Guest Editors’ Introduction

Ethics, Corporate Social Responsibility, and Developing Country Multinationals

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ABSTRACT: In this article we provide an overview of the literature on ethics and social responsibility of developing country multinationals (DMNEs) and an introduction to the contributions of the articles in this special section. With the rising influence of DMNEs in the global economy, there is increasing interest in applying descriptive, explanatory, and normative theories to understand the ethics and CSR behavior and practices of DMNEs. This article provides an overarch- ing review of perspectives first from ethics, CSR, and business and society, and then from international business and management scholarship. We identify limits and gaps in the current literature and show how the articles in our special section contribute to fill these gaps. We highlight the emerging, transitional and distinct features of DMNEs that are different from their domestic and foreign counterparts. The very limited extant literature and the contributions of this special section underscore the influence of institutional voids and duality that appear to prompt DMNEs to pursue CSR as a signaling mechanism to gain legitimacy, overcome liabilities of foreignness and obtain a “license to operate” in developed countries. We outline the key contributions from the articles in this special section and discuss the future research agenda espoused by the issues raised in these articles.

KEY WORDS: Developing country multinationals, CSR, institutional duality, legitimacy, liability of foreignness, signaling

INTRODUCTION

OVER THE PAST SEVERAL DECADES there has been increasing recognition of the growing global influence of multinational enterprises (MNEs) from developing countries. This influence has been acknowledged in both the popular and academic literature and recognized by public and private organizations such as
the Organization for Economic Cooperation and Development, the United National Conference on Trade and Development, investment banks and consulting firms that have documented the rise of developing country MNEs (DMNEs) (see Sauvant, McAllister, & Maschek, 2010). More recently, some scholars have begun to explore the ramifications of the emergence of these DMNEs for established business and management theories (Carney, Gedajlovic, & Yang, 2009; Cuervo-Cazurra, 2012; Ramamurti, 2004; Ramamurti, Jitendra, & Singh, 2009).

To date, much of the research on DMNEs has focused on whether and how established theories of management and international business should be revised or extended, given the different institutional and cultural contexts in which DMNEs have emerged and the distinct ownership, governance and management strategies of these firms (Cuervo-Cazurra, 2012). While ethics and corporate social responsibility (CSR) scholars have begun investigating the international and global dimensions of CSR by MNEs (Scherer, et al. 2009), especially in the area of human rights (Kobrin, 2009; Muchlinski, 2012; Wettstein, 2012), and some IB scholars have started examining the MNE’s relationship with global and local stakeholders (Campbell, Eden, & Miller, 2012), Doh et. al. (2010) observe that the integration and assimilation of international management and ethics/CSR literature is, to date, relatively underdeveloped. In particular, very little attention has been directed toward the ethical orientation and corporate social responsibility practices of these DMNEs, with a few exceptions (Gugler & Shi, 2009).

According to the McKinsey Global Institute, by 2025, 46 percent of the Fortune Global 500 companies will come from emerging and developing economies, as compared to just five percent in 2000 (McKinsey Global Institute, 2013). Government, business and NGO leaders have called for DMNEs to enhance their ethics and CSR practices and some have documented increases in CSR practices and reporting by DMNEs. In 2008, the United Nations Conference on Trade and Development observed, “Corporate responsibility, often seen as the preserve of major companies in developed economies, is gaining ground in emerging markets. Initiatives such as the United Nations Global Compact, the United Nations Principles for Responsible Investment (PRI) and the Carbon Disclosure Project (CDP) are increasingly focusing on emerging markets as investors turn towards these markets.” One interesting observation in this report was that DMNEs “scored much better in environmental areas than in social or governance areas, with some reaching grades in environmental performance and systems on par with developed country environmental leaders” (1). In 2013, KPMG released a study on CSR reporting (2013: 10) and found a dramatic increase in reporting rates in Asia Pacific since 2011. Specifically, they found that almost three quarters (71 percent) of companies based in Asia Pacific now publish CR reports—an increase of 22 percentage points since 2011 when less than half (49 percent) did so with the highest growth in CR reporting since 2011 in India (+53 percentage points), Chile (+46), Singapore (+37), Australia (+25), Taiwan (+19) and China (+16).”

