ABSTRACT

Title of Thesis: PUBLIC RELATIONS AND MNCS' CORPORATE SOCIAL RESPONSIBILITY: FROM A DEVELOPING COUNTRY'S PERSPECTIVE

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Amongst heated discussions of multinational companies' social responsibilities, the study examined a three-dimensional model (Arthaud-Day, 2005) of social responsibility management by multinational corporations operating in a developing country—China, and further built an enhanced understanding in public relations and CSR. Eighteen participants (half communicators, half employees) from eight multinationals were interviewed over the telephone. Results identified two types of strategic orientations—global and transnational and four universal CSR issues (the underprivileged, education, environment, and community). Results also showed a dominant perception of public relations as "publicity" or "media relations," and communication at best. But most communicators and employees suggested a strategic role for public relations in managing their companies' CSR strategies. Specifically, the public relations function was proposed to act as coordinator, leader in formulation, implementation and evaluation process, or a helping hand for the human resources function. Other cultural nuances and implications were also discussed.

PUBLIC RELATIONS AND MNCS' CORPORATE SOCIAL RESPONSIBILITY:
FROM A DEVELOPING COUNTRY'S PERSPECTIVE

by

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Chapter I: Introduction

Purpose

A new survey on corporate community involvement released in 2004 by

Deloitte & Touche USA LLP indicated that 72 percent of employed Americans want

to work for a company that is involved in charitable causes, when deciding between

two jobs with the same location, responsibilities, pay and benefits. This survey

presents a glimpse into the situation where businesses and the general public are

paying increasing attention to the topic of corporate social responsibility (CSR), and

in particular, CSR strategies by multinational corporations (MNCs).

More specifically, the ever-increasing impact of MNCs on global economy

made the CSR policies of these corporations more open to public scrutiny. The

media, non-governmental organizations (NGOs), and activist groups have constantly

questioned activities of MNCs in developing countries, particularly with regard to

issues such as forced labor, bribery, and so on (Broadhurst, 2000; Panapanaan,

Linnanen, Karvonen, & Phan, 2003; Raynard & Forstater, 2002). On the other hand,

MNCs currently are still managing CSR haphazardly or unsystematically

(Panapanaan et al., 2003; Helmer, 2005). For instance, these companies either

address CSR narrowly as personnel issues, or environmental protection problems, or

philanthropy (Panapanaan et al., 2003; Smith, 2003).

In this context, one may wonder in what ways and by whom MNCs' CSR can

be managed strategically. Some public relations scholars (e.g., Falconi, 2004;

Fitzpatrick, 1996, 2000; McLeod, 2001; Stark & Kruckeberg, 2003) responded

differently to this question. Stark and Kruckeberg (2003) asserted that public

relations practitioners as the boundary-spanners between the organization and various publics should take the initiative to contribute to the management of MNCs' CSR. Baker (1999) also pointed out the importance of the social responsibility principle for public relations practitioners, arguing that public relations practitioners should "have a responsibility to the societies in which they operate and from which they profit, including…[an obligation to contribute] positively to the …health of society" (Baker, p. 76). However, Falconi (2004) argued that CEOs should shoulder the responsibility of managing CSR.

Taken together, there existed the need to explore the role of the public relations function in managing MNCs' CSR strategically. The purpose of this study was to build this link between MNCs' CSR and public relations, contributing to the development of measurement of public relations effectiveness in a global world.

Theoretical Framework

This thesis attempted to measure the value of the public relations function to MNCs in an international setting (in this case, a developing country), and provide a public relations perspective to the existing management theory of CSR. Therefore, I relied heavily on current theories on CSR, particularly MNCs' CSR. Specifically, the theoretical model tested was a three-dimensional conceptual CSR model proposed by Arthaud-Day (2005, see figure 1). The model includes a strategic orientation, content domain and perspective. The strategic orientation specifies the management mentalities of MNCs, ranging from multinational to global, and transnational. They vary in the ways in which MNCs handle the relationship between headquarters and subsidiaries. *Multinational* MNCs emphasize local adaptation and attend to specific

conditions of different local markets, and often use a decentralized structure. *Global*

MNCs are at the other extreme, with a centralized structure and standardized products

or services to all markets. A *Transnational* MNC is the ideal situation where the

company uses appropriate coordinating mechanisms (either multinational or global)

whenever necessary.

The content domain consists of recurring themes related to CSR practice

across cultures. Arthaud-Day (2005) suggested three major themes: Human rights,

labor, and the environment. Perspective reflects how MNCs deal with various

stakeholders in terms of their CSR strategies. This level focuses on three sublevels:

Ideological, societal, and operational level, which respectively refers to the

management belief system, stakeholder expectations, and actual practice of the

company.

The usefulness of this model for this study was that the strategic orientation

level helped categorize MNCs in their day-to-day operation, as well as their CSR

practice. The content domain allowed for building the international body of

knowledge of CSR by identifying universal CSR-related issues. The perspective

yielded insights into the process of CSR decisions by MNCs and evaluation of

MNCs' CSR activities. Testing this conceptual model filled a void of research on the

strategic management of MNCs' CSR.

By considering public relations as a strategic management function, it has an

expected role in managing MNCs' CSR. Vercic (1997) argued for "the fourth wave

public relations" that is a "collaborative decision-making process" (p. 276). Vercic

and Grunig (2000) contended that the future of CSR is "corporate social reason,"

which requires public relations to help organizations co-create the environment (proactive and interactive) instead of (passively) manages relations with publics. This was only one of the few articles that addressed the role of public relations function in managing CSR (not specifically MNCs' CSR). Due to the limited research on public relations in fostering MNCs' CSR, this study had to rely on qualitative results to examine some guidelines present in the literature.

Research Questions

Most CSR research so far have primarily explored CSR at the domestic level, i.e., in the home countries of multinationals, mostly Western nations (Jackson & Artola, 1997). A need existed to extend research on CSR in host (not only home) countries, particularly developing countries, "in order to develop a deeper understanding of the profound impact MNCs can have on a less developed country" (Arthaud-Day, p. 16). Therefore, I conducted qualitative interviewing amongst the branches of MNCs in a developing country—China (see Davidson, 2006; Weisman, 2006; World Bank, 2004 for China's status as a developing country) to explore and enrich the aforementioned three-dimensional model with a public relations perspective.

This study investigated the following four research questions. The first research question examined the first dimension of the model—the orientation of international business strategies, providing a foundation for the other two dimensions. As Arthaud-Day (2005) contended, these overarching strategies and structures directly affected MNCs' CSR function, including its content area and how it is performed in the company. The second and third research question explored the

content domain of the model, and the ideological perspective of the third dimension of the MNCs' CSR model illustrated previously. The last research question investigated the operational (measurement of what MNCs actually are doing) perspective of the third dimension of the model.

Arthaud-Day (2005) suggested that stakeholder groups of MNCs should be the unit of analysis when examining the operational perspective of the third dimension. A public opinion poll is a conventional method to understand stakeholder expectations of a MNC. However, out of concerns for time and cost, this study only examined perceptions of an internal public—non-communicator employees (hereinafter will be referred to as "employees") of MNCs in which the top communicators and communication staff were interviewed, because employees are not only implementers of a MNC's CSR strategies, but also stakeholders that these strategies have an impact on. Instead of using quantitative measures, the study triangulated qualitative data to gauge internal stakeholders' demands and assess the MNCs' actual CSR behaviors.

RQ1: Which strategic orientation do MNCs in China adopt: Multinational, global, or transnational?

RQ2: On what issues are MNCs' CSR strategies focused?

RQ3: What is the role of public relations in formulating, implementing and assessing CSR strategies?

RQ4: How do employees at these MNCs perceive their CSR activities, including the role of public relations department in the process?

This thesis first presents a literature review regarding (a) the contested terrain of the conceptualization of CSR and its dimensions (b) the reasons for corporate interests in MNCs' CSR (c) approaches to MNCs' CSR (d) strategies to implement and measure CSR (e) the missing link between public relations and CSR. Discussions of method, results, implications, limitations, and suggestions for future research will follow.

