate subsidiaries' irresponsible business practices. Adding to these weak regulatory environments, research also identifies power imbalances and capacity constraints within business relationships with NGOs (Lauwo et al., 2016).

These apparent weaknesses present an opportunity for subsidiaries to engage in western-centric models of CSR, which respond to western stakeholder concerns but leaves developing country stakeholders as 'primarily the object of CSR initiatives rather than active participants' (Gugler and Shi, 2009, p.7). Consequently, subsidiaries are expected to conform to the parent company's CSR policy, procedures and strategy; informed by the expectations of western stakeholders (Kim et al., 2018). This can be problematic as western-centric CSR - characterized as 'the reproduction of the colonial model of development' (Adanhounme, 2011, p.92) - is often insensitive to the interests of developing economies especially to the needs of poor and marginalized citizens; prioritising the concerns of western business (see Blowfield and Frynas, 2005; Idemudia, 2011; Reinecke and Donaghey, 2021). The predominance of western CSR pushed forward by parent companies blocks the emergence of indigenous CSR approaches (Frynas, 2006), which are capable of reflecting the distinctive institutions (i.e. cultural and social values, norms) and social requirements (i.e. the need of local stakeholders) of developing countries (Blowfield and Frynas, 2005; Jamali and Mirshak, 2007).

Examining CSR from stakeholder and institutional perspectives

Examining the ways subsidiaries' CSR policies are potentially shaped by either local or western concerns requires an understanding of the impact of both stakeholders and institutions at national and international levels. To create such an understanding, it is important to draw lessons from both stakeholder and institutional theory and the ways in which research has so far sought to bring these two approaches together.

Stakeholder theory

Although stakeholders are defined in a plethora of ways, these definitions largely fall into broad or narrow conceptualisations (Leung and Olomolaiye, 2010). Broadly defined, stakeholders can be virtually anyone who can affect or be affected by the company's actions (Freeman, 1984). Alternatively more narrow definitions are based on a level of pragmatic reality, which recognizes that companies are unable to meet all stakeholder claims, so must prioritise. Drawing from the principle of 'Who and What Really Counts', Mitchell et al. (1997) classify stakeholders as containing the following attributes: urgency, legitimacy and power. In contrast, Freeman (1984) considers two attributes to be most influential: power and interests. Stakeholders can exert pressures on the company's CSR approach and practices through deploying these attributes (Frooman, 1999).

Since its inception, stakeholder theory has been concerned with the identification and management of stakeholder relations from a firm-centric perspective (Mitchell et al., 1997); examining how organisations 'manage' stakeholder relations with the firm's interests centre-stage (Jonker and Nijhof, 2006). Firm-centric stakeholder management approaches have, however, been subject to critique (Friedman and Miles, 2002; Frooman, 1999; Steurer, 2006) with stakeholder-centric approaches focusing more directly upon the potential of external and internal stakeholders to create change (Burchell and Cook, 2008, 2013; De Bakker and Den Hond, 2008). Consequently a growing body of work is highlighting stakeholders' ability to exert influence over company strategies and actions, as well as the broader understanding of CSR itself (see Burchell and Cook, 2011, 2013).

However, stakeholder theory only provides a limited conceptualisation of how companies address conflicting interests between international and local stakeholders or achieve balance between stakeholder interests (Mainardes et al., 2011; Margolis and Walsh, 2003; Orts and Strudler, 2002). To manage conflicts, companies classify and prioritize stakeholders using a series of key attributes such as power (Chang, 2006). However, both the attributes and their subsequent prioritisation are regularly rooted within an institutional context (Amaeshi, 2010). For instance, the institutional structures of Europe with a long history of direct involvement by unions, farmers and other interest groups in government policy and corporate governance play a critical role in explaining why NGOs are taken into account as key stakeholders (Doh and Guay, 2006). By utilising institutional theory to complement stakeholder theory, analysts are beginning to find ways to encapsulate the growing tension between the expectations of western stakeholders and the needs of local stakeholders (Idemudia, 2011).

Institutional theory

Institutional theory offers an important theoretical lens to understand the effect of institutional environments on company behaviour (Campbell, 2006; Scott, 2001). Scholars such as Kim et al. (2013) and Jamali and Neville (2011) argue that company activities can be supported or constrained by institutional forces. Institutional environments take into account both informal (e.g. cultural heritage and religious beliefs) and formal institutions (e.g. constitutions, laws and policies) (Keim, 2003; North, 1990). An organisation seeks to maintain its legitimacy in order to mitigate pressures exerted by these diverse institutions, renew their license to operate or move to a new sphere of power to grow (Castelló and Lozano, 2011). Pressures from these institutions drive companies toward isomorphic conformity, enabling them to obtain legitimacy or social fitness (Lee, 2011). In order to illustrate how institutions lead to isomorphism, Scott presents three ‘elements’ of institutions – cognitive/cultural (e.g. cultural values, ideology and identity), regulatory (e.g. rules, sanctions and regulations) and normative (e.g. social norms). These institutional determinants provide distinct bases for legitimacy and have their own logic to influence companies’ economic activities. For instance, regulative elements, which act as a coercive mechanism, drive the company to align their business practices with codified laws, rules and norms set by local and international bodies; cognitive elements result in companies seeking to mimic best practice; while normative elements encourage companies to adopt standards set by educational and professional authorities (DiMaggio and Powell, 1983).

Critics argue that institutional theory downplays the agency role of a company (Higgins et al., 2015). Although agency is somewhat marginalized, some scholars (such as Bebbington et al., 2009; Kostova et al., 2008; Scott, 2014) address this limitation by arguing that rather than being constrained by institutions, companies can affect the existing institutions or assist in formulating new ones (Kostova et al., 2008). By building upon this extended view of institutional theory, it is possible to examine how the interplay between institutions and stakeholders influence MNCs’ CSR behaviour.

Integrating stakeholder and institutional theory within CSR analysis

Despite distinctive focal points, institutional theory and stakeholder theory share conceptual similarities focusing on legitimacy, the role of agency and the relationship between a company and the society within which it functions (Fernando and Lawrence, 2014). Following these theoretical congruences, researchers such as Yang and Rivers (2009) , Lee (2011) and Martínez et al., (2016) have attempted to formulate a theoretical framework that reflects the duality of institutional and stakeholder pressures facing companies in developing CSR strategies. According to Lee (2011), the interaction between institutions and stakeholders forms a particular institutional configuration that shapes CSR strategies. For instance, when institutional or stakeholder pressure is absent, most companies would adopt an obstructionist strategy by avoiding CSR initiatives.

It is also possible that institutions and stakeholders can empower each other, forcing companies to take action, or respond to social concerns. For example, where institutions empower stakeholders, this can create space for dialogue and engagement, and help to reduce some of the potential power imbalances between businesses and NGOs (Campbell, 2007). By contrast, institutions can also prevent stakeholders from accessing key rights. For example, in Pakistan, legislation prohibits workers from calling strikes and engaging in trade union activities in Export Processing Zones (Organisation for Economic Co-operation Development, 2000). By empowering or disempowering stakeholders, institutions are able to influence the extent to which companies have to prioritise the concerns of different stakeholders (Amaeshi, 2010; Luoma and Goodstein, 1999). Conversely, stakeholders are also able to frame or reshape institutions (Belal and Owen, 2015). For example, the consumer movement and media in the USA compelled the government to pass new legislation (e.g. Food Additives Amendment' 1958 and the Consumer Bill of Rights' 1962), protecting the interests of consumers (Finch, 1985). Lee (2011) argues that an institutional configuration where institutions and stakeholders empower each other and share similar interests could force companies to fully accept their social responsibilities and move beyond simplistic CSR.

While these existing theoretical frameworks offer insights into how one can bridge stakeholder and institutional theory, they also reveal some important challenges which must be addressed in order for this approach to be applicable to a developing country context. The framework propagated by Lee (2011) above, does not consider how informal institutions, parent companies and international stakeholders and institutions can shape subsidiaries' CSR behaviour. By contrast, the agency role of subsidiaries is largely under-played within the study of Yang and Rivers (2009). The following section explores how the institutional configuration shaped by the specific mix of institutional and stakeholder pressures, at both national and international levels, can enable subsidiaries to utilise their agency, and consequently dictates the development of CSR strategies.