It should be noted that business historians have observed that CSR-like practices have been quite common among large developing country companies for decades, often taking the form of the provision of public goods and social benefits to employees
and communities analogous to similar practices in the 18th and early 19th centuries in US companies such as the Carnegie Steel corporation and Irish companies such as Guinness. Tata, the large Indian conglomerate, is often identified as an illustration of these quasi-paternalistic practices in which, faced with underdeveloped public institutions and services, DMNEs pick up the slack and internalize services like health, education and housing in the absence of functional government provision, sometimes even extending these services to broader communities not directly aligned with the companies themselves (Husted, 2015; Lawton, Doh, & Rajwani, 2014).

In the emergent international business and management (IB/IM) literature on ethics and CSR in DMNEs, a consistent theme is the use of ethical codes, CSR actions, and sustainability reporting to signal to potential developed country customers and other stakeholders that they are legitimate, reputable partners. This strategy, designed to overcome potential skepticism and negative perceptions of quality, reliability and trustworthiness of DMNEs, is present in our review of extant literature below and in the articles that appear in this special section.

In this introductory article we first review the limited research on ethics and CSR in DMNEs emanating from the business ethics and business and society literatures. We then provide a similar review focusing on the contribution from the international business and management literatures. Following this, we summarize the contributions of the three articles appearing in the special section. We conclude with suggestions for future research in this domain.

**Perspectives from Ethics, CSR, and Business and Society Scholarship**

The dearth of business ethics/CSR research that has examined DMNEs is striking. The few studies we identified from business ethics and CSR can be divided into three groups: those that assume that DMNEs are essentially the same as other MNEs; those that assume that DMNEs are equivalent to domestic firms from the same country; and finally, those articles that treat DMNEs as unique entities, worthy of research attention because of their unique attributes. Let us examine a few examples of these three different types of research.

The first type deals with MNEs in developing countries that incidentally include DMNEs. For example, Shah and Rivera (2013) look at MNEs operating in Trinidad & Tobago and included Indian MNEs within their sample, but the presence of Indian MNEs is incidental to the study. They look at the impact on corporate environmentalism of belonging to a domestic versus foreign industry association and found that membership in a foreign association had a positive impact on corporate environmentalism. Similarly, Snider, Hill, & Martin (2003) examine CSR among 100 of the world’s most successful companies. Their sample includes a single Chinese multinational, whose status as a DMNE went unremarked. Finally, in a study of CSR in the mining industry, Jenkins and Yakovleva (2006) examine the ten largest mining companies in the world, among them the large Brazilian multinational, Companhia Vale do Rio Doce. The fact that this MNE is from Brazil went unnoticed. So although DMNEs are included in the sample, they are not treated as theoretically interesting.
The second group of articles deals with firms from developing countries without distinguishing between DMNEs and non-MNE domestic firms. For example, there are numerous articles about CSR in Brazil, South Africa, or Russia. In fact many submissions to this special section were of this type. Although the developing country context is interesting, the unique challenges of MNEs from those countries were not explored. For example, Marquis & Qian (2014) examine how political influence affects CSR communication among Chinese firms. Unfortunately, they do not distinguish between domestic firms and DMNEs, although they did control for foreign sales and international stockholders. Surely some of their samples include DMNEs, but the question was not examined. Similarly, Jamali, Lund-Thomsen and Khara (2015) study CSR in North India, while Julian and Ofori-Dankwa (2013) reexamine the perennial question of the relationship of financial resources to CSR in the context of Ghana. Possibly, in the cases of the North Indian football manufacturing industry and Ghana, DMNEs do not exist, but the question is never broached. Certainly the results of these articles are relevant to DMNEs because they deal with the challenges of CSR in institutionally constrained environments (i.e., characterized by weak capital markets, little stakeholder pressure, and weak governments), but this genre of articles does not take into account the unique attributes of DMNEs. If DMNEs have their homes in these contexts, they are assumed to simply be the same as domestic firms.