Chapter II: Literature Review

Conceptualization of CSR: A Contested Terrain

Researchers (e.g., Carroll, 1979; Kantanen, 2005) consider Howard Bowen's 1953 text *Social Responsibilities of the Businessman* as the first book on CSR in the modern era. Despite more than five decades of research on this topic, its conceptualization is still elusive (e.g., Arthaud-Day, 2005; Carroll, 1979; Clarkson, 1995; Friedman, 1970; Jones & Goldberg, 1982; Sethi, 1996, 2002, 2003). For example, Manakkalathil and Rudolf (1995) defined CSR as "the duty of organizations to conduct their business in a manner that respects the rights of individuals and promotes human welfare" (p. 29), which lacks descriptive accuracy and in turn makes it hard for operationalization.

Carroll's (1979) widely cited CSR model spelled out four types of corporate responsibilities: economic, legal, ethical and discretionary responsibilities, which are expectations society has of organizations at a given time. Economic and legal responsibilities specify obligations of organizations to serve economic interests within the legal boundaries. Ethical and discretionary responsibilities contain more vague messages for organizations, and are usually limited to their own judgments. Many voluntary activities by organizations, such as philanthropic contributions fall under the category of discretionary responsibilities. Unfortunately, Carroll did not offer a clear-cut definition.

Davis (1973) articulated a classic definition of CSR as "the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm…[to] accomplish social benefits along with the

traditional economic gains which the firm seeks" (p. 312). Again, researchers have criticized this conceptualization because it suggests corporations' engagement in public policy may make corporations too powerful, jeopardizing public interests.

Coupled with the vagueness of the conceptualization of CSR, another problem with existing research on CSR was the use of a range of other terms as equivalent to CSR. Here below I will introduce and compare them with CSR before drawing a conceptualization of CSR for this study.

Corporate social performance (CSP). As Wartick & Cochran (1985) observed, CSP has not started taking on a more precise meaning until early 1990s. Carroll (1979) and Sethi (1979, 1990) were among the first researchers who examined CSP. Unfortunately, Sethi (1979, 1990) only provided categories to assess CSP, rather than a clear definition. Carroll's (1979) three-dimensional CSP model consisted of CSR, social issues, and philosophies of social responsiveness, yet did not define the concept either.

It was Wood (1991) who first built on the existing literature and clearly conceptualized CSP as "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships" (p. 693). The principles of social responsibility—motivating principles—included institutional principle (i.e., legitimacy), organizational principle (public responsibility), and individual principle (managerial discretion). The processes of corporate social responsiveness—behavioral processes—consisted of environmental assessment,

stakeholder management, and issues management. The observable outcomes of corporate behavior comprised social impacts, social programs, and social policies.

Some researchers on CSP (e.g., Carroll, 1979; Sethi, 1990; Swanson, 1995; Wartick & Cochran, 1985) treated CSR as an indispensable component of CSP. For example, CSR is one dimension of the three-dimensional conceptual model by Carroll (1979). The institutional, individual and organizational principles of CSR is the first layer of Wood's (1991) three-layer CSP model, accounting for what motivates corporations into different socially responsive behaviors. Also, Wartick and Cochran (1985) particularly emphasized that the principles of CSR interacts with the process of social responsiveness, and the outcomes of corporate behavior.

Corporate citizenship (CC). Some researchers have equated CC with CSR, such as Carroll (1998), who defined CC as economic, legal, ethical, and philanthropic responsibilities, precisely the same as his previous definition of CSR. Others (e.g., Birch, 2001) regarded CC as an innovation to or an extension of the CSR concept, in that CC indicates that business sees itself as part of the public culture, and involves not only employees and management but also stakeholders in the organization, whereas CSR takes social responsibility as an external affair. Still others (e.g., Matten & Crane, 2005; McIntosh, Leipziger, Jones, & Coleman, 1998) asserted that their conceptualization of CC is not a conceptual improvement on or an extension of the concept of CSR. McIntosh et al. (1998) proposed the definition that CC "involves a mutually reinforcing relationship between individuals and communities" (p. xxi). They took CC as a continuum that moves from minimal citizenship at one end, where corporations only comply with laws, through the discretionary stage where

corporations engage in philanthropy/charitable giving, to the strategic citizenship stage in which corporations form a healthy relationship with its communities by "doing the right thing" and displaying humanity" (p. xxi).

Corporate social responsiveness. Frederick (1978, cited in Wartick & Cochran, 1985) referred to corporate social responsiveness as "the capacity of a corporation to respond to social pressure" (p. 6). Frederick (1994) further denoted CSR as philosophical-ethical vagueness and considered social responsiveness to be action-oriented realism. Likewise, Wartick and Cochran (1985) observed that social responsiveness shifted the emphasis from social obligations to social response processes, a solution to problems related to the execution and assessment of CSR. Sethi (1979) suggested that social responsiveness is more advanced than CSR. Vercic and Grunig (2000) concurred with the distinction that CSR questions whether companies have obligations to publics other than stockholders, whereas the notion of corporate social responsiveness deals with how companies fulfill their responsibilities after assuming obligations to all broader publics than stockholders.

In all, proponents of replacing CSR with social responsiveness contended that this concept is more tangible and attainable or advanced than CSR that is more related to philosophical discourse. Nevertheless, Carroll (1979), together with many researchers, argued that corporate social responsiveness is not "an alternate" to CSR, while acknowledging social responsiveness as "the action phase of management responding in the social sphere" (p. 502). Besides, it seems that too much emphasis on the "responding" processes fails to take into account the component of business ethics or the guiding principles of processes.

Corporate philanthropy (CP). L'Etang (1994) tried to disentangle the confusion surrounding CP and CSR. According to her, corporate philanthropy reflects corporate generosity and beneficence through voluntary corporate actions. Recipients of CP activities usually cannot demand such actions, wholly depending upon altruism from corporations. On the other hand, researchers in the management literature often equated CP with CSR, such as Porter and Kramer (2003) and Smith (2003).

Business ethics. It is inevitable to talk about business ethics when discussing CSR. However, these two concepts are not twins without differences. Sometimes researchers included CSR as part of business ethics. Broadhurst (2000) posited that awareness of complex corporate compliance in the dimensions of business ethics motivated corporations to implement their own socially responsible initiatives. To her, CSR is under the umbrella of business ethics. She used the case of Shell to illustrate how company tried to establish boundaries of ethical responsibilities. Other times CSR was perceived as an application of ethical norms (see Beschorner, 2006). Yet another point of view saw CSR as "the degree of 'fit' between society's expectations of the business community and the ethics of business" (Zenisek, 1979, p. 362). He further elucidated that this "fit" is both behavioral (the fit between what a firm does in relation to societal expectations) and attitudinal (the fit between what a firm's managers believe to be legitimate societal demands and actual societal expectations).

Dimensions of CSR

To sum up the above synonyms of CSR, one can find that the term CSP lacks much philosophical connotation, the concept Corporate Social Responsiveness overly

emphasizes the response process, and CP merely covers a small part of CSR.

Therefore, this study used the following basic and general synthesized definition of CSR: the responsibility of businesses to contribute to building a better society. This responsibility is not only at the philosophical level, but also at the operational level. Furthermore, it is concerned with not only the role of businesses in society, but also the tangible response processes and evaluation of such behavior. Finally, it should be noted that many researchers (e.g., Clarkson, 1995; Samiee & Athanassiou, 1998) still cautioned the move to build a comprehensive framework for CSR research, to say nothing of expanding CSR studies into the international arena, such as examining CSR strategies by MNCs. Nevertheless, this study made an initial attempt to operationalize and assess the concept of CSR in an international arena. The following section will review dimensions of CSR and finally propose a three-dimensional model for MNCs' CSR policies.

Similar to the disagreement in the conceptualization of CSR, there are variations in the dimensions of CSR. Some scholars identified this concept as a continuum (e.g., Stone, 2005) consisting of mandatory, assumptive and discretionary corporate public responsibilities. The three parts differ from each other in whether a business causes a problem for society, such as environmental harms, and the extent to which the business actively resolves the problem. Based on these criteria, the famous Johnson and Johnson Tylenol crisis in 1982 is an example of assumptive responsibilities. However, the continuum appears too simplistic to account for the complex situations of corporate decisions on CSR-related problems.