CSR strategies of MNCs: identifying the influence of different institutions and stakeholders in the host country

MNCs encounter different, sometimes complex and competing, institutional environments and stakeholder pressures (Arthaud-Day, 2005; Kostova et al., 2008). Kim et al. (2018) highlight how MNC subsidiaries face internal and external legitimacy pressures. External legitimacy pressures stem from adopting local CSR strategies and responding to pressures within the host country. Internal legitimacy pressures stem from the drive to maintain corporate-wide global CSR practices and standards. Existing studies examining the relative impact of these local and global pressures on subsidiaries' CSR strategies provide mixed results. Newson & Deegan's (2002, p.205) analysis in Singapore, South Korea and Australia, suggests that subsidiaries, due to pressures from local institutions, tend to respond more to the concerns of ‘a narrow ‘‘relevant public,’’ such as shareholders, employees, or local communities’ rather than the expectations of global stakeholders. Beddewela and Fairbrass (2016) found that, in Sri Lanka, pressures arising from local government and NGOs push subsidiaries to engage in more long-term oriented CSR activities. In Zambia, Phiri et al. argue that NGOs have become more powerful over time, playing ‘the role of surrogate account holders on behalf of the community’, altering power dynamics between subsidiaries and other stakeholders, and pushing these subsidiaries towards collaborations with local stakeholders (2019, p.41).

Jamali (2010) and Momin and Parker (2013) by contrast, argue that subsidiaries in developing countries seek internal legitimacy by adhering to the guidelines and policies of the parent company. Zhao et. al. (2014) conclude that subsidiaries are more able to ignore the interests of local stakeholders in developing countries which suffer from institutional voids. Research also demonstrates that weak institutions make CSR implementation difficult and somewhat dysfunctional (Amaeshi et al., 2016; Kim et al., 2018). Thus, these studies appear to indicate that the institutional configuration in the host country can moderate the extent to which subsidiaries conform to the requirements of local stakeholders and institutions.

Subsidiaries strategies are shaped not only by the relative strengths and weaknesses of local institutions and stakeholders, but also by the extent to which local or global influences predominate (Bartlett and Ghoshal, 2002). Jamali and Neville (2011) reveal how weak regulations and limited stakeholder pressures permit subsidiaries to develop CSR strategies in line with the requirements of international institutions, international stakeholders and parent companies. The 'Institutional freedom' enjoyed by MNCs further allows them to select an environment (Kostova et al., 2008, p.999), which grants them legitimacy 'as is' without demanding many changes in their policies and practices (Suchman, 1995).

Global isomorphic pressures, overlooked by both Yang and Rivers (2009) and Lee (2011), are also catalyzing the spread of standardized organisational practices such as strategic CSR across national boundaries. For example, Matten & Moon (2008) demonstrate how homogenization of institutional determinants (i.e. cognitive, normative and regulative processes) leads to standardized CSR practices across industries and countries. The international stakeholders such as international NGOs and intergovernmental organisations (IGOs), e.g. the EU and the UN, engage in multiparty dialogues with companies and formulate standardized CSR policies (Aguilera et al., 2007).

Homogenization of CSR practices such as adopting strategic CSR or the Global Reporting Index (GRI) are the result of pressures from international institutions, which are enacted by international stakeholders. International stakeholders can also empower local stakeholders. For example, the World Health Organisation (WHO) provides technical and logistical support to local stakeholders such as the government and NGOs, and collaborates with them to strengthen enforcement of tobacco control laws (WHO, 2015). Studies have also shown that CSR that is supposedly designed at the local level, often stems from adherence to global guidelines, i.e. a glocal CSR approach which addresses global concerns such as health, education and environment, but in a supposedly locally sensitive manner (Husted and Allen, 2006; Jain and De Moya, 2013; Jamali, 2010).

Current findings on the relative impacts of parent companies, stakeholders and institutions in shaping subsidiaries' CSR therefore provide a mixed picture. This article seeks to understand why these existing findings have been so varied, and develop a framework that can help to explain this diversity in experience across countries. To contextualize the roles of different institutions and stakeholders, we synthesise the various theoretical contributions outlined above in Figure 1. Figure 1 captures multi-level interactions between stakeholders and institutions that form a complex and fragmented institutional environment, determining the nature of subsidiaries' CSR strategies (global versus local). Figure 1 demonstrates how different institutions and stakeholders located at the local and international levels empower each other and mold the institutional environment in which subsidiaries operate. It also pays attention to subsidiaries' agency role that allows them to overlook existing institutions or shape existing institutions and influence stakeholder groups. To explore the potential efficacy of this framework as an approach to capturing the impact of institutions and stakeholders on the implementation of CSR in a developing country context, the article examines the experience of MNC subsidiaries in Bangladesh. In doing so it will explore whether and how the interactions between institutions and stakeholders, at both local and international levels, can potentially shape the types of CSR strategies undertaken by MNC subsidiaries.

Understanding the Research Context of Bangladesh

Bangladesh has been selected as the focus of this research for a number of reasons. Bangladesh has been witnessing a steady GDP growth rate of above 5% since 2004 despite facing political instability, corruption and weak institutional structures (World Bank, 2020). Rapid economic growth, poverty rates, life expectancy, and literacy have resulted in a move to the World Bank's 'lower middle income' category (World Bank, 2020). A rising middle class has been a key driver behind this steady economic growth, which creates opportunities for both local and international companies (see Schiller, 2011). To capture this growing market, MNCs have been extending their operations to Bangladesh; a process aided by the Bangladesh government's private sector-led industrial development policy (Khan et al., 2013). Special Export Processing Zones (EPZ) have been created for foreign investors, offering tax holidays and 100% foreign ownership. There is also a provision of very cheap labour for overseas investors in EPZ where labour unions are restricted (Belal, 2001; Belal and Owen, 2007). This economic policy has created adverse social, environmental and ethical effects, leading to calls for enhanced transparency and accountability in business practices (Belal and Owen, 2007).

As well as offering an inviting environment for subsidiaries, Bangladesh provides a valuable case study for exploring the interactions between national and international stakeholders and institutions highlighted in this article. Firstly, Bangladesh's weak institutional regulatory regime (mostly inherited from British Colonialism) fails to reflect the perceived needs of modern times (Belal, 2001), and create a business environment that encourages companies to behave in a responsible manner (Belal et al., 2015). The current regulatory frameworks have not only disempowered stakeholders but also led to various social and environmental problems such as corruption, human rights violations, inequality, pollution and social exploitation. While investigating organisational accountability to less economically powerful stakeholders in the absence of regulations, Hossain and Alam (2016, p.426) reveal that organisations in Bangladesh overlook their environmental responsibility (e.g., polluting water and air) and ignore "stakeholder right to know" the information on CSR impact. To empower the weak local stakeholders and bridge the gap between stakeholders' expectations and organisations' environmental performances, Hossain and Alam (2016) demand for administrative reform through legislation and mandatory CSR guidelines.

Secondly, informal institutions such as religion fill the voids left by ineffective and weak regulations (see North, 1990). Rather than legal regulations, individuals' ethical perceptions in Bangladesh are often shaped by these informal institutions. For instance, people believe that social, economic or natural problems can be minimized by complying with religious norms. The domination of philanthropic activities in Bangladesh can be explained through the lens of a religious perspective (Platonic philosophy), strongly embedded in long standing cultural norms and expectations (Amaeshi et al., 2006; Azmat and Samaratunge, 2009). Islamic culture in Bangladesh, for example, imposes a philanthropic responsibility on individuals and organisations, demanding them to contribute to the society through various charitable activities e.g., donating money to children's hospitals (Momin and Parker, 2013). To gain support from stakeholders, many local organisations in Bangladesh participate in such philanthropic activities (Hossain, 2011).