Finally, there are articles that deal directly with DMNEs’ unique context for research dealing with business ethics and corporate social responsibility. Some view DMNEs as catching up to developed-country MNEs (Gugler & Shi, 2009). Others stress the unusual features of the institutional environments of DMNEs, which modify their CSR behavior (Latteman, Fetscherin, Alon, Li, & Schneider 2009). Finally, others are concerned with the distinct social problems faced by DMNEs in engaging CSR in the context of poverty (Casanova & Dumas, 2010) and institutional voids (Doh, Littell, & Quigley, 2015).

In conclusion, although DMNEs may have been included in studies about business ethics or CSR somewhat incidentally, their multinationality or developing-country origin has not been seen as problematic from a theoretic or normative standpoint. This special section seeks to make a contribution to the third group of articles, which does see the DMNE as a unique organization facing significant institutional voids, not abroad, but at home. Thus, DMNEs are not the same as other MNEs, but neither are they identical to domestic firms from their home countries. It is this singular combination of challenges that provides the setting for our special section.

Perspectives from International Business and Management Scholarship

International business and management scholars have long been interested in the interactions among multinational enterprises (MNEs), governments and, more recently, civil society (See Boddewyn, 2016 for a review of the literature on international business-government relations and Kolk, 2016 for a review of the literature on international business-ethics/CSR/sustainability scholarship). For several decades, this scholarship focused primarily on how foreign host governments constrained
and, at times, facilitated the investment and operation by largely US and European multinationals, often into developed and emerging markets.

One aspect of this research considers the role of ethics and CSR in the form of social investments as a strategic tool to facilitate successful entry and operation (Doh & Ramamurti, 2004). Another area of exploration focuses on the role of the domestic competitor and its potential liabilities and advantages, some of which accrue because of their intimate knowledge of local norms, practices, and connections with government officials (Khanna & Palepu, 2006; Khanna & Yafeh, 2007). While most of this research does not directly address ethics and CSR by DMNEs, it does hint at the potential need for foreign and local MNCs to fill both economic and social “institutional voids” in order to establish a successful and sustainable competitive position (Khanna & Palepu, 2006; Khanna & Yafeh, 2007).

One specific area in which international management and business scholars have explored ethical practices in emerging markets generally and, to some extent, in DMNEs, is corruption (see Cuervo-Cazzura, 2016 for a review). In this research, one focus has been on MNEs’ ability to enter into and operate in corrupt markets and how corruption may influence decisions about which entry mode to opt for in order to avoid or limit corruption’s nefarious impacts. An implicit assumption in this research is that DMNEs are either more likely to engage in corruption than their developed country counterparts or at least are better able to circumvent corruption’s negative effects.

Yet a third broad area of interest to IB/IM scholars is the way in which MNEs have addressed pressure to become more socially responsible and/or sustainable in their global operations (Kolk, 2015). One dimension of this research has examined how MNEs partner with governments and/or NGOs to demonstrate their commitment to the social concerns and challenges of the countries in which they are operating or hope to enter (Teegen, Doh, & Vachani, 2004).

As mentioned at the beginning of this article, research that has specifically examined ethics and CSR in DMNEs is limited, however, there have been a handful of important and interesting contributions that build on the strains and currents of IB research mentioned above. Montiel, Husted and Christmann (2012) investigate how the institutional environment influences firms’ decisions to obtain third-party certification to private management standards. They explore whether, in environments characterized by governmental policy level corruption, firms seek private environmental certification as a means to signal to stakeholders—such as business partners in the United States and other foreign markets—that they are legitimate and trustworthy partners in the absence of governmental authority. They find evidence for this signaling effect. Marano, Tashman and Kostova (forthcoming) examine the link between certain types of “institutional voids” in developing countries and the use of corporate social responsibility (CSR) reporting by DMNEs in those markets. Drawing from neo-institutional theory, they argue that home country institutional voids push companies to internationalize as a way to escape the institutional challenges in their own markets, but also generate legitimacy challenges for those companies as they seek to gain acceptance in the foreign markets they enter. Consistent with the Montiel, Husted,
and Christmann (2012) perspective, they find that CSR reporting is an effective strategy to overcome such liabilities and barriers to legitimation.