Other researchers (e.g., Quazi & O'Brien, 2000) regarded CSR as a two-dimensional concern including corporate responsibility and outcomes of social commitments. The dimension "corporate responsibility" spans from a narrow view emphasizing profit maximization in the short term, to a broad perspective focusing on serving the wider expectations of society in areas such as environmental protection, community development and philanthropy. The second dimension of outcomes of social commitments of businesses ranges from concern with the cost of social commitment in the short run, to attention to long-term benefits from social commitments for businesses. Still, this either-or approach by this model appears too linear to understand the tensions involved in corporate decisions regarding CSR. The two ends of each dimension may not necessarily be mutually exclusive. It is possible that corporations have mixed motives when fulfilling their corporate responsibilities. In other words, they may attempt to achieve both profit maximization and serving the wider societal demands at the same time, and bear in mind the short-term costs as well as long-term benefits.

Still others (e.g., Global Compact, 2005; Holme & Watts, 2000; Sagar & Singla, 2003) simply considered CSR as a set of social issues in areas of environmental protection, community involvement, etc. This approach has been widely used in existing literature and helpful for understanding the universality of some CSR issues. However, its explanatory power seems to lessen when analyzing the different connotations of CSR in different societies. For example, Ite (2004) pointed out the difficulties of applying universal, often Western, CSR standards to a developing country—Nigeria. He concluded that Nigeria's dependence on MNCs in

the oil industry even in part led to "the absence of social justice and equity in the distribution of the oil wealth" (p. 9). Also, Holme and Watts (2000) argued in their study conducted in the Netherlands, Taiwan, Thailand, the Philippines, the United States, Ghana, Brazil, and Argentina that different societies demonstrate significantly different understandings of CSR issues, such as human rights and environmental protection. Some participants in their study strongly objected to having "Western concepts" imposed upon them.

Yet another approach understood CSR as a three-category concept. Grunig and Hunt (1984) asserted that organizational responsibilities consisted of "the performance of the organization's basic economic functions (e.g., providing employment or refraining from restraint of trade)," "responsibilities arising from performance of basic functions (e.g., equal opportunity employment or prevention of pollution by industrial operations)," and "responsibilities for aid with general social problems (e.g., prevention of urban decay)." The first category of responsibilities lies at the core; the second category occupies the middle circle; and the third category lies in the outmost circle. This delineation has elements from Quazi & O'Brien's (2000) two-dimensional concern including corporate responsibility and outcomes of social commitments, and Carroll's (1998) conceptualization of economic, legal, ethical and discretionary social responsibilities.

In summary, there is no consensus on how to define CSR and what it comprises. For the purpose of this study, CSR was broadly defined as the responsibility of businesses to contribute to building a better society. Whether CSR

consists of a continuum, or two-dimensional concern, or merely a set of social issues, or other possibilities was examined in this study.

MNCs' CSR

Many researchers (e.g., Amba-Rao, 1993; Arthaud-Day, 2005; Broadhurst, 2000; Hopkins, 2003; Quazi & O'Brien, 2000) have recognized the significance of CSR for MNCs operating in a developing country. For example, Broadhurst (2000) noted that developing countries were concerned about "the dilemmas posed by external penetration of their economies and loss of national control on the one hand, and the desire to attract foreign investment and jobs as a development strategy on the other" (p. 88). Also, the 1998 World Investment Report of the United Nations Conference on Trade and Development (cited in Global Environmental Management Initiative, 1999) concluded that it is to the long-term benefits of developing countries to adopt economic reforms to attract MNC investment.

Despite the growing pace of globalization and demands for ethical corporate behavior, as Jackson and Artola (1997) observed, little research has been done on cross-cultural ethical values and behavior, such as MNCs' CSR in a developing country. One of the few exceptions is the 1999 report by Global Environmental Management Initiative that is based upon World Bank data. The report said, "Leading MNCs consistently are positive forces for both economic development and environmental health and safety quality in the developing countries in which they operate" (p. 8). However, this report is not without weakness. It attributed the economic development of such developing countries as China and India solely to direct foreign investment. Another critical methodological flaw is that the report

generalized results from a few case studies of MNCs' efforts to improve indigenous environment to all leading MNCs.

This study was a response to the aforementioned insufficiency of empirical research in MNCs' CSR. In this section, I intend to spell out a theoretical framework of MNCs' CSR that was examined in my study. Specifically, I will review literature on why MNCs should engage in CSR activities, a three-dimensional conceptual model of MNCs' CSR strategies, how MNCs usually formulate and implement CSR strategies, and how outcomes of responsible corporate behavior are usually assessed.

Why MNCs' CSR? Some researchers were skeptical about the notion of CSR, be it in the domestic (indigenous corporations in a home market) or international arena (MNCs' CSR). As the most cited scholar opposing CSR, Friedman (1962) asserted that the doctrine of social responsibility is "fundamentally subversive." In 1970, he further stated that the sole responsibility of corporations is to their shareholders. Likewise, Henderson (2001) claimed that CSR debilitates corporations by diverting their focus from primarily profit making to social services. Other critics argued that CSR damages the free enterprise system and jeopardizes U.S.-based corporations as their international competitors do not have the same societal expectations (Rawlins, 2005).

Proponents of MNCs' CSR held that MNCs can serve the greater community as well as their stakeholders. This argument adopted two different ethical approaches to account for why MNCs should engage in CSR initiatives: Utilitarianism or consequentialist theory, and deontology or non-consequentialist theory. Consequentialism judges corporate social responsibility from the expected

consequences of the decision (Bowen, 2005). As the most common consequentialist ethics, utilitarianism employs a cost-benefit calculation, and defines decisions that can maximize good outcomes as ethical (Bowen, 2004). Contrary to utilitarianism, deontology bases decisions on moral duties. Founded by German scholar Immanuel Kant, deontology argued that "the consequences of a decision should not dictate the moral principles of right" (Bowen, 2004, p. 315).

The following six studies seem to illustrate the utilitarianism approach. First, Fitzpatrick (2000) found that MNCs have to engage in CSR initiatives because of increasing public pressures to conform to societal expectation. Second, McWilliams and Siegel (2001) tried to use the theory of the firm to explain why MNCs are involved in CSR activities. The theory of the firm views CSR as "a form of investment" (McWilliams & Siegel, 2001, p. 119). Specifically, it assumes that a company can differentiate its products from competitors' by incorporating CSR attributes (such as pesticide-free fruit) in products or using CSR-related resources (e.g., organic pest control) for production. However, McWilliams and Siegel (2001) found that socially responsible corporations do not outperform or underperform other companies that do not meet the same social criteria. That is to say, corporations producing CSR attributes (higher cost, but higher profit) are equally profitable with those producing no CSR attributes (lower cost, but lower revenue). They suggested that managers should treat their CSR decisions exactly as they treat all investment decisions.

Furthermore, Hopkins (2003) listed the following reasons: Helpful to improve corporate acceptability by its domestic and international stakeholders; assisting

MNCs in attracting new investors; improving corporate industrial relations; boosting customers' loyalty; improving corporate reputation; contributing to sustainable development and human development.

Fourth, Zyglidopoulos (2002) particularly emphasized that because MNCs' reputation transcends national boundaries, they are more vulnerable to reputation loss and in turn are more likely to be forced to engage in CSR initiatives. He concluded that, under the umbrella identity of their parent company, the subsidiaries of MNCs have to deal with not only stakeholders in the country in which they operate but also those in foreign countries. Therefore, this "foreign stakeholder salience " leads to higher levels of social responsibilities for MNCs.

A fifth reason is that it is nearly impossible to exert effective legal governance over powerful MNCs, which makes CSR or self-governance by MNCs as "the only practical alternative" (Manakkalathil & Rudolf, 1995; p. 29). The sixth and more compelling argument is that CSR allows for a more long-term approach to success. MNCs justify the socially responsible behavior with "enlightened self-interest" (Falkenberg, 2002), a notion implying that both the corporation and community benefit from CSR activities.

However, among other critics of the utilitarian approach, L'Etang (1994) berated CSR programs motivated by self-interests for their "exploitative" nature and lack of concern for the recipients' needs. She criticized MNCs for using recipients of their CSR actions as a means to an end for their own purpose (such as a good corporate image). Sethi (2003) appeared even more skeptical about the effectiveness

of this self-interested approach, given the often inconsistent conduct of MNCs. He forcefully posed the question:

> "[H]ow might one explain the conduct of the managers of some of our largest corporations over the last three years where they have cumulatively laid off hundreds of thousands of workers, unilaterally reduced their pensions and health care benefits, while at the same time managing to increase their salaries and stock options ?" (p. 22)

These critics argued for the deontological approach to understand why MNCs should have CSR strategies. L'Etang (1994) proposed that corporate actions should be done out of duty, instead of self-interests. She contended that MNCs should consult the recipients and take into account their evaluation. Likewise, Naor (1982) emphasized that the obligation of MNCs is to meet the social needs of publics of the host country, which would contribute to enhanced public welfare.