A growing portfolio of research has been developed on CSR in Bangladesh, which provides a useful foundation for this current study. The primary focus for much of this work however lies predominantly within the fields of CSR reporting and disclosure, rather than a detailed examination of the CSR strategies pursued by MNC subsidiaries (see Belal, 1999; Belal and Owen, 2007, 2015; Hossain and Alam, 2016; Khan et al., 2009, 2013). However, the factors identified by these studies as influential in shaping disclosure processes, reflect the conflagration of institutions and stakeholders, national and local, outlined earlier. While these studies report mixed findings, they highlight a range of local and international factors, which can act as either enablers or inhibitors for social and environmental reporting. In studies, Belal and Owen (2007, 2015) and Islam and Deegan (2008, 2010), identify the demand of international (parent companies, global media, western consumers and IGOs) and local (investors, employees, NGOs and government) stakeholders as significant sources of pressures for subsidiaries; whereas, pressures emanating from international buyers push local companies, particularly those competing in export markets, to report social and environmental information (Belal and Owen, 2007; Khan et al., 2013). The growing power of local NGOs, regulators, consumers and community is also recognized by other studies (Quazi, 2002; Siddiqui et al., 2021). Belal and Owen (2015) who examined CSR reporting in a subsidiary reveal that the rise and cessation of subsidiaries' CSR reporting are driven by a combination of complex global forces including parent companies and IGOs and local forces including media, government, and NGOs. Subsidiaries tend to seek internal legitimacy by informing their parent company about their social and environmental activities, and external legitimacy from the powerful stakeholders by making relevant information available through CSR disclosure (Khan et al., 2013; Momin and Parker, 2013). On the contrary, findings from other studies suggest that CSR disclosure or communication is not driven by local stakeholders and institutions such as NGOs, shareholders/ethical investors and regulations, but international stakeholders (Belal and Roberts, 2010; Khan et al., 2013; Roy and Quazi, 2021; Uddin et al., 2018). Reviews of social reporting in Bangladesh also identify different inhibiters such as corruption (Belal and Owen, 2007; Belal and Roberts, 2010), lack of shareholder activism (Khan et al., 2013) and limited capacity of government (Belal and Roberts, 2010), which can permit subsidiaries to adopt the Western developed standard and codes for CSR disclosure. Given the institutional voids and limited stakeholder activism, a major question mark hangs over the local stakeholders' and institutional ability to make any significant impacts on organisations' CSR behaviour. Belal and Roberts (2010) studied the perception of a diverse set of non-managerial stakeholders with regard to corporate social reporting. Their findings demonstrate how the social, political and legal conditions of Bangladesh, where governance gaps exist, encourage stakeholders to demand for mandatory corporate social reporting through regulations, which can empower stakeholders. Belal and Owen (Belal and Owen, 2007) call for caution before introducing any regulations for mandatory social reporting informed by western social accounting standards and codes as this new regulation can lead to unintended consequences, and fail to make any real change on the ground. Reinecke and Donaghey (Reinecke and Donaghey, 2021) also point to the limitations of global accountability standards which were used to audit the two factories in Rana Plaza before the collapse. Hence, placing a focus on western-centric social accounting standards without empowering local stakeholders through instituting meaningful institutional reforms can displace attention from the fundamental macro problems of Bangladesh such as corruption or workplace health and safety (see Belal and Owen, 2007; Belal and Roberts, 2010). To empower local stakeholders, Belal and Owen (2015) highlight the importance of interactions between local and international stakeholders while examining the drivers for the development and subsequent discontinuation of standalone CSR reporting in a subsidiary.

In the above analysis, we have attempted to flesh out in some details the influence of various institutions and stakeholders on CSR reporting, which one might expect to shape subsidiaries' CSR strategies in Bangladesh and provide some tentative theoretical framework for interpreting our data. Drawing from the studies outlined above, it is evident that in developing CSR strategies, subisidiaries in Bangladesh may be required to respond to various push and pull factors emerging at both local and international levels. In this paper, we posit that limited pressures from local stakeholders and institutions in Bangladesh can allow subsidiaries to formulate homogenised global CSR strategies informed by the expectations of their parent company, international stakeholders and institutions; whereas, a growing level of pressure from national stakeholders can drive subsidiaries to localise CSR and incorporate the voices of local stakeholders. In this article, we attempt to provide a clearer understanding of how the different perceived pressures exerted by institutions and stakeholders from the local and international levels impact the degree of standardization or localization of subsidiaries' CSR strategies. In doing so, the article extends analysis beyond CSR communication, disclosure and reporting practices to look more broadly at the strategic implementation of CSR strategies by subsidiary managers.

Research Methodology

The research project explored the factors that shape subsidiaries' CSR practices in Bangladesh and the impact of CSR on employees. It combined both qualitative and quantitative approaches; however, this paper draws solely on the qualitative data examining the factors influencing subsidiaries' CSR strategies. The qualitative approach investigated a complex phenomenon and analysed the interplay of a wide set of variables i.e. an interplay between different stakeholders and institutions located at the international and local levels (Lindgreen et al., 2009; Yin, 2009).

Multiple case studies were used to investigate the CSR practices of 10 MNC subsidiaries operating in Bangladesh (see Appendix 1). For this study, subsidiaries were selected based on the sample criteria followed by Belal and Owen (2007) and Jamali (2010) i.e. well known MNCs from a variety of industries, with a history of CSR involvement and a good degree of data accessibility. The study included subsidiaries which were internationally well-recognised for their CSR projects and contributions. Both BMM_02 and BMM_10 have been named as top five performers and industry leaders in the Dow Jones Sustainability Index. Moreover, these local subsidiaries were also awarded by Standard Chartered Bank (multinational bank) and The Financial Express (local newspaper) for their social contributions in Bangladesh (The Daily Star, 2012, 2014). Further, CSR information disseminated through the company's websites and annual reports were also used to identify prospective samples for this study. Subsidiaries from different industries with distinctive backgrounds were selected to improve the generalisability and validity of findings (Arvidsson, 2010).

Data were collected from primary sources via semi-structured interviews and secondary sources such as annual reports and local corporate websites. Data from secondary sources were used to prepare for interviews and to subsequently triangulate primary data (Yin and Jamali, 2016). Using both data sources and multiple cases provides rich insights and a route for transferring the findings to other contextual settings (Lindgreen et al., 2011). While collecting data from primary sources, purposive sampling was used for a greater depth of information. For this study, fifteen interviews were conducted (see Appendix 1) with local managers and senior executives, responsible for designing CSR strategies in Bangladesh. Additionally, six interviews were conducted with industry experts (e.g. NGOs, consultants, media personnel, government officials). This diversified sample composition was necessary to capture differences in perceptions and interpretations of pressures stemming from local and international stakeholders and institutions. The participant sample was non-random. Managers and senior executives were selected because of their roles in developing CSR strategies and their strategic and extensive knowledge of their companies CSR activities. By focusing on their experiences and perspectives, the research is able to reflect upon managerial approaches to CSR in these subsidiaries. Interview protocol includes questions relating to:

a. the rationale for adopting CSR in Bangladesh
b. the groups who are considered as key stakeholders
c. the roles of local stakeholders (such as government, regulators and NGOs) and local institutions (e.g. regulations and religion) in shaping subsidiaries' CSR
d. the influence of parent companies and international stakeholders and institutions on CSR development

All interviews were conducted in English; however, the researcher and interviewees used the native language (Bangla) intermittently in the interviews. A bi-lingual approach was purposefully followed in order to enhance the accuracy and richness of the data (Welch and Piekkari, 2006). During transcription, data in the native language (Bangla) were translated verbatim into English by the Bangladeshi Researcher in order to retain original meaning (Temple and Moran, 2006). Textual data such as environmental and social issues reported by local subsidiaries in their websites and annual reports, collected during the course of the study were also analysed.

Data gathered from primary and secondary sources were stored in NVivo and then analysed using established methods of thematic coding of emerging themes (Mason, 2002; Spencer et al., 2013). Analysis of both primary and secondary data was undertaken via concept-driven coding (Gibbs, 2012) utilising the framework analysis stages outlined by Ritchie and Spencer (1994). This approach has been identified as providing a systematic and flexible structure to manage and analyse data while enabling the development and maintenance of a transparent audit trail (Hackett and Strickland, 2020). An initial thematic framework was established based upon the theoretical framework outlined earlier (Figure 1) and the core themes identified within the interview protocol. Data were indexed by applying textual codes to specific pieces of data. These were then grouped together into categories and subsequently charted against the headings from the thematic framework (See Appendix 2).

Exploring the influence of institutions and stakeholders on subsidiaries' CSR strategies

This section analyses the data on the influence of institutions and stakeholders on subsidiaries' CSR strategies. In doing so, the analysis focuses firstly upon influences at the international level, examining connections to international stakeholders and institutions and the relationship to the parent company. Secondly, at the local level, it focuses upon the impact of local institutional structures, relationships with local stakeholders and the combined pressures of stakeholders and institutions.

The International Level

Connections to international stakeholders and institutions

MNCs operate at the international level, which comprises various global regulatory, political, economic and social organisations. In many of the subsidiaries, CSR policies were identified as being shaped by the policies of Intergovernmental Organisations (IGOs) (such as the United Nations or European Union). As explained by this manager;

> Basically, we follow the guidelines of the UN Global Compact principles into our everyday operation. This guideline is also followed across the parent and all subsidiaries. (BMM_02_02_Manager)

This is confirmed by corporate website data which links subsidiary CSR strategies to international policies such as the UN Global Compact.