This emerging consensus on the signaling role of CSR by DMNEs takes inspiration, in part, from related studies on the adoption of corporate governance practices by DMNEs. The UNCTAD study (2011) mentioned above notes with regard to corporate governance, “Disclosure is important because reporting is widely viewed as the most effective tool that regulators have to encourage better corporate governance. Reporting puts information in the hands of the markets. And markets and investors make investment decisions based on this information. The markets function best when they have access to sufficient information to properly assess governance. Good information helps the markets ascertain the degree to which companies respond to shareholder needs; it reveals risks, and shows the quality of future cash flows” (UNCTAD, 2011: ix).

This finding is also consistent with a recent study by the Association of Chartered Certified Accountants (ACCA) stating that CSR reporting creates “reputational dividends from both investors and consumers,” which can help firms from less developed regions move “to a more prominent global position;” improves “trust from employees (thus improving employee loyalty and retention), investors, governments and regulators, local communities, and other external stakeholders;” enhances “communication with stakeholders, highlighting opportunities for growth, as well as assessing externalities, resource issues, and the long term sustainability of the business;” and helps “avoid fines for non-compliance with environmental and governance regulations” (ACCA, 2013: 17).

A more contemporary study leveraged—and reflected—some of the profound geopolitical changes in the Middle East and North Africa. Darendeli and Hill (2016), using a before–after natural experiment of the Arab Spring in Libya, explore how non-market activity in the form of social investments and projects may affect foreign firm legitimacy in times of political turmoil. They found that firms that both had ties to the Qadhafi family, but also invested in social-benefit projects and in social ties with families without ties to the Qadhafi family, earned a broad-based legitimacy that helped them survive Qadhafi’s overthrow. In summary, some very recent research by IB/IM scholars has begun to investigate the ethics and CSR practices of DMNEs, but this research is limited in both topic and focus.

Contributions to the Special Section
With regard to the call for submissions, in the end, just three articles were accepted through the review process and they are included in this special section and summarized in Table 1.

These three articles address—to a varying extent—some aspects of the following questions posed in the original call for submissions, especially those related to how the institutional and cultural environments in some developing countries manifest in the CSR policies of DMNEs, the role of government influence on CSR practices of DMNEs, and the strategic imperatives associated with CSR practices by DMNEs and, building on the research mentioned above, how DMNEs adapt their CSR policies and practices to legitimize their presence in host countries.
Miska, Witt, and Stahl (2016) contribute to the debate on global CSR integration and local CSR responsiveness by investigating how government influence, DMNEs’ presence in the West, and the level of internationalization affect the way DMNEs integrate their CSR policies and respond to local communities. Through the lens of institutional theory, particularly, the legitimacy literature, they argue that global CSR integration and local CSR responsiveness reflect isomorphic patterns of adaptation and distinct characteristics of the institutional environment.

They contextualize their study by examining a group of the most influential Chinese MNEs and analyzing them using fuzzy-set qualitative comparative analysis. Their findings show that global CSR associations, presence in the West, internationalization, and government influence contribute positively to global

<table>
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<tr>
<th>Authors</th>
<th>Title</th>
<th>Main arguments and/or findings</th>
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<tr>
<td>Miska, Witt, and Stahl</td>
<td>Drivers of global CSR integration and local CSR responsiveness: Evidence from Chinese MNEs</td>
<td>State influence and global CSR associations affect global CSR integration, whereas presence in the West and internationalization through M&amp;A predict local CSR responsiveness; multinational experience in top management teams is associated with both global CSR integration and local CSR responsiveness.</td>
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<td>Preuss, Barkemeyer, and Glavas</td>
<td>Corporate social responsibility of developing country multinationals</td>
<td>DMNEs are much more likely to adopt a code of conduct than their purely domestic counterparts; DMNEs from poorer countries and from countries with lower governance effectiveness tend to express more comprehensive commitments, exhibiting “substitute view”; the match between DMNEs’ CSR approaches and the efficiency of a country’s labor market reflects “mirror view”.</td>
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<td>Zyglidopoulos, Williamson, and Symeou</td>
<td>The corporate social performance of developing country multinationals</td>
<td>Developing country multinationals have higher levels of corporate social performance compared to their domestic-only counterparts; CSP is positively related to DMNEs’ degree of multinationality, but with a declining incremental impact, whereas entry into developed country markets leads to a greater improvement in DMNEs’ CSP than expansion into developing country markets.</td>
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CSR integration and local CSR responsiveness in Chinese MNEs. Their study draws our attention to the tension between global CSR integration and local CSR responsiveness, an area understudied in the context of DMNEs (Tan-Mullins & Mohan, 2013). Furthermore, the authors illustrate how DMNEs, in this case Chinese MNEs, legitimize their operations through CSR reporting, engagement of local stakeholders, their presence in the West, and membership in global CSR associations.