Three-dimensional MNCs' CSR model. Arthaud-Day (2005) proposed a three-dimensional conceptual model (see figure 1) that allows identification of universal domains, yet incorporates the flexibility demanded by international CSR research. It includes the strategic orientation, content domain and perspective. The strategic orientation, or the foundational layer, describes the management mentalities of MNCs, including multinational, global, and transnational. MNCs fall into these three categories with regard to strategy, structure and managerial processes. A multinational-oriented MNC shows a high degree of local adaptation and features a decentralized structure. Headquarters do not exert tight control over subsidiaries. Rather, subsidiaries are expected to modify their products, services, and managerial

process according to local environment. A global-oriented MNC assumes that local markets share common interests and therefore attempt to provide standardized products and services to all customers. This type of MNCs benefits from the economies of scale. However, neither of these two strategic orientations is sufficient enough to satisfy the ever-changing needs from customers while maintaining the cost advantage of integration. The transnational strategic orientation aims to solve this problem. Transnational-oriented MNCs emphasize an interdependent network structure, helpful to coordinate different subsidiaries efficiently. Many multinational-oriented and global-oriented MNCs, such as Unilever (multinational) and Matsushita (global), have gradually shifted to the transnational orientation, according to Bartlett and Ghoshal (1998).

Borrowed from Bartlett and Ghoshal (1998, 2000), this typology is very helpful for extending CSR research into the international context. MNCs with different degrees of emphasis upon sensitivity to local conditions, relationship between headquarters and subsidiaries, and creation and diffusion of knowledge display different degrees of multinational, global, or transnational orientation. As the author contended, the strategic orientation takes into account one of the "key issues plaguing international CSR research (and business ethics in general)"—the tension between formulating universal standards and adaptation to local culture and ethical standards (Arthaud-Day, 2005, p. 8).

Prior research has supported all the three orientations to a certain extent. Manakkalathil and Rudolf (1995) expressed their preference for a multinational orientation by stating the difficulty of developing and enforce universally applicable

code of ethical standards. McLeod (2001) noted that CSR is perceived differently by governments, businesses and NGOs and that each country in her study shows a distinctive pattern of CSR strategies. Holme and Watts (2000) presented empirical support as well, with their cross-cultural study of participants' (general and business people) perceptions of CSR issues. They found that the definition of CSR varies across cultures, so do social issues covered by CSR (e.g., human rights, employee rights, and community involvement).

Other scholars who believe in a universal set of corporate ethical behaviors favor the global orientation (e.g., Global Compact, 2005; Langlois and Schlegelmilch, 1990; Quazi & O'Brien, 2000). Langlois and Schlegelmilch's study of 189 largest European companies and their affiliations in the United States suggested that most corporate ethical issues can transcend national borders. However, at the same time, they warned that MNCs that embrace national identity as part of the company's culture should be aware of the difficulty of implementing standardized codes of ethics across national boundaries. Similarly, a report presented by the Global Compact Office of the United Nations requested businesses, governments and civil societies to connect their CSR initiatives with the global issues of sustainable development, such as environmental protection (Global Compact, 2005). The Global Compact Office organized its CSR principles around eight global issues: poverty and hunger, universal primary education, gender equality, child mortality, maternal health, HIV/AIDS, malaria and other diseases, environmental sustainability, and global partnership for development. The researchers deemed that the consensus on the

fundamentals of CSR is a prerequisite for all parties to work together to bring about global changes.

Donaldson and Dunfee (1999) provided a good example of the transnational approach with their Integrative Social Contracts Theory (ISCT). Under ISCT, businesses cannot "claim that their set of ethical norms is necessarily universal; they must exercise tolerance of some approaches from different communities" (p. 47). At the very center of ISCT lie hypernorms, shared values among all cultures that can be used to judge all other norms. Then, there are three other types of micro-level social contracts: consistent norms, moral free space, and illegitimate norms. Consistent norms refer to social standards that are more culturally specific than hypernorms but are consistent with them and other legitimate norms. Most companies' vision-value statements can be examples of consistent norms. Moral free space includes norms that are sometimes inconsistent with other legitimate norms or hypernorms, and embody unique, but strongly held, cultural beliefs. Finally, the illegitimate norms violate hypernorms, such as disrespect for basic human rights. The presence of hypernorms exemplifies transcultural values; and the micro-level social contracts indicate specificity when complying with these global values. The transnational approach appears to be the ideal for MNCs in the international arena because it simultaneously addresses the need for adaptation to a host culture as well as complying with the broadest global standards.

The second dimension of the MNCs' CSR model is the content domain that covers three issues: Human rights, labor and the environment. These seem to be general CSR themes upheld in multiple cultures (Global Compact, 2005). The content

domain is superimposed upon the aforementioned three strategic orientations (multinational, global, and transnational). The human rights issue entails support and respect by businesses for the protection of international human rights (e.g., human development, respect for diversity). The issue of labor upholds the elimination of all forms of forced labor or child labor, elimination of employment discrimination, and the freedom of association and collective bargaining. The last issue of environment requires businesses to develop environmental friendly technologies, and take initiatives to promote greater environmental responsibility, such as recycling and improved energy efficiency. Arthaud-Day (2005) pointed out that these three issues are subject to changes or even removal. The content domain serves as a starting point for managing MNCs' CSR. When MNCs operating in a new international market that they have little knowledge of, it may be helpful to start with some globally recognized issues when developing CSR strategies.

The third dimension of perspective includes the ideological, societal, and operational perspective. The ideological perspective reflects what the MNC's leaders believe the company should be doing. The societal perspective indicates what the company's stakeholders expect of it. The operational refers to assessment of the company's actual CSR practices. The three perspectives illustrate the ways in which MNCs coordinate its internal belief system, external demands, and actual CSR strategies. This dimension accounts for the complexity of CSR-related decisions made by MNCs under different circumstances, and embodies the macro-level tensions embedded in the other two dimensions.

This three-dimensional model was particularly useful for my study. The strategic orientation helped the researcher categorize the four MNCs of interest, in response to the challenges of extending CSR research into the international arena. The content domain offered a broad framework of CSR issues, addressing the operational level of the concept. The perspective dimension tackled the response processes as well as outcomes of corporate CSR responses.

Formulation, implementation, and evaluation of MNCs' CSR strategies. There seems to be even less information at the operational level of MNCs' CSR. Helmer (2005) and Panapanaan et al. (2003) suggested that MNCs formulate and implement their CSR strategies arbitrarily or through trial and error. Nevertheless, I will still present a few helpful broad guidelines in literature in this regard.

The first useful tool for MNCs to carry out their CSR strategies is Hopkins' (2003) 20-item Corporate Responsibility Index Through Internet Consultation of Stakeholders (CRITICS). Hopkins built CRITICS by assessing whether a company has a statement of mission and values of corporate responsibility, ethical audit, a code of ethics, employees' access to this code of ethics, training pertinent to the code of ethics, the extent to which the company contributes to projects for the local community, etc. He described what areas MNCs' CSR strategies should cover, and the importance of employee involvement in operationalizing CSR strategies. CRITICS served more as a "what" guide than a "how-to" manual. Wartick and Wood (1998) spelled out three major structural factors for managing CSR: Establishing a code of ethics, reducing the inducements for misdeeds, and raising the risk of exposure (e.g., hotlines, ethics ombudsmen).

The last and more compelling tool for implementing CSR was presented by Werre (2003). He proposed a four-phase CSR implementation model: Raising top-management awareness of core values and sensitivity for external driving force, formulating a set of CSR vision and core corporate values, changing organizational behavior, and anchoring the change. Werre clearly illustrated the model step by step through a case study of a Latin-America-based MNC. This model is a good starting point for MNCs to develop and implement their own CSR strategies.