> Since inception in 1997, [company name] has been striving to uphold high ethical standards in its business while delivering on its social obligations. We are committed to UN Sustainable Development Goals with specific focus on Goal #10 – Reducing Inequalities. (BMM_02_Website)

> We agreed a partnership with UN Development Program specifically aimed at collaborations that will help achieve the Sustainable Development Goals in Bangladesh. A key element will be delivered through our “P” brand, helping to ensure safe drinking water for Bangladeshis, in support of clean water and sanitation (Goal #6) (BMM_10_Website)

Relatedly IGOs often promote CSR as an alternative avenue to facilitate and accelerate development in countries (Jamali and Neville, 2011). It is also worth noting that local governments' attempts to align their development plans with international development goals are further strengthened by some subsidiaries' CSR initiatives. For example, to support the government in achieving Millennium Development Goals in areas like education, health, poverty reduction etc., multinationals such as BMM_02 provide health service and education to underprivileged communities and BMM_01 promote sustainable agriculture among farmers under their CSR programmes. As articulated by one manager:

> The activities that we are doing currently are somehow complementing the government efforts considering the Millennium Development Goals. Water, sanitation, enrichment of rural livelihood and sustainable agriculture are all parts of Millenium Development Goals […] So whatever the CSR activities we are doing currently, somehow it is complementing the government's efforts. (BMM_01_Manager)

The subsidiaries in this study focused largely on similar areas such as education, health or women's empowerment, which can be understood through the lens of global isomorphic pressures. It appears that the growing influence of international stakeholders (such as United Nations and European Union) and institutions tends to generate homogenous institutional environments that cut across national boundaries. These in turn, produce global CSR policies reflective of the expectations of international institutions and stakeholders. Incorporating social issues such as education or health in CSR enables local subsidiaries to gain legitimacy from international and local (e.g. government) stakeholders while at the same time complying with global CSR pressures.

The influence of international institutions and stakeholders on subsidiaries' CSR is further illustrated by the subsidiaries in our study discussing how they were partnering with IGOs to implement CSR. As explained by the below manager;

> We are partnering with the European Union for our project "T", which deals with the development of rural paramedics. In Bangladesh, there is one doctor for 4000 people. Moreover, there is no health care professionals between the villagers and the doctors in rural areas. So, rural paramedics bridge this gap. (BMM_07_Manager)

Primary and secondary data further shows how subsidiaries work with international NGOs to implement CSR projects across countries (e.g. BMM_10 is partnering with two international NGOs 'S' and 'W' and BMM_02 is collaborating with 'JT'). Partnering with these international NGOs may enable MNCs to implement similar CSR projects across countries and secure the support of NGOs. In sum, CSR strategies seek to focus on the above prescribed areas that provide legitimacy across institutions and stakeholders and comply with global CSR pressures. Hence, a relatively homogeneous approach appears in CSR strategies adopted by these subsidiaries.

Relationship to the parent company

Subsidiaries in this study relied heavily on the global CSR policies of their parent companies. All (except the Asian MNC) transplanted their parent company's CSR policies. As elaborated by two managers;

> …globally we are committed to the society and community. Our business strategy is to create value for the shareholders as well as for the community or society. It is a business strategy that we follow globally. (BMM_06_Manager)

> We are driven by basically the corporate culture, which is developed by our parent company; we are doing it [CSR] as part of our corporate culture. (BMM_04_Manager)

To align with the parent company, local subsidiaries adopt the terminology (such as Corporate Responsibility, Social Responsibility, Creating Shared Value) that is advocated by the parent company. This enables subsidiaries to gain internal legitimacy but also to secure legitimacy from IGOs.

Another prime example of subsidiaries adoption of parent company CSR is in their employee policies. This generally takes the form of creating reasonable working conditions sometimes accompanied with light touch employee engagement in CSR. For example, all the managers in this study identified employees as key stakeholders and highlighted the importance of developing employee focused CSR. The sentiments below, on how CSR needs to be reflected in the treatment of employees were echoed across several interviews.

> First, you need to create a proper work environment for employees. If you are not treating your employees well, what you will do for the society will remain trivial. (BMM_07_Manager)

> But internally what we are doing is very clear, it is linked with the business strategy because we want to keep our employees motivated and provide them winning working environment with full satisfaction. To ensure these the activities we are taking, we treat them as part of CSR activities for example their regular medical check-ups, providing free medical services and paying them well. (BMM_05_Manager)

While improving the working conditions of employees is important, the capacity of employees to shape CSR policies within MNC subsidiaries is severely limited. Employee related CSR policies are largely replicated from the parent company. Only two interviewees discussed employees influencing CSR with significantly more explaining how employees in Bangladesh possess limited agency since good jobs are hard to come by and expectations are therefore low.

> How many big companies or jobs are there in Bangladesh? Their [potential employees] choice is dominated by the working environment, the salary and the status. (BMM_02_Manager)

Engaging employees in implementing CSR activities is a result of the diffusion of global CSR policy across subsidiaries. Some employees are offered limited opportunities to shape CSR as the below example illustrates.

> We have a yearly volunteers' day worldwide and we, the Bangladesh team, participate in it […] There is a school for blind girls in Mirpur. So we went there and spent the whole day, attended their cultural program, we sat and stayed with them. ...They have a special book for the blind students which we sponsored. We sponsored the book for that year. (BMM_08_Manager)

The influence of parent company CSR is also reflected in how the CSR activities of subsidiaries are evaluated. This is illustrated by how measures prescribed by the parent company are used to evaluate the social impact of CSR projects in Bangladesh; summarized by one manager as;

> Everything comes with a KPI (Key performance indicators). You can measure KPIs and so you can also measure what you are giving out to the society. You can track how much impact you are being able to make with the money that you are spending for sustainable living. (BMM_10_Manager)

The role of parent companies in shaping CSR and evaluating social initiatives appears salient in this study. Whilst examining MNCs' CSR reporting in Bangladesh, Belal and Owen (2007) identify the role of parent companies as a key driving force for implementing the most prominent social accounting standards, namely the GRI, AA1000 and SA8000. This article notes that the influence of parent companies stretches from developing and implementing standardised criteria for evaluating social impacts to defining CSR strategies; including what terminology is adopted by subsidiaries and how key stakeholders are managed.

The potential to connect Global Priorities with Local Needs through 'Glocal' CSR

The research also found how 'Glocal' CSR is being used to localise what are essentially global/parent company strategies. To include a local flavor, most of the subsidiaries in this study formulated a *'Glocal CSR strategy'* within global directives. Local subsidiaries draw their CSR strategies from the guidelines of parent companies. This is expressed by one manager as:

> …obviously there should be important guidelines from the group. We have to follow the global theme; but considering the business of that local market or the local government, the local subsidiary decides the degree of standardization. They have to do some customization based on local needs. So, it is a blend of both [...] So if you consider where we stand in Bangladesh, the investment that

we are doing behind the CSR projects is basically under the theme of sustainable agriculture and environment (BMM_01_Manager)

Data suggest that local CSR strategies are developed following the frameworks of global CSR, which is informed by IGOs guidelines. For instance, four CSR projects (providing safe drinking water, building solar home systems for local communities, offering saplings and educating registered farmers on bio-friendly approaches) undertaken by BMM_01 are designed in accordance with the global theme of sustainable agriculture and environment, which are part of the United Nation's Millennium Development Goals. The global CSR directives are salient in the case of most subsidiaries, suggesting that these subsidiaries have limited ability to deviate from the guidelines proposed by the parent company. These findings contradict the views of Acquier et al. (2018) who suggest that subsidiaries can subtly influence and transform the headquarters' approach to CSR. In their study, Acquier et al. (2018) investigate the subsidiaries of a Japanese MNC operating in European countries where stakeholders are relatively demanding and empowered by institutions (Doh and Guay, 2006). However, the bottom-up approach to CSR is less likely to be adopted in host countries where stakeholders are weak (Yang and Rivers, 2009). The emerging trend for subsidiaries in Bangladesh to utilize top-down CSR practices indicates limited local stakeholder pressure, which allows these subsidiaries to use the global template for devising CSR and obtaining legitimacy from parent companies and international stakeholders.

Amongst the subsidiaries in this study, one interesting exception stands out. The case of the Asian subsidiary highlights an example of where following the global directives is less dominant. The manager from this subsidiary highlighted how recognising socio-economic differences was central to how they developed the CSR strategies for different countries where they had subsidiaries.