Through institutional theory and the national business system lens, Preuss, Barkemeyer, and Glavas’ (2016) study of corporate codes of conduct issued by DMNEs offers an in-depth look at company-level and country-level drivers of the rate of code adoption and code content. The authors found that DMNEs are much more likely to adopt a code of conduct than purely domestic counterparts. In addition, DMNEs from poorer countries and from countries with lower governance effectiveness tend to express more comprehensive commitments, which the authors conceptualize as a “substitute role,” that may fill what Miska et al (2016) describe as “institutional voids.” Thus, corporate codes of conduct serve as a signal to stakeholders that they are legitimate market players (Montiel, Husted, & Christmann, 2012) in order to overcome legitimacy deficits or maintain legitimacy, as the authors put it, to achieve their strategic goals.

In an effort to explore corporate social performance in DMNEs, Zyglidopoulos, Williamson, and Symeou (2016) argue that DMNEs have higher levels of CSP than their purely domestic counterparts because internationalization creates reputation and legitimacy deficits. They empirically demonstrate that the level of internationalization is positively related to CSP and this relationship is more prominent in the case of DMNEs operating in developed countries.

The findings in this study also provide evidence of the signaling effect of CSP. In the absence of sufficient reputation and legitimacy, improvement in CSP is used as a means to signal to the markets and investors that the DMNEs are legitimate players in the host country, similar to the case of codes of conduct found by Preuss et al (2016).

In this study, we also observe some convergence in the strategic behavior among DMNEs and their counterparts in developed countries. i.e., DMNEs’ motivation and global strategy drive their CSP regardless of the type of markets they enter, which could be counter-intuitive, but is consistent with the existing IB literature (e.g., Buckley & Casson, 1976; Cavusgil, 1980). More interestingly, the authors find that CSP is an effective mechanism for DMNEs to amass strategic assets in developed countries and, thus, DMNEs are highly motivated to invest in CSP as they internationalize. Similar to Miska et al (2016), this study suggests that presence in foreign markets positively affects DMNEs’ investment in CSP, which, in turn, is an effective vehicle to overcome the liability of foreignness.

Across all three articles, there are a number of common themes, including multinationality/internationalization, reputational and legitimacy deficits, liability of foreignness, and the influence of government. The authors examine these themes by contextualizing DMNEs as distinct organizations facing challenges of home country institutional voids, legitimacy deficits and liabilities of foreignness in the host country. This is consistent with the goal of this special section to make a contribution to the
current literature by closing the gap in research considering DMNEs’ pressures to use CSR as a signal for legitimacy and “lack of license” to operate as a result of the home country origins with which DMNEs are associated. The authors have used a number of theoretical lenses including stakeholder theory, institutional theory, and national business systems. Stakeholder theory and institutional theory are still two of the most relevant theoretical lenses to examine CSR issues in MNE subsidies, whether the parent firm is from an emerging economy or an advanced economy (Yang & Rivers, 2009).

Two of these articles (Preuss et al, 2016; Zyglidopoulos, Williamson, & Symeou, 2016) use comparative approaches to illustrate the differences between DMNEs and their purely domestic counterparts and demonstrate how internationalization of business, presence in foreign countries as well as home country institutional voids drive their enhanced CSR practices. These authors use empirical evidence to consistently demonstrate that DMNEs tend to use either CSR or CSP as means to overcome the liability of foreignness and reputational and legitimacy deficits. While these articles have not addressed all of the questions listed in our original call for submissions, they have addressed some of the fundamental questions related to ethics and CSR in DMNEs.