With regard to evaluating outcomes of MNCs' CSR strategies, some researchers (e.g., Werre, 2003) proposed three effects to be assessed: Social effects (e.g., employee treatment), environmental effects, and economic effects. However, debate over the relationship between MNCs' financial performance and CSR strategies abounds in academics. Research (e.g., McWilliams & Siegel, 2000; Waddock & Graves, 1997; Wright & Ferris, 1997) has found that CSR can contribute to, decrease, and exert little impact on corporate profit.

Others relied on internal audits (e.g., Social Accountability 8000), and external audits and certification (e.g., Social Accountability 8000 certification, Dow Jones Sustainability Index, Fortune Reputation Ranking, Domini 400 Social Index). Social Accountability 8000 is one of the most popular international standards developed by Social Accountability International, an agency under the US Council on Economic Priorities. This standard specifies auditable requirements on such issues as child labor, health and safety, freedom of association, right to collective bargaining, discrimination, disciplinary practices, working hours and remuneration (Hopkins, 2003). According to Hopkins (2003), these indices have been criticized for excessive

reliance on not-well-trained auditors (Social Accountability 8000), failure to take into account specific local demands from international markets or being "largely intuitive" (Domini 400 Social Index).

MNCs' CSR and PR: The Missing Link

As Rawlins (2005) noted, some critics contended that business people are not trained to solve social problems, which points to the question of who should manage CSR. In this section, I will review literature germane to this question, including arguments for and against public relations' role in managing MNCs' CSR.

Who to manage CSR? Some researchers considered it as a marketer's job in that CSR can enhance customer loyalty and help differentiate MNCs' products (Lantos, 2001; McWilliams & Siegel, 2001; Murray & Mountanari, 1986; Thellusson, 2003). However, the philosophical connotations of their proposed publicity strategies seem to be at odds with the long-term social effects targeted by MNCs' CSR initiatives. For example, Murray and Mountanari (1986) treated CSR as a product, and society as a "set of actual and potential markets," implying an inclination towards short-term returns. In a like manner, Robin and Reidenbach (1987) attempted to integrate a social responsibility perspective into the strategic marketing planning process. They suggested that an organization's culture be reformed based on CSR and ethical core values that are part of the marketing mission. These values should be tested on marketing's publics to see their appropriateness, and then act as an ethical guidance to the marketing activities of the organization. This approach, nevertheless, failed to take into account the fact that "marketing's publics" or consumers are only one stakeholder of an organization.

Others (e.g., Falconi, 2004) asserted that the chief executive officer (CEO) should be in charge of CSR because a CSR policy cannot be effectively implemented without the full-hearted support from the CEO. Also, while acknowledging the contribution of marketers to CSR, Robin and Reidenbach (1987) stressed that the management's ability to integrate ethical core values into the organization's culture is of primary importance to developing successful socially responsible marketing programs.

Still others (Fitzpatrick, 2000; Kamm, 1993) concluded that most CEOs prefer legal counsel on CSR matters. Kamm (1993) surveyed Fortune 1000 CEOs to find that CEOS chose to appoint senior staff members from the legal department to serve as ethics officers.

Why not public relations? Fitzpatrick (1996) noted that "public relations remains a relatively untapped resource" in the "institutionalization of ethics" (p. 256). There is no denying that public relations alone cannot fully shoulder this big responsibility. Rawlins (2005) pointed out that the obligation of designing and implementing CSR strategies should be shared by many organizational domains: legal, human resources, public relations, accounting, and planning.

Nonetheless, some researchers objected to contributions from the public relations function to MNCs' CSR. First, it appears that many critics not only pictured CSR negatively, but also equated public relations to propaganda or the like. They simply called CSR as a "public relations device" (Doane & Abasta-Vilaplana, 2005) or "an invention of PR" (Frankental, 2001). Heath and Ryan (1989) thoroughly explored the involvement of public relations practitioners in creating corporate ethical

standards with a survey of public relations practitioners in publicly traded American

companies. They concluded that public relations practitioners were not actively

involved in formulating corporate codes of conduct, and attributed it to the

"ambivalence about the role of public relations in many corporations" (p. 34). They

further explained that CEOs' view of public relations practitioners as nothing more

than "flacks" or as unethical people who contribute little to CSR. They suggested that

maybe practitioners are not particularly interested in being involved in CSR.

In addition, a few other scholars (e.g., Falconi, 2004) shared this concern

about the lack of professionalization of public relations. Falconi (2004) asserted that

assigning responsibility for CSR to the not-so-professional public relations function

narrows the notion of CSR by making it merely a communication tool.

Why public relations? Kantanen (2005) posed a question to the missing link

between CSR and public relations, saying "If PR is a professional management

function that initiates or maintains relationships between an organisation and its

public, where is its role in … CSR processes" (p. 13)? A few scholars who viewed

public relations as "boundary-spanners" between organizations and publics advocated

the strategic role of public relations in managing social responsibilities. Bernays

(cited in Clark, 2000) already said more than two decades ago "Public relations is the

practice of social responsibility" (p. 368). Bowen (2006) asserted, "Public relations—

in the ethical role of facilitating communication among systems, subsystems,

organizations, and publics in the environment—is the proverbial oil that greases the

wheels of society" (p. 277). Vercic and Grunig (2000) matched the development of

CSR research (from CSR to "corporate social reason") with that of public relations

field—from reactive, proactive, and interactive to strategic. They argued that public relations should switch from adapting to the environment to help companies co-create the environment. However, they did not lay out what public relations will do in this process of co-creation.

A more detailed discussion on the specific ways that public relations can contribute to CSR was made by Grunig and Hunt (1984). They stated that "Public, or social, responsibility has become a major reason for an organization to have a public relations function" because the public relations professional can act as an "ombudsman for the public inside the corporation" (p. 48). Grunig and Hunt further posited that public relations professional could contribute to an organization's public responsibility by alerting the organization to issues of responsibility, and sensitizing employees to public responsibility. Their suggestions were based on the understanding that public relations is a function that communicates to "organizational subsystems" and "publics."

The aforementioned research argued for a strategic role of public relations in CSR management. But what does this "strategic" role entail? Is it a "strategic" communication role, or a "strategic management" role? Most research on this to date preferred a communication role. Amba-Rao (1992), CSR Wire (2006), and Werre (2003) discussed the ways in which public relations practitioners can effectively communicate CSR strategies of their companies to stakeholders, and the benefits of such communication actions. CSR Wire gave eight tips for "developing an effective CSR communication strategy," including "identify your message, solicit internal support, know the target market…and select the appropriate communications firm for

your needs." The report also introduced four major benefits for companies that "manage their reputations by communicating their corporate responsibility endeavors"—improved consumer trust, more engaged investors, better community relations and environmental sustainability.

Similarly, Clark (2000) attempted to link CSR to public relations with a communication-management approach, or CMA. Clark reviewed the literature on environmental monitoring, public relations process, public relations audits, and social audits, and then drew the connections between this body of literature to the knowledge of environmental assessment, stakeholder management, and issues management. She incorporated the extensive literature to develop the CMA approach. The first step of CMA is conducting a stakeholder analysis. Public relations practitioners ought to comprehensively examine the vital historical, social, and political dimensions of the issues confronting stakeholders through internal-external stakeholder audit. Then, or simultaneously, the practitioner needs to build a communication profile out of the past and present communication methods and content between the organization and stakeholders. The final step for the public relations practitioners is to establish or maintain relationships with key stakeholders, on the basis of information obtained from the previous steps. Though a good starting point, this research is built on the assumption that the public relations practice of CSR is on the strategic agenda of CEOs of the organization. Without the involvement of top management, as Clark noted, it is impossible for public relations to strategically manage CSR.

On a different note, McLeod (2001) more or less leaned towards the "strategic management" role. She and fellow researchers interviewed prominent opinion leaders from six developed countries and proposing the following guidelines for public relations professionals: Involve senior corporate members to push CSR; engage the CEO who is personally enthusiastic about CSR policy; involve beneficiaries, adding credibility to CSR; form a CSR team including members from beneficiaries; ensure transparency; drive public relations beyond press releases; inform stakeholders of CSR initiatives and justify CSR to shareholders as "an investment in reputation;" send out information on CSR activities to other organizations; exchange experiences with other communicators.