> We give priority to the socio-economic conditions of local countries where we operate. For example, you have nothing to do on education in Sri Lanka because the percentage of literacy is very high or poverty reduction in Malaysia as their economic growth is very high. In the socio-economic context of Bangladesh, we should focus on poverty reduction, literacy rate, or basic health care. (BMM_03_Manager)

This difference is perhaps illustrative of how Asian subsidiaries, because they are less exposed to international pressures (Chapple and Moon, 2005), may in fact have more flexibility to integrate CSR strategies that respond to local stakeholders and institutions. It is either that their parent company's CSR is more in line with local stakeholders and institutions, or that they adopt a more open approach to CSR development in their subsidiaries. This particular Asian subsidiary is organised as a federation of autonomous subsidiaries, and faces limited pressures from international stakeholders and institutions, allowing them to tailor CSR in order to meet local needs (see also Husted and Allen, 2006). Whereas the Western subsidiaries in this study faced pressures from different international stakeholders and institutions which prioritise global CSR directives and led them to follow various top-down processes of CSR integration across countries.

In sum, with few exceptions, CSR strategies adopted by subsidiaries in Bangladesh are mostly influenced by the demands of international stakeholders such as IGOs, international NGOs and parent companies. International guidelines advocated by these stakeholders shape parent companies' global CSR directives, which also dictate how CSR is implemented by subsidiaries. The influence of these international institutions on programs such as the Millennium Goals is not limited to parent companies' CSR, they also inform the development policy of government and create a level of institutional homogenization. Local subsidiaries tend to secure legitimacy from parent companies and different international stakeholders by conforming to global directives. Further, CSR policies incorporating global issues such as education or health permit subsidiaries to gain legitimacy from local governments, who draw their development goals from IGOs' policies.

The Local Level

Data from company websites and annual reports shows most subsidiaries highlight their responsibilities to stakeholders such as government, NGOs, industry regulators etc. While managers acknowledged the importance of managing stakeholder relationships, however, they largely identified pressures from stakeholders and institutions as being limited.

Impact of local institutional structures

While the current evidence suggests that there are attempts by national institutions to encourage CSR activities (see Amaeshi et al., 2006; Azmat and Samaratunge, 2009; Jain and De Moya, 2013; Momin and Parker, 2013), this research found that they had limited impact on subsidiaries. For motivating companies to contribute to social welfare in Bangladesh, the government offers a tax rebate of 10% on the CSR expenditure made by companies in recommended areas, such as victims of natural disaster, government-approved educational institutions etc. All managers were aware of this government initiative, but the majority characterised this initiative as philanthropy and explained that they did not engage with this as they prioritized their parent companies CSR strategies.

> Well, there are some incentives from the government, which is 10% corporate tax rebate under 22 categories. But then again we are not really conducting CSR activities for that 10% rebate […] We are doing it according to our own and the global strategies. (BMM_02_Manager)

This finding contradicts those of Brammer et al. (2009) who suggest that MNCs engage in philanthropy to maximise shareholder value in developing countries. An MNC's presence in developing countries associated with negative social issues such as corporate corruption and human rights violations can prompt intensified questioning by stakeholders of the company's CSR and encourage socially responsible investors to withdraw their capital. Charitable giving aligned with global directives plays an important strategic role to secure internal legitimacy (Jamali, 2010), and offset the concerns of key stakeholders, including shareholders, with regard to the negative connotations of MNCs' operations in controversial countries (Brammer et al., 2009). However, data from this study highlighted that most subsidiaries examined tended to ignore charitable activities or philanthropic giving, which are preferred in Bangladesh society and have been promoted by the government. Philanthropic giving was attributed by interviewees as not being in line with global CSR policy. One manager explained how charitable giving did not fit with subsidiaries' approach to CSR.

> You can give out charity, but that would be like writing off something, not knowing whether the money being given out is actually doing any good. We don't just want to do charity, we want to do something, that's going to make a difference in the world and is also going to be sustainable, and not a one off thing. (BMM_10_Manager)

Analysis of secondary data highlighted that MNCs engaged with various social and environmental projects including sustainable agriculture, afforestation, online education, online health service, womens empowerment and access to safe drinking water, but there was limited engagement with traditional concepts of philanthropy.

> The Company's Corporate Social Responsibility activities are designed to ensure progress in farmer communities and to strengthen its relationship with them. These initiatives are not limited to tobacco farming, but covers different

areas of need of the community. The four CSR platforms in which The Company focuses on are: afforestation, pure drinking water, renewable energy and sustainable agriculture. (BMM_01_Annual report)

BMM_02 believes that Telecommunication technology can empower people to bring positive changes in their lives. As the Company continues to connect people with essential services, it is also looking into the ways to use its core expertise for social development especially in the areas of Health, Education and Climate. (BMM_02_Annual report)

The limited engagement with philanthropy, despite its strong tradition in Bangladesh, is a result of growing interests to connect with global social and environmental agendas promoted by parent companies and IGOs, suggesting that subsidiaries' CSR activities barely anchor in the local religious context and the government guidelines. Thus religion, which is catalyzing philanthropy in Bangladesh, remains silent in shaping MNCs' CSR behavior. According to one English newspaper:

I don't think the multinational companies [CSR] are guided by religious factors. However, they won't perform any such CSR activity that hurts the religious values of any particular community. (BEX_02)

The majority of subsidiaries are unlikely to engage in any CSR activities, which are incompatible with the parent companies' CSR policies. In other words, institutions either formal (e.g. government incentives) or informal (e.g. religion) play a limited role in formulating CSR strategies. While philanthropy should be considered as a significant factor in Bangladesh, the expectations of the parent companies and international stakeholders are preferred to the demands of local institutions and stakeholders. Subsidiaries may consider undertaking philanthropic activities if they coincide with the global directives or there are strong and well-enforced regulations i.e. hard regulations.

Research has also highlighted how subsidiaries will only comply with legislation if there is a penalty associated with breaching it (Yang and Rivers, 2009) . This study supports this claim that the Bangladeshi subsidiaries interviewed were only motivated to comply with local laws if they were legally enforced. It is possible for subsidiaries to ignore their social commitment because of the government's failure to maintain its role as the primary custodian of democratic accountability in setting and enforcing commonly bindings rules (Hamann, 2019). High levels of corruption in Bangladesh also permit these subsidiaries to evade basic legal responsibilities and adopt substandard CSR practices. A manager and an expert (Economist and ex-bureaucrat) highlighted the weak regulatory environment and rising corruption in Bangladesh:

> The main problem of Bangladesh is that most of the companies are not complying with the laws of the country, for which they should be held behind bars or should be fined. They are not paying taxes, stealing, polluting the environment in violation of the laws, and also not fulfilling the general conditions of labour law. (BEX_04_ Ex- chairman of National Board of Revenue)
>
> You know why has Rana Plaza collapsed? […] Because the owner of the Rana Plaza building took the help of corruption, so the root cause is corruption […] The biggest problem for CSR to be implemented in Bangladesh is corruption. (BMM_03_Manager)

Corruption was highlighted as a principal barrier to implementing CSR in Bangladesh, limiting the potential influence of local institutions and the ability of the government to enforce any CSR regulations. Lack of capacity to enforce national regulations (combined with corruption) provide little incentive for companies to act responsibly or incorporate the needs of local stakeholders in their CSR strategies.

Relationships with local stakeholders

As well as government institutions, the research identified a potentially significant role for institutions at industry level, as they can influence CSR practices in MNCs' subsidiaries by establishing different guidelines. The nature of operations and the presence of institutions at the industry level can help to explain the differences in CSR practices across a range of industries in Bangladesh. With the exception of the banking sector where Bangladesh Bank (the central bank of Bangladesh) issued CSR guidelines, other sectors have not produced any detailed policy for CSR practices. This sentiment is captured in the following quotation:

> CSR is voluntary, it's not mandatory in our country other than the Banking Sector, and I think there's regulation for all the private banks out there set by Bangladesh Bank to perform CSR activities. (BMM_07_Manager)
>
> In case of banks, there are rules. They have to do it. But there are no rules for telecom. (BMM_02_Manager)

The nature of the industry further shapes subsidiaries' CSR practices. A telecoms manager who previously worked in the cement industry explained why companies from these two industries have different CSR activities:

> Of course there is an allegation of radiation against Telco these days. But the cement industry does visible damage to environment because the cement industry is one of the major industries that emit CO_2. At the same time, the cement industry produces dust, i.e. chemical dust […] When these go inside, it

creates health problems for human beings. So, the health is the primary concern for cement industry. (BMM_03_Manager)

The above highlights how sector/industry characteristics can influence CSR strategies (Jackson and Apostolakou, 2010). In industries with higher environmental and social impacts, companies face intensified pressure to develop CSR policies in areas such as occupational health and safety, and environment. In this respect, this research found that local industry bodies are able to influence the CSR of subsidiaries but only in certain sectors.