Future Research

As noted throughout this article, there remains a paucity of research that has explored the ethics and CSR activities of DMNEs. While the three articles in this special section help to extend the existing literature, they only scratch the surface in terms of their contribution to this emergent literature. In this final section we offer some ideas as to how the existing literature—including the articles in this special section—can push scholarship further in this important domain.

One strand of literature that has gained some traction are studies that explore how the ethical conduct and/or CSR policies and practices of DMNEs differ from their developed country counterparts and the theoretical explanations that can be provided for such differences.

So far, the focus has been on how DMNEs adapt their business ethics and CSR policies and practices to legitimize their presence in host countries, especially developed economies and the institutional “signaling” process described above, but surely there are other theoretical explanations that could also shed insight. Some of these articles also use the same logic that DMNEs are more or less likely to participate in regional and global ethics and CSR standards and agreements such as the UN Global Compact, the UN Tripartite Framework on Business and Human Rights, and the Global Reporting Initiative. Which ones are they more likely to participate in and which are they less likely to participate in? What theoretical explanations can be provided for such differences?

Similar questions revolve around whether DMNEs are more or less compliant with labor, human rights, anti-corruption and other regional or global ethical standards than MNEs from developed countries? What theoretical explanations can be provided for such differences and can DMNEs engage in business practices that are more or less environmentally sustainable than MNEs from developed countries? What theoretical explanations can be provided for such differences?
Another area deserving exploration is whether and how the institutional and cultural environment and distinct ethical traditions of specific developing countries manifest in the ethical conduct and/or CSR policies and practices of the DMNEs that emerge from those countries. More specifically, how do the ethical conduct and/or CSR policies and practices of DMNEs from one region (e.g., Asia) compare to—and differ from—those from others (e.g., Africa, Latin America) and how might the legacy of post-colonial influence; for example, does British influence in India affect ethical conduct and/or CSR practices and policies of DMNEs in those former colonies? Yet, another area requiring further investigation is how ethical conduct and/or CSR policies and practices evolve as DMNEs globalize and enter other developing and developed countries.

IB and management research has explored various facets of the economic and managerial dimensions of state-owned, emerging market multinationals (Doh, 2000 and JIBS special issue). Yet, no research to our knowledge has specifically examined how state ownership and government influence affect the ethical conduct and/or CSR practices of DMNEs. Somewhat relatedly, as Khana and Palepu (2006) have documented, many DMNEs maintain a broadly diversified portfolio of businesses. How does this diversification influence ethics and CSR policies and practices in DMNEs?

Some more specific issues related to firm strategy and organization are also deserving of exploration. For example, when DMNEs enter into joint ventures and alliances with developed country MNEs, which sets of ethical conduct and/or CSR policies and practices prevail? Slightly more broadly and related to the “signaling” theme above, how do DMNEs strategize business ethics and CSR policies and practices to achieve competitive advantages? How should they? Finally, does the ethical and CSR behavior of DMNEs suggest a convergence or divergence of global ethical norms regarding international business?