In sum, researchers suggested the marketing function, CEOs or public relations should manage CSR, among others. Arguments objecting to the involvement of public relations in CSR stemmed from negative perceptions of public relations and concerns for the degree of professionalization of the function. In contrast, a stance supporting a strategic role of public relations in managing CSR emerged, based on the assumption that public relations is a strategic management function or a communication function. The majority of this strand of research pointed to a strategic "communication" role of public relations in CSR management.

Chapter III: Method

Overview of Method

The MNCs' CSR model is conceptual in nature. It ultimately examines only one construct—CSR from different levels, i.e., the organizational level (strategic orientation, content domain, and ideological perspective), and societal level (content domain, societal and operational perspective). Also, the excellence study (Grunig, Grunig, & Dozier, 2002) demonstrated that research on the value of pubic relations can be conducted at the program level, department level, organizational level and societal level. In addition, Arthaud-Day (2005) noted, multi-level studies on MNCs' CSR are noticeably missing, to say nothing of MNCs' CSR in a developing country. Therefore, I used qualitative interviewing and triangulated data from different sources to explore more deeply into the underlying nuanced meanings and relationships. By using data triangulation, I hoped to add validity and reliability to the study. Also, I located this study at both the organizational level and individual level. Specifically, for the first three research questions, I aggregated the data of participants (communicators and employees) from the same company to represent their MNCs and then compare these MNCs to each other. Also, I analyzed and compared the employees' data at the individual level for the last research question. I will discuss the method design, procedure, organizations studied, participants, data analysis and self-reflexivity in more detail in this chapter.

Qualitative Interviewing

Qualitative interviewing is an effective method to look deeply and broadly into subjective realities. Kvale (1996) has likened qualitative interviewing to

"wandering together with" the interviewee. He posited that interviewers who genuinely want to hear are on a journey with the interviewee, offering the latter a way to express stories in their own voices. Interviewing's ability to tap into subjective realities has made it an invaluable data-gathering tool in communication and other disciplines (Lindlof, 1995; Potter, 1996). Specifically, this method allows us to understand "the social actor's experience and perspective through stories, accounts, and explanations," test "hypotheses developed in the field," gather "information about things or processes that cannot be observed effectively by other means," and elicit "language forms used by social actors in natural settings" (Lindlof & Taylor, 2002, p. 173).

Also, qualitative interviewing is noted for its high adaptability. Lindlof and Taylor (2002) suggested that qualitative interviewing can be conducted "anywhere two people can talk in relative privacy" (pp. 170-171). It takes the form of face-to-face group interviewing, mailed questionnaires, and telephone interviewing (Fontana & Frey, 1998). Furthermore, it can cover a wide range of topics, with flexible formality. The in-depth information obtained from interviews is invaluable for exploratory studies on topics that have been relatively understudied, such as public relations practice in MNCs' CSR. Another advantage of qualitative interviewing is its tolerance for uncertainty because the design will be changed as the researcher discovers new information and probe further (Rubin & Rubin, 1995).

Qualitative interviewing is appropriate for this study because of the above-mentioned advantages, particularly its unique ability to grant the researcher understanding of a social actor's own perspective. Because public relations

professionals' perspective of MNCs' CSR is largely missing in the literature, qualitative interviewing is of great relevance to present these social actors' voices.

However, due to the flexibility and subjectivity involved in qualitative interviewing, this method has invited numerous criticisms. The most common one is lack of generalizability. The descriptive, explanatory and exploratory nature of qualitative studies make it hard to generalize findings unique to a specific group of participants to a larger population (Potter, 1996). The purpose of this study was not to generalize public relations practices of a certain MNC germane to CSR. Rather, it explored the "what" and "how" questions with regard to public relations and MNC CSR, thus attempting to build a preliminary theory of MNCs' CSR with a public relations perspective.

As Marshall and Rossman (1989) pointed out, another disadvantage of qualitative interviewing is misinterpretation. Distortion of information may arise from cultural differences between the researcher and interviewees. Although most of the interviewees likely will be Chinese, their working environment of MNC may still create cultural differences between them and myself as the researcher. Related to this issue, Rubin and Rubin (1995) suggested that the researcher be self-aware of his or her own cultural assumptions while exploring the rich culturally symbolic meanings. Another source of misinterpretation is pertaining to the interviewee. Lindlof (1995) cautioned that accounts of the interviewee often do not represent the full story. The researcher should try to check for consistency across cases.

Validity

       Triangulation. Triangulation is a method used by both qualitative and quantitative researchers to check and establish validity in their studies (Campbell & Fiske, 1959; Mathison, 1988; Risjord, Dunbar, Moloney, 2002; Denzin, 1978). That is to say, the researcher is measuring what he or she intends to measure (Kerlinger & Lee, 2000). Campbell and Fiske (1959) first proposed the idea of triangulation in a paper that discussed the application of multitrait-multimethod matrix, or MTMM. MTMM assesses the construct validity of a set of measures in a study. The basic underlying assumption is that triangulation ensures "convergence on a single perspective of a social phenomenon" (Mathison, 1988, p. 14). Denzin (1978) classified it into four types: Data triangulation including time, space, and person, investigator triangulation, theory triangulation, and methodological triangulation. Data triangulation refers to the use of different data sources, including at different times, in different settings, and from different participants. This study used data triangulation by inviting voices from both public relations practitioners and employees from the same company.

       The widely cited value of triangulation is establishing greater validity (Neuman, 1994). However, Patten (1980) warned that researchers should not expect to find results generated by different methods magically and automatically converge. Rather than perceiving triangulation as "confirmation" or "convergence," Knafl and Breitmayer (1989) proposed an alternative view of the advantage of triangulation—its "completeness" function. In other words, triangulation techniques provide a range of explanatory insights pertaining to research questions or hypotheses, leading to a

holistic account of a social phenomenon. Likewise, Mathison (1988) concluded that, when confronted with the situation where results from triangulation are inconsistent or even contradictory—which is often true, the researcher should attempt to embed the empirical data "with a holistic understanding of the specific situation and general background knowledge about this class of social phenomena" (p. 17). In so doing, researchers can shift attention from trying to deliver the "truth," to developing plausible explanations of convergence, inconsistency, or contradiction. Accordingly, I used data triangulation to have a greater grip on the "complete" picture of MNCs' CSR practice, and invite voices of internal publics into the MNCs' CSR model.

  Self-reflexivity. Understanding the difference between the self and the other is the key to understanding self-reflexivity (Potter, 1996). There are three ways to show self-reflexivity: First, explaining decisions for method selection; second, indicating threats to validity; third, disclosing the researcher's personal biases throughout the study (Potter, 1996). I already discussed some reflexivity-related issues in the decisions that went into selecting the methods. Here below in this section, I will lay out the other aspects related to self-reflexivity.

  First, although I tried to minimize threats to validity through triangulating qualitative data, still there existed a few threats. Because of the difficulty in gaining access to these "giant" multinationals, my initial attempt to interview only companies that have won CSR awards in China was not possible. Only five companies had won many CSR awards. As a result, insights into MNCs' CSR practice may have varying "quality."

With regard to personal biases, I myself believe that public relations should contribute strategically to MNCs' CSR practice. The public relations field has struggled to prove the value of the profession to the management world. I personally subscribe to the work done by Dr. James Grunig and his fellow researchers that stresses public relations as a management function. They contended that public relations adds to corporate value through relationship building. I perceive strategic management of CSR by public relations as another aspect of value of this function to organizations. My personal belief in the important role of public relations in MNCs' CSR may lead to biased findings.

My personal background stimulated interests in this research topic. As a native Chinese, I have witnessed the boom of MNCs in Beijing and other big cities of China. MNCs' impact on sustainability of Chinese economy has been a lingering topic of interest to me. This discloses my leaning on whether MNCs should have responsibilities beyond economic ones. Furthermore, my familiarity with MNCs in Beijing helped with completion of the study, such as building rapport with participants, understanding of their responses in Chinese, and so on. Nevertheless, my background as a Chinese could have turned me blind to some cultural nuances. I might have assumed my understanding of certain concepts during the interview. However, in the interviewing process, I made special efforts to eliminate as many misunderstandings as possible by always probing to participants and soliciting their feedback after the completion of the final report. For example, after the first interview, I noticed that the participant equated the term *"going yi"* to CSR, which could mean both philanthropy and just general public interests or common good in

Chinese. I then asked future participants for clarification of this term if it was used.

Also, to eliminate as much confusion as possible, I emailed the final report to all

participants to invite their comments and suggestions. These actions helped reduce

my personal biases as much as possible, which in turn added to the validity of the

study. Further discussion of the influence of these biases will be made in the section

of limitations.

Procedure

After obtaining the Institutional Review Board approval, I conducted 18

telephone interviews with top communicators (eight), a staff communicator, and

employees (nine) from eight MNCs in China. Scanned IRB forms and interview

protocols in both English and Chinese were emailed to participants. I also read the

IRB form to the participants before the interview started. All participants consented to

have the interview audio-recorded. One interview was conducted in English, the

others in Chinese. The interviews took place at different times (during and after work,

and the weekend) in June and July, 2006. All interviews lasted from 50 minutes to 2

hours. The interviews were then transcribed, translated and analyzed.

I used the form of semi-structured interviews by which a researcher uses an

interview protocol of a list of questions or topics to facilitate the "conversation" with

interviewees. The interview protocol (see Appendix 1) consisted of open-ended

questions that explore the CSR strategic orientations of MNCs to classify MNCs into

three types, conceptualization of CSR, the universal MNCs' CSR themes, and the

ways in which MNCs coordinate their internal belief system, external demands, and

actual CSR strategies. These questions helped examine the relationships between the

three levels of the model and the role public relations play. I also added a few probe questions (such as MNCs' collaboration with the government, participants' perceptions of public relations) because of emergent themes during the interview process.

I developed these questions from existing CSR theories that assess corporate performance and corporate social responsiveness, Arthaud-Day's (2005) study, and empirical studies on the strategic orientation of MNCs (Harzing, 2000; Leong & Tan, 1993), and a few studies (Clark, 2000; Fitzpatrick, 1996, 2000; Werre, 2003) on the role of public relations in different stages of MNCs' CSR practice—formulation, implementation and evaluation.

I pretested these interview questions on friends who work in MNCs in China, to increase face validity. Face validity means validity at face value that makes common sense (Kerlinger & Lee, 2000). A researcher can establish face validity through non-experts' opinions. Also, the pretests helped me gauge the timing of the interview. I made some minor modifications to the original interview protocol before using it for the actual interviews.

Corporations Studied

The eight MNCs comprised four American, two European, and two Japanese companies. The headquarters of these companies in Beijing, Shanghai, and Shenzhen participated in this study. Except three American companies, five participating companies were ranked among the Fortune 2005 Global 500 Index and have won a number of CSR awards in China. Communicators from five companies intended to have their company names disclosed, but two employees from two of these

companies objected. So, only these three companies' names (Ritz-Carlton, Nokia and L'Oreal) were used.

Ritz-Carlton is a luxury hotel chain founded in 1983, with only one branch in mainland China. The Chinese branches of L'Oreal and Nokia are respectively headquartered in Shanghai and Beijing. The other three American companies are involved in the airline, semiconductor and telecommunications industry. The two Japanese companies have a prominent presence in the field of electronics.

A top communicator and employee from another American company were also interviewed, but their data were not discussed here, because the CSR practice of this company in China had not begun when the interviews took place. Hypothetical CSR strategies could not contribute much to the research questions. Also, I initially intended to include two South Korean companies as well, but could not gain access to such companies for telephone interviews. One Korean company only agreed to accept email interviews.

By having MNCs from different cultures, I hoped to check the effect of culture on the model. An exploratory study I conducted (Shen, 2006) suggested the impact of Chinese culture on Korean and Japanese MNCs' CSR strategies. Although the effect of culture on the public relations practice of MNC CSR was not a topic of interest in this study, I expected that MNCs operating in the Chinese culture would be under the influence of both their home cultures and the Chinese culture. With MNCs of diverse cultural background, it was easier to identify whether and how culture affected their CSR practice.

Participants

Participants (Appendix 2) were recruited for the interviews through contacting MNCs directly and from my acquaintances. Also, participants who had been interviewed were asked to give names of other potential participants. This technique of generating a convenience sample, or snowball sampling, was helpful to reach a large pool of participants who can provide them with important information (Potter, 1996).

I interviewed eight top communicators, one staff communicator, and nine employees from eight companies. Some top communicators and employees have worked in the company for more than 10 years. On average, the employees and communicators have worked for their companies for more than 5 years.

Data Analysis

After the data collection process, I transcribed the interviews verbatim to retain the original meaning of responses. I then back translated these scripts to English (except that one interview with a top communicator was initially done in English). Next I carefully reviewed notes, transcripts, and documents sent by participants for many times to identify patterns, themes, categories, and unique responses. Data then were reduced to "manageable chunks and interpretation as the researcher brings meaning and insight to the words and acts of the participants in the study" (Marshall & Rossman, 1989, p. 114). I compared data across and within organizations several times to gain a holistic understanding of these companies' CSR practice. In particular, I triangulated data of all the communicators with those of the employees, both within and across the organizations.

As Lofland & Lofland (1984) pointed out, memos make researchers more aware of subjective bias. During the process, I wrote a few short memos when I had insights about some data and gradually developed an overall structure. I then related these insights and structure to the research questions to reach tentative conclusions. After the data analysis and write-up process, I emailed my report to all participants for their review. I made some modifications based on email feedback from a few participants.

Chapter IV: Results

Themes emerged from the analysis are presented below to answer the four research questions that examined the MNCs' CSR model. The quotations of participants' words were literal translations. Sometimes quotation marks were used inside a quotation because participants used English terms in their discussion. It should be noted that this section only reflects MNCs' CSR practice in the eyes of the participants, i.e., MNCs' top communicators and employees (i.e., non-communicator employees) in China.

RQ1: Which strategic orientation do MNCs in China adopt: Multinational, global, or transnational?

Participants were asked for their perceptions of the relationship between the Chinese branches and the global headquarters in terms of resources, skills, decision-making, research and development, and of the primary role of the Chinese branches. Predominantly, these MNCs adopted the global and transnational strategic orientations. Also, nearly unanimously, the participants used such words as "strategic," "very important," "emergent," "leading," "fast-growing," and "prominent" to describe the primary role the Chinese branch played in the company.

Centralization Ruled

Five of the eight MNCs appeared to have employed a global orientation, comprising three American companies, one European and one Japanese company. Only the Paris-based L'Oreal, another Japanese electronic giant and the Maryland-based Ritz-Carlton seemed geared towards transnational mentality or a mixed orientation from global to transnational.

Insofar as decision-making is concerned, three American companies pointed out a universal process. A top communicator of one American airline MNC remarked, "The decision process is the same for every unit across the world." The global headquarters had the ultimate say on decisions pertinent to company strategy and key issues. The Chinese branch made its own day-to-day operation decisions, including CSR decisions. The top communicator commented particularly on CSR, "We don't need to wait for the headquarters permission if we want to donate [money] to a non-profit organization. The whole group already has a clear-cut guideline [on CSR]. We should notify them of our CSR activities though."

An employee of this airline company saw eye to eye with the top communicator, responding that "The headquarters give us directions; we operationalize [their decisions]." She added that the Chinese branch in the meantime provided feedback and suggestions to the headquarters. However, it was still the headquarters that determined whether to subscribe to these comments and suggestions.

Along similar lines, one employee of an American semiconductor MNC acknowledged a "global" tendency, defined by a "top-down decision-making process." He argued, "Top management decides overall directions of the company. We from the bottom can send proposals to the top. If they ok it, we can then go do it."

An employee at an American telecommunications MNC further asserted that his American headquarters were in charge of directions of research and development, allocation of technological resources, and all other strategies. The only exception was human resources, because most employees at the Chinese branch were local Chinese

people. He particularly lamented the "long-winding decision-making process" which impeded the development of its Chinese branch.

Nevertheless, the top communicator in this American telecommunications MNC seemed to have a slightly different opinion about the strategic orientation of this American MNC. She contended, "We have our own voice in the headquarters too. We can tailor strategies and policies [formulated by the global headquarters] to satisfy needs of local Chinese market, if needed. But sure, we follow their guidelines." As she argued, although the global headquarters determined strategies for all markets, the Chinese branch has to customize them based on local demands.

Similar to its three American counterparts, the Finnish MNC Nokia seemed to enjoy an economy of scale. An employee who has worked in the company for a number of years observed,

> "Our management process is the same around the globe. All our factories use the same raw materials, equipments and techniques, and undergo the same quality control system. Our hiring qualifications and employee trainings are universal too. Our research and development is managed under the global umbrella. Each business unit and region follows the same strategy. This company is global in a real sense."

Slightly differently, all three participants from a Japanese electronic MNC all foresaw the increasing possibility of gaining more leverage by the Chinese branch in the near future. A staff communicator particularly mentioned, "Our president is very committed to let 'voices from China' be heard at the [global] headquarters, thus

granting us more [decision-making] power…More and more transactions will be moved to China in the future."

At the same time, the communicators and employees in the companies all recognized that their companies adopted a global-oriented pattern, in which the global headquarters streamlined strategies, specified goals, and controlled research and development, financial and technological resources. The Chinese branch only made decisions with regard to its daily operations. As the employee commented, the Chinese branch was primarily "a manufacturing plant."

Another theme surfaced in the Japanese electronic MNC and the American airline MNC was that the Chinese branches were entitled to make some of their own decisions insofar as CSR was concerned. The top communicator in the Japanese MNC reported that her company could propose local-specific CSR programs with permissible budgets. Her American counterpart stated that he only needed to inform the global headquarters of his CSR initiatives if in line with global CSR guidelines.

Moving Toward the Transnational End

Participants from three companies, each of which respectively headquartered in Europe, America and Asia, observed that their companies either had a mix of global and transnational mentality or a transnational orientation. Their observations covered primarily the decision-making process. A few participants also discussed other aspects—skills, resources, and R & D.

Ritz-Carlton seemed to have a mix of global and transnational mentality. The two employees both explicitly mentioned a close relationship between the global headquarters and the Chinese branch. As one employee stated,

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"Our headquarters solicit suggestions from employees when making major decisions. Last time, they intended to change our advertising logo, which was not well received by the employees. Our HR director told the headquarters about our employees' comments. They really listened to us. So, one thing is the fast communication, the other is respect for employees."

Furthermore, the Shanghai branch of the hotel chain had its say in strategizing the operations in China. The other employee commented, "The Shanghai branch works out our own strategies based on the mission and vision [of the global headquarters]. Our management then communicates with employees so that everyone is clear about what to do next." She then added that prospective hotels slated to be opened in China soon will primarily be modeled on the Shanghai branch, which was indicative of the decision-making power afforded to the China subsidiaries.

In the meantime, a global characteristic emerged from one employee's and top communicator's observations. The employee introduced a standardized process of how decisions are communicated from the global headquarters to each hotel. The top communicator also acknowledged that their strategies should follow the global framework. In addition, this feature of standardized practice was evident in all the employees' frequent use of the global motto "We are ladies and gentlemen serving ladies and gentlemen." One employee stated that each hotel branch around the world is of equal importance to the company, with some acting as exemplar or benchmark to share success stories to others.

Another Japanese electronic MNC in this study seemed to be going through a transition from "global" to "transnational" strategic orientation. An employee stated,

"Each department in China reports a department in Tokyo… But, now it seems that they are loosening control over China. We have our own product design center and have the freedom to create our own new products." The top communicator seemingly suggested that their company had already transformed to "transnational" now, while admitting that decision-making was more centralized in global headquarters when the Chinese branch was just set up. She further explained, "Board members at the Chinese branch also serve on the board of the headquarters. Big decisions such as investment are made by top management from both sides."

Participants perceived L'Oreal as the only MNC with a clear transnational strategic mentality, characterized by an interdependent network structure. Instead of centralizing or decentralizing, L'Oreal made selective decisions. As the top communicator asserted, decision-making was "case by case," often involving much "interaction, discussion, even debate" between Paris and L'Oreal China. On the one hand, he argued that "It's unrealistic to let Paris make all the decisions for us. You have to be close to the local market, to the local needs. So we have…lots of flexibility, lots of freedom." On the other hand, he stressed that operations in China were definitely an inseparable part of the whole L'Oreal Group. For example, he noted that the Chinese branch housed one of L'Oreal Group's four management development centers, producing middle- and top-level management personnel for L'Oreal's branches around the world.

On a slightly different note, a senior employee who has witnessed the growth of L'Oreal China noted a change from global to transnational mentality. She said,

"When [L'Oreal] entered the Chinese market…many resources directly came from the global headquarters. But our goal was to utilize more local resources and technologies. So it's a process." After the years of development, the Chinese branch became a key player in the interdependent network of branches. She explained, "For example, R & D centers used to be located in Paris only…They have set up an R & D center in China now… It's the same thing with decision-making. Now we can make a lot of our own decisions…"

Strategic Position and Strategic Orientation

Strategic orientations of the company seemingly mattered less than the strategic status of the Chinese branch to these participants. Regardless of the management mentality, almost all participants contended that the Chinese branches played a "prominent" or "important" role in these MNCs. This sense of importance resulted from the proportion of sales growth, size of the Chinese market, company expansion, and low labor cost in China. A few of them associated this "prominence" with the company's strategic orientation. Specifically, the share of growth of the Chinese branch rendered it impossible not to slacken control and grant privileges and flexibilities.

The top communicators from the American airline company and American telecommunications company contended that the fast growth of the Chinese branch earned a strategic position in the MNC. On a similar note, an employee from an American IT company commented that the Chinese branch had more resources because its sales volume took up more than 50 percent of the total. But an employee

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from the American telecommunications company qualified the observation, arguing that "Even with the greater attention to China, it is still marginalized."

Participants from Ritz-Carlton and the American semiconductor company attributed the attention to the Chinese branches to the company's expansion. One third of Ritz-Carlton's new hotels would be opened in China. For the American semiconductor company, one employee asserted that such less mature and not-so-saturated market as China would generate more profits, making the Chinese branch increasingly important in the company.

From a different perspective, participants from the two Japanese MNCs pointed out that the strategic position of Chinese branches stemmed from the fact that they were a major "manufacturing plant or base," with "low labor cost" and "excellent employee performance." The top communicator from one Japanese electronic MNC explained that the headquarters had to heed more to needs of the Chinese branch as more than one fourth of its products were made in China. Likewise, an employee from this company drew her conclusion of "strategic importance" from the observation that the new CEO of her company first visited the Chinese branch once elected, and that "the Chinese branch kept hiring new employees even when layoffs occurred in other branches and the global headquarters."

Participants from a competing Japanese electronic MNC all agreed and further emphasized that "low labor cost" and "outstanding job performed by local Chinese employees' led to the hype surrounding the Chinese branch. The top communicator

added that the considerable amount of investment to the Chinese branch showed its indisputably important status in the company.

Participants from the two European MNCs—Nokia and L'Oreal—shared the views of their Asian and American counterparts: The sheer market size and fast growth in the Chinese branch gave it a strategic status in the company. As a senior employee at Nokia noted, the headquarters' decision-making on investments, R&D and so on must take the Chinese branch into consideration because "China is the largest country market to Nokia." Similarly, the top communicator in L'Oreal referred to China as "one of the top 10 markets for L'Oreal" contributing tremendously to the company's annual growth. He also implied that, with more leverage afforded by the global headquarters, the Chinese branch grew indispensable among the interdependent network of branches. One example was that the Chinese branch trained for other branches more management personnel in its management development center.

RQ2: On what issues are MNCs' CSR strategies focused?

Participants were asked for their personal conceptualization and their company's definition of CSR and perceptions of the issues that their companies focused on in terms of CSR. They were also expected to give examples of such CSR activities and explain the reasons for engaging in these specific issues by their companies.

Definitions of CSR: Convergences and Divergences

Most participants defined CSR broadly as the contributions a company makes to society, beyond making profits. Many of them compared a company to a person in

society. Some participants also asserted that CSR was a social trend among MNCs in the past two years in China. Nearly all communicators presented the aforementioned broad definition when asked for their own perceptions of CSR, but became more specific when asked for their companies' conceptualizations. Except the top communicator in an American airline company, other communicators agreed that their own conceptualizations of CSR were in line with their companies' definitions. Besides, a few participants also used the term "*gong yi* (public good)" to describe their companies' CSR activities, although they implied differing connotations for the term.

Beyond making profits. A consensus among the companies and participants was that CSR suggested a company should not just make profits as a member of society. As a staff communicator from a Japanese electronic MNC commented, "A company must be aware of its impact on society…economic influences, environmental impact…It should also take into consideration needs of underprivileged