Previous research identifies NGOs as a potent social force that can influence CSR practices via exposing unethical business practices, participating in partnerships and dialogue and using their influence over institutions to lobby for environmental and social regulations and standards (Burchell and Cook, 2013; Yang and Rivers, 2009). One arena where local NGOs in this study were perceived to have indirect influence on subsidiaries' CSR was through their engagement in partnerships and as local strategy implementers and enablers. Data from subsidiaries' website highlighted their partnerships with NGOs, for instance,

> BMM_02, in collaboration with H (a local NGO), has installed a simple SMS solution to relieve the huge administrative task of H to maintain the functional status of approximately 30,000 tubewells in order to ensure safe water supply to some 10 million rural inhabitants in southwestern coastlines of Bangladesh. (BMM_02_Website)

This study has identified some cases where subsidiaries also collaborated with each other on CSR activities and utilised local NGOs in order to help implement these initiatives (e.g. BMM_07 organizes a health campaign in collaboration with BMM_03). The role of NGOs in implementing CSR projects appeared in the following comment made by a manager:

> Project A, which was previously known as J, has been running by MNC_10 for a long time now. We were training women who are member of a NGO and putting them into the sales network, bringing the rural consumers into the sales network [...] With the help of this NGO's rural distribution network, we rolled out our project A. (BMM_10_Manager)

Rather than acting as influencers on key social and environmental CSR issues, subsidiaries identified these partnerships as a vehicle to reach target groups, especially poor and disadvantaged communities.

> If we plan to launch a campaign for giving free medicine to the poor people, we will start by analyzing the strength of our stakeholders (NGOs). We will find NGOs who have the capacity to reach my target segments for that medicine. (BMM_07_Manager)
>
> NGOs ... are the only organisations which can reach the homes of the rural people, they can reach the people personally. And as they can do that, it is possible for them to sell any product and they have a certain control over the market […] So, they can reach the consumers very easily. This is why everyone is thinking about this alternative distribution channel. (BEX_6_NGO Consultant)

In many cases, subsidiaries maintained minimal engagement in their CSR projects, channeling resources to local NGOs, with expertise in a particular field. Mostly, partnerships with local NGOs are characterised by low engagement and infrequent interaction. Thus, the capacity of these partnerships to shape subsidiaries' CSR policies is limited. Compared to international stakeholders who are often empowered by international institutions and have a wide range of financial members and donors, local NGOs in Bangladesh have limited resources and depend on foreign donors, which constrain their power to influence subsidiaries' CSR (see Yang and Rivers, 2009). What this data tells us is that while managers perceived local NGOs as having limited or no influence over subsidiaries' CSR, they were considered as possessing important social capital (e.g. extensive networks or relationships with government) which potentially enabled them to influence the implementation of CSR. As one manager explained;

> NGOs have no influences in our decision making process. But they can be very good influencers because they are the development partners, they directly participate in development activities, and they have some influence on the government. So they can influence, implementing lots of CSR activities. (BMM_03_Manager)

As the research model illuminates the combined pressure of stakeholders and institutions offer potential to influence subsidiaries' CSR. When examined in this context, local NGOs possess other important avenues for influence in Bangladesh, albeit, limited to certain industries as examined in the next section.

The combined pressure of stakeholders and institutions

While this study highlights that local NGOs have limited capacity to exert pressure on subsidiaries' CSR, the social capital of these NGOs and their capacity to create collective pressures alongside IGOs, can influence local government and its regulations. How these collective pressures shaped the relationship between government and a subsidiary from a tobacco industry is reflected in the following quote from an NGO consultant.

> After cyclone S (a catastrophic cyclone that struck the coast of Bangladesh), BMM_01, a multinational tobacco company, wanted to help farmers by providing free seeds. The company wanted to give these seeds to the government, who

> initially agreed to accept the seeds and distribute to farmers (for growing crops). When that news broke out, NGOs and IGOs pushed the government to change its decision of distributing the free seeds pledged by BMM_01 […] Also, they kept pressurizing the government to create a strict anti-tobacco regulation (BEX_03_Consultant).

Pressures exerted by local and international stakeholders also result in new regulations that dictate CSR behaviour of businesses operating in a particular industry. Tobacco industry regulation is a prime example of how local stakeholders are more likely to get national legislators to act, if their lobbying coincides with global standards and stakeholder pressures around CSR. The Tobacco industry is under constant pressure from local and international stakeholders and institutions due to the nature of their products. With the assistance of the World Health Organisation, local media and NGOs can shape public opinion against smoking, pressuring the government to amend existing tobacco policies and formulate a strict anti-tobacco law. Besides supporting local stakeholders, the World Health Organisation also provides technical support to the government for amending national tobacco policies and regulations (Belal and Owen, 2015). The new Tobacco Control Law Amendment Bill 2013, which restricts CSR activities, is a result of heightened pressures created by a combination of local (e.g. anti-tobacco groups, NGOs and media) and international stakeholders (e.g. World Health Organisation and international media). This amendment of tobacco law in Bangladesh indicates that collective pressures from local and international levels can have the effect of restricting the extent to which subsidiaries are free to select CSR activities in their host countries. However, this is only likely to happen in areas where the local and international concerns coincide.

Due to a growing anti-tobacco movement fueled by local NGOs and media, increasing support from IGOs to anti-tobacco organisations in Bangladesh and lobbying from international and local levels for stricter tobacco regulation, the tobacco company (i.e. BMM_01) has begun to work with 270 diverse organisations (such as Consumers' Association of Bangladesh, Dhaka Ahsania Mission, Work for a Better Bangladesh) (De Beyer and Brigden, 2003). These organisations (non-profit) advocate various social issues pertaining to tobacco, such as an awareness campaign on tobacco and tobacco control training. This example indicates that local stakeholders and institutions obtain a greater leverage when their concerns connect with international campaigns or issues promoted by international stakeholders and institutions. Our findings, thus, suggest stakeholders have the potential to empower each other and collectively create pressure for strong regulations. IGOs such as the World Health Organisation not only empower local stakeholders but also build the capacity of government for creating strong institutions. Combined pressures from different levels can have the effect of restricting the extent to which these subsidiaries are free to select CSR activities. Notably, this is only likely to happen in areas where the local and international concerns coincide. What is largely missing in Bangladesh is a systematic collaboration between different stakeholders from different levels as a newspaper editor accurately summarised:

> Pressures groups are always there, but in Bangladesh the joined movement is not often taking place. (BEX_02_Newspaper Editor)

Modelling the interaction between stakeholders and institutions

The findings from this study highlight the ways in which the interaction of stakeholders and institutions, at both local and international levels, has impacted upon the types of CSR strategies utilised by subsidiaries in Bangladesh. The analysis highlights that local MNC subsidiaries predominantly shape their CSR strategies based upon the policies prescribed by international stakeholders and parent companies (See Figure 2). As a consequence, the legitimating process is still oriented towards parent companies, international institutions and international stakeholders. The pattern identified in Bangladesh mirrors those identified in other countries. For instance, Jamali (2010) reveals that subsidiaries' CSR in Lebanon is guided and inspired by global directives, leading to standardised CSR strategies that are detached from local needs/demands in the host country. Jain and De Moya (2013) similarly demonstrate how no officially recognised guidelines enable subsidiaries to adopt a global approach to management in India. It is clear as reflected in Figure 2 that subsidiaries in the sample encounter limited pressures from local stakeholders and institutions, allowing parent organisations and international forces to dictate the CSR strategy of these subsidiaries in host countries. Such top-down process pushes subsidiaries to frame CSR strategies within the parameters of global templates such as Millennium Development Goals, overlooking the importance of involving local stakeholders in the decision-making process and the expectations of local stakeholders or society regarding issues such as corporate corruptions, inequality, and labour rights violations. Following global directives, subsidiaries in this study, for example, identified employees as stakeholders with limited agency for shaping CSR strategies. The Rana Plaza collapse, which killed over 1100 employees in Bangladesh, arguably is reflective of how global standards are often developed with little or no local worker input and how these global guidelines fail to improve labour rights or conditions in global supply chains, exposing the limited agency of local workers and limitations of top-down CSR (see Reinecke and Donaghey, 2021).

Our findings on the relatively weak power of local stakeholders in Bangladesh is intriguing as it somewhat contradicts the findings of Quazi (2002), Belal and Owen (2007) and Siddiqui et al. (2021) who suggest that increasing pressures from local stakeholders drive organisations in Bangladesh to behave in a socially responsible manner. Our findings demonstrate how limited institutional guidelines and weak pressures from local stakeholders permit these subsidiaries to overlook the importance of local CSR and the demands of local stakeholders, and prioritise the requirements of international stakeholders and institutions (see Figure 2). Distancing CSR from philanthropy, which is not only promoted by government but also embedded in the long-standing cultural tradition of Bangladesh, is a crucial example to demonstrate how subsidiaries undermine the needs and expectations of local stakeholders and (informal) institutions. Here, it is important to highlight that informal institutions (i.e. religion), which fill the voids left by formal institutions (North, 1990) and encourage organisations in Bangladesh to engage in philanthropic activities (Momin and Parker, 2013; Quazi and O'Brien, 2000), are not taken into account by subsidiaries while developing their CSR strategies.

Typically, laws are enforced by key stakeholders such as NGOs, Trade Unions, local government etc. (Aguilera et al., 2007). Less pressure from these local stakeholders offers room for subsidiaries to evade both formal and informal institutions (see Figure 2). Moreover, the government and regulatory bodies from different industries (with the exception of Bangladesh Bank) offer limited/no CSR guidelines. This lack of industry level regulations further allow subsidiaries to neglect the interests of local stakeholders and avoid using a proactive approach. The limited pressures from local institutions and stakeholders consequently leads to CSR strategies being unresponsive to their values and needs. Such an approach to CSR may indeed promote ‘the colonial model of development’ (Adanhounme, 2011, p.92).

International stakeholders such as international NGOs, rather than local stakeholders, are prioritised partly due to their ability to formulate and shape international institutions (Doh and Guay, 2006), which subsequently regulate MNCs’ behaviour. Parent companies design global CSR guidelines, which are informed by international institutions and stakeholders, shaping how subsidiaries develop and implement CSR in Bangladesh (see Figure 2). Here, the role of parent companies spans from utilizing new terminologies (such as Creating Shared Value, Corporate Responsibility or Social Responsibility), defining the terrain of social responsibility and offering guidelines for managing key stakeholders to prescribing criteria for evaluating social contributions.

Our findings also suggest that the policies and guidelines advocated by international stakeholders such as IGOs are increasingly shaping how national governments frame their rules and regulations, leading to a homogenization of institutional environments. The evolution of these relatively homogenous institutional environments further allows subsidiaries to develop 'glocal' CSR policies, which are largely guided by global CSR strategies, and define the types of activities they will undertake within broad fields such as education, women's empowerment, health or environment, rather than issues that directly challenge or restrict business activity. These are inevitably a poor substitute for locally driven and prescribed CSR activities. CSR strategies that adhere to global directives enable subsidiaries to secure legitimacy from local government, who also seek support and engagement with IGOs through frameworks such as the Millennium Development Goals. Such externally co-defined norms and guidelines, issued by IGOs such as the UN, are seen as coercive isomorphisms. When global directives are followed to lay out glocal CSR strategies in host countries, subsidiaries have limited discretion to deviate from these directives and develop a CSR strategy responding to the needs of local stakeholders.

Although the discussion above implies a significant power imbalance restricting the ability of local stakeholders and institutions to shape CSR strategies, the analysis does identify how local level actors can utilise the strength of international institutions and stakeholders to increase the potential capacity for greater local empowerment. When local and international stakeholders and institutions converge around an issue, local actors can be empowered to challenge and reshape subsidiaries' CSR. One of the prime examples of this in Bangladesh is the regulation of the tobacco industry, which is the result of combined pressures. This case is a powerful example where subsidiaries were pressured to engage, collaborate and respond to the specific needs of local stakeholders because of the collective pressure from local and international stakeholders to do so. In other words, dual pressures from local and international levels can force subsidiaries to develop new ways to integrate the global framework with local requirements, combining both top down and bottom-up processes. No, or limited, pressures from local stakeholders allow subsidiaries to adopt a pseudo glocal strategy that is largely shaped by the demands of international stakeholders and parent companies.

Conclusion - insights for CSR

The synthesis of stakeholder and institutional theory have informed the above analysis and discussion, and extended our understanding on how the intricate interactions between institutions and stakeholders from different levels (i.e. national and international levels) determine the trajectory of CSR adopted by subsidiaries in Bangladesh (see Figure-2). Our analysis identifies both agency and legitimacy as critical components for integrating stakeholder and institutional theory. With this theoretical integration, we demonstrated how subsidiaries tend to secure internal and external legitimacy by fulfilling the expectations of parent organisations and international stakeholders. Growing homogenization of the institutional environment coupled with institutional freedom enjoyed by subsidiaries allow them to exercise their agency, ignore local expectations and import global CSR themes from parent organisations to host countries. These findings extend the current theoretical knowledge by showcasing that the influence of parent companies, international stakeholders and IGOs is not limited to shaping subsidiaries' CSR disclosure or communication, but provides templates for developing CSR strategies, managing stakeholders and evaluating social contributions. This tendency of using the global template raises significant questions around the ability of CSR in countries such as Bangladesh to represent anything more than a process of allowing subsidiaries to claim responsible practice through a process of global legitimacy. While this highlights significant limitations for CSR in a developing country context, the analysis does highlight the potential impact that can emerge from collaboration between local and international stakeholders. Such relationships can both empower local stakeholders and also challenge subsidiaries to adopt CSR strategies more reflective of local stakeholder needs. Whilst studying the prospect of implementing social accounting standards in Bangladesh, Belal and Owen (2007) emphasise the role of stakeholder empowerment and institutional capacity building. Without empowering and engaging local stakeholders, social problems are unlikely to be meaningfully addressed (Belal and Owen, 2007, 2015). Our findings point to the call for more collaborations in which international stakeholders such as NGOs work closely with their local counterparts to support rather than dilute pressures on subsidiaries. International stakeholders should ensure that their ability to pressure at international level provides the agency to local stakeholders who can then utilise this agency to drive more localised CSR activities within Bangladesh.

Adopting this approach offers fresh insights into the ongoing debates regarding the relative merits of CSR as a process for positive change within developing countries. The model demonstrates that pressure from international institutions and stakeholders championing CSR can undoubtedly push companies into engaging with issues of responsible business practice in developing countries and challenge them to apply standards beyond those that are required of them by national regulatory frameworks. The article demonstrated how lack of strong local stakeholder and institutional pressure often allows companies to employ CSR strategies which are primarily targeted towards satisfying the demands and pressures of a western audience rather than engaging and focusing upon local challenges, context, and traditions. Under these circumstances, CSR will continue to face strong criticisms for simply imposing the Westernised notions of responsible business practice and replicating colonial models of development.

However, while this initially appears to substantiate the claims of those who identify CSR as a flawed project, the model also demonstrates that CSR cannot always be simply dismissed as a concept entirely owned and controlled by business. Where the interests of local and international stakeholders and institutions come together, their collective pressure has the potential to force subsidiaries to develop local CSR in line with the expectations of local stakeholders. Our model further highlights the importance of building two-way relationships between stakeholders, especially stakeholders from local and international levels, and the potential agency that this relationship offers to local stakeholders.

While this study examines subsidiaries in Bangladesh, there is significant potential in the multi-level approach developed in this article. Undoubtedly further case study examples and comparative analysis would be truly beneficial in seeking to establish the potential of this multi-level approach. This article therefore encourages other researchers to utilize this work as a foundation for further studies of CSR in developing country contexts to examine its replicability in other locations. Our research identifies legitimacy as a key driver for subsidiaries to engage in CSR; however, it is beyond the remit of this paper to explore how different strategies (such as strategic, institutional and dialectic) are used to search new forms of legitimacy (i.e. pragmatic, cognitive and moral) (Castelló and Lozano, 2011). Future research using this framework in other developing countries such as India and China, where the institutional configuration is different, could provide valuable insights on the nature of legitimacy that subsidiaries seek to gain.

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Figures

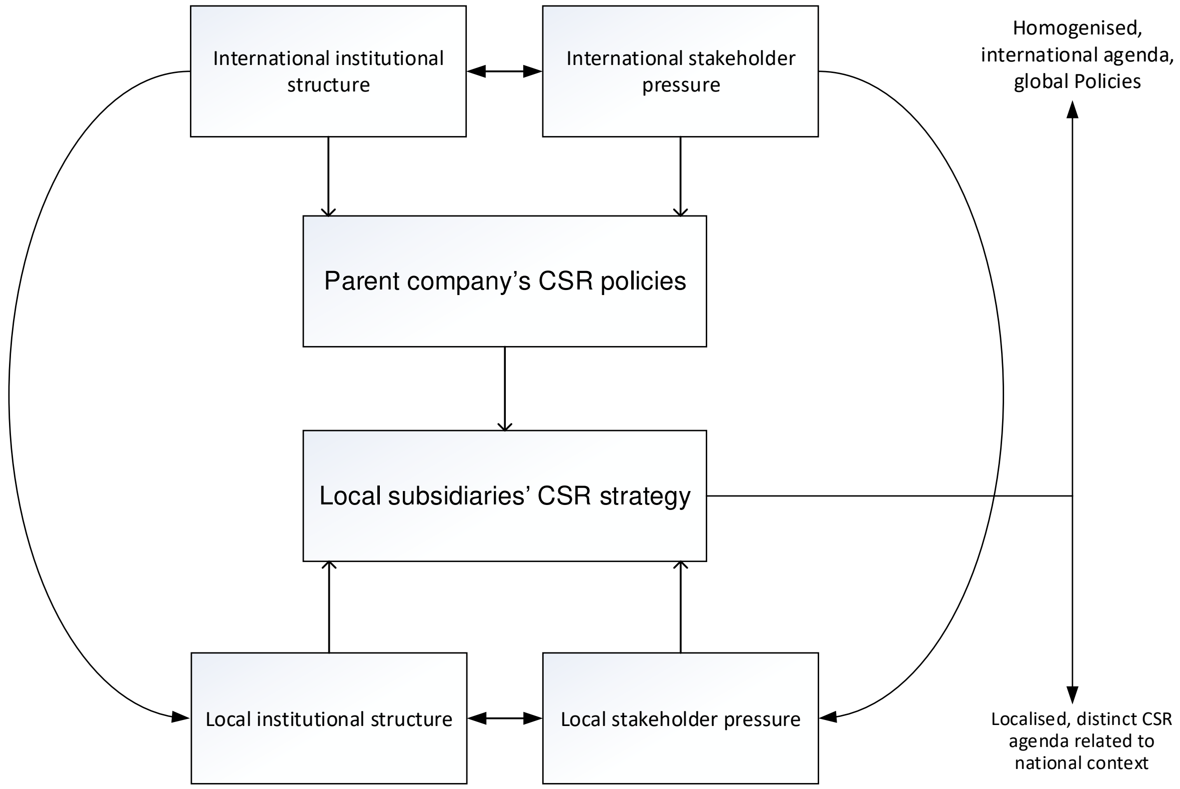

Figure 1: Interactions between different stakeholders and institutions

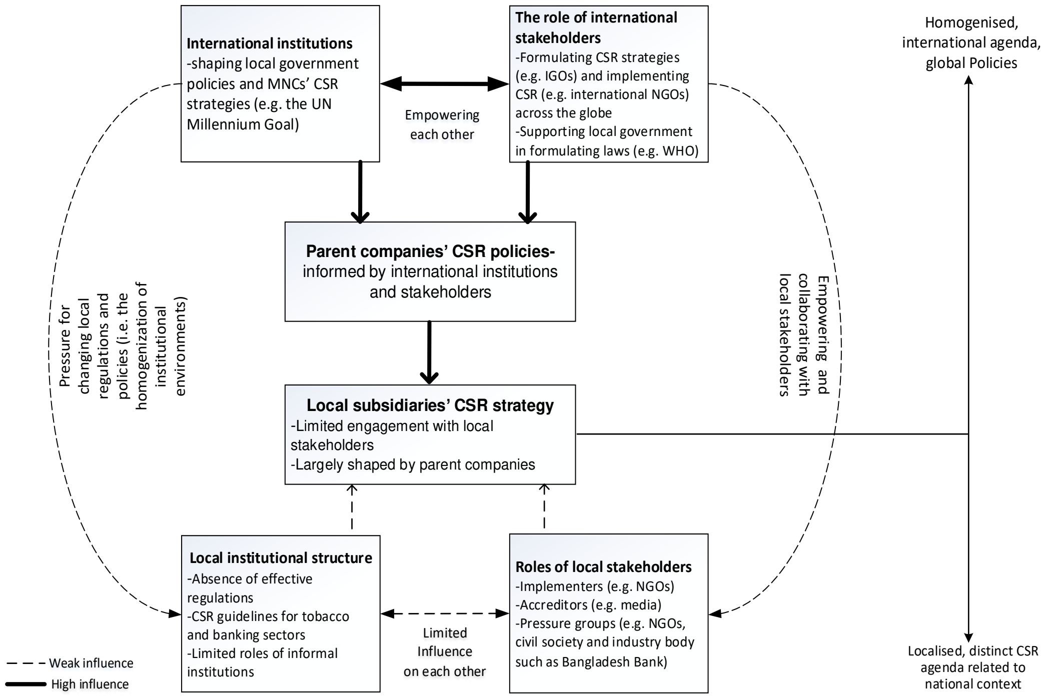

Figure 2: Institutional configuration and MNCs' CSR behaviour in Bangladesh

Appendix 1: Interviewees' profile

Case	MNCs' core competence	Number of Interviews	COO of the parent companies	Manager interviewed	Years of operation in Bangladesh
BMM_01	Manufacturer →Manufacturing and selling tobacco	2	UK and USA	Manager, Corporate Affairs	Since1910

BMM_02	Services → Provider of telecom services	3	Norway	Head of CSR and two managers from CSR team	Since 1997
BMM_03	Services → Provider of telecom services	2	Malaysia and Japan	Vice president and a manager, CRL Division	Since 1997
BMM_04	Services → Producing and supplying gas	2	Australia	GM and Head of HR and a manager of CSR committee	Since 2007
BMM_05	Manufacturer →Manufacturing and selling cement	1	Germany	Director, HR	Since 1999
BMM_06	Manufacturer → Manufacturing and selling food items	1	Switzerland	Director, Corporate affairs	Since 1999
BMM_07	Manufacturer → Manufacturing and selling pharmaceutical products	1	Switzerland	Head, Corporate Affairs and Communicati on	Since, 1996
BMM_08	Services → Provider postal and logistics services	1	Germany	Manager, HR	Since 1979
BMM_09	Manufacturer → Manufacturing and selling consumer goods	1	UK	Director, Marketing	Since 1961
BMM_10	Manufacturer → Manufacturing and selling consumer goods	1	Anglo Dutch multinational	Manager, Corporate Affairs and Communicati on	Since 1964

Respondents from other sectors		Interviewees' profile
BEX_01		Consultant (CSR)
BEX_02		English newspaper editor
BEX_03		Consultant (CSR)
BEX_04		Economist, educationist, ex-bureaucrat and ex-chairman of National Board of Revenue (NBR)
BEX_05		Academic and consultant for a NGO which works with CSR
BEX_06		NGO consultant

Appendix 2 Thematic coding table

Thematic Framework Headings	Categories	Codes
Connections to International Stakeholders and Institutions	International institutions and Standards	Millennium Development Goals
		Global Compact
		CSR as development stimulus
	Working with International NGOs and IGOs	Engaging with core themes to engage stakeholder
		Seeking legitimacy
		Creating influence on international institutions
	Utilising parent company's CSR policies	Transplanted to subsidiary
		Adopting CSR terminology adopted by parent companies

Relationship to the parent company		Maintaining coherence and internal legitimacy
	Employees as internal stakeholders	Limited agency
		Less Demanding
		Low impact
The potential to connect Global Priorities with Local Needs through ‘Glocal’ CSR	Ability to deviate from parent companies	Strong ability to deviate
		Limited ability to deviate
	Pressures of international stakeholders and institutions	International exposure
		Impact on CSR strategy
Impact of local institutional structures	Regulation and enforcement	Impact of government incentives
		Regulating at national level
		Philanthropy/charitable giving
	Barriers to implementing CSR	Corruption
		Enforcing rules/laws
Relationships with local stakeholders	Industry specific regulation and pressure	Industry specific guidance
		Evidence of targeted regulation
		Role of stakeholder pressure
		Levels of engagement

	Relationships between NGOs and subsidiaries	**Motivations for partnerships**
		Role of NGOs in relationship