There are also fascinating normative questions, which have barely been touched. Integrative social contracts theory (ISCT) was developed in large part to enable MNEs to deal with conflicts of ethical norms between the home and host country. This theory identifies “hyper” norms that have somewhat universal acceptance, such as respect for human life and dignity, with “local” norms that are variable based on local and regional culture and acceptance. In this context, Donaldson and Dunfee (1994) mention a fascinating problem for MNEs operating in India, where Indian companies, such as the Tata Group, regularly hire relatives of current employees. Donaldson and Dunfee (1994) ask whether it would be appropriate for the MNE to use the same practice in India. An equally interesting problem for a DMNE, like the Tata Group, would be to define the extent to which it should practice nepotism either in other developing countries or in developed countries. How should DMNEs handle issues of same-sex marriage benefits for employees at home and abroad? ISCT was developed with developed-country MNEs in mind, not DMNEs. Work needs to examine its application in the case of DMNEs, where its home country context may be characterized by corruption and institutional voids, and its host country settings may include anything from countries with similar institutional contexts to advanced democracies, which may not share similar values.
Returning to the issue of corruption and continuing the line of reasoning above, under ISCT corruption may be viewed as a flexible, local norm that does not have "universal" characteristics and as such, one would expect varying approaches to its moral and ethical dimensions. Indeed, according to Transparency International, corruption is much more rampant in developing countries than in developed ones. Yet, as noted in the Montiel, Husted and Christmann’s study (2012), as DMNEs seek to penetrate developed country markets and overcome natural liabilities of foreignness, they are pressured to adopt to developed country norms regarding corruption. This reality can be extended beyond corruption to other CSR practices, potentially suggesting increasing convergence of “local” norms to global expectations and conventions. In the same way accounting and corporate governance standards are becoming more similar around the globe as DMNEs seek to be listed on foreign stock exchanges and attract investors from around the world, so too might ethics and CSR practices increasingly become a “license to operate” by DMNEs wishing to do business in developed countries.

Another related normative issue that has gained traction as a result of several tragic incidences is the responsibility of developed country MNEs to compel their suppliers—increasingly DMNEs—to conform to the ethical and CSR standards. For example, what is Apple’s obligation to require Foxconn (Hon High Precision Industries) to adhere to Apple’s standards regarding working conditions and environmental practices? As Foxconn, the world’s largest contract manufacturer with more than 1.3 million employees and responsible for approximately 40 percent of all consumer electronics worldwide, extends its global reach, will it naturally adopt “first world” ethics and CSR practices or will it maintain different approaches to ethics and CSR in the individual countries in which it operates? Increasingly, global supply chains no longer represent linear processes, but rather webs of economic activity that are dynamic, recursive and evolving.

The growing global interest in corporate sustainability is reflected in part, by the recently issued United Nation’s sustainable development goals (SDGs were published in October 2015; see http://www.un.org/sustainabledevelopment/sustainable-development-goals). As DMNEs seek to align their global supply chains with the 17 SDGs to better integrate themselves with this global sustainability agenda, they may be pressured to adopt well-accepted CSR practices to signal to developed country stakeholders that they are responsive to the institutional norms of those contexts. This adoption might mean these DMNEs may have to distance themselves from their home countries and increasingly become more like their counterparts in the developed countries. This situation could pose fascinating challenges for DMNEs and interesting opportunities for future research.

Finally, one implicit assumption about CSR practices in developing countries—whether they are promulgated by DMNEs or developed country MNEs—is that they sometimes substitute for the poor provision of public services by resource-poor or dysfunctional governments. This variant of the “institutional voids” argument begs the question as to the relationship between CSR by DMNEs in their home and other developing markets in which they do business and whether these initiatives will spur governments to respond more aggressively to social challenges such as health.
CONCLUSION

The emerging and transitional features of DMNEs present a challenge to mainstream scholars investigating CSR in a developed country context. Clearly, the message of this special section is that DMNEs cannot be equated either with their developed-country MNE peers or the domestic firms from their home countries. Theory about CSR among MNEs suggests that DMNEs are subject to a situation of institutional duality, where MNEs are subject to pressures from both their home country and their host country. The articles in this special section recognize the demands for global integration and local responsiveness. However, unlike developed-country multinationals, which face institutional duality because of their presence in the host countries where they operate (Kostova & Roth, 2002), the DMNEs face institutional duality in their home countries! This situation turns on its head many home country—host country conflicts that the mainstream MNE literature has treated. DMNEs thus provide a wonderful arena to examine the limits of received theory and open the way for new theory development. Given the economic importance of developing countries and the increasing number of multinationals that are based within them, understanding DMNEs and how they compare with their Western counterparts in their global social responsibility initiatives should concern IB, IM and CSR scholars. We believe the articles in our special section offer important insights in this promising research agenda and should stimulate interest among IB, IM and CSR scholars to explore questions related to institutional voids, institutional duality, and the signaling role of CSR, among many others.

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REFERENCES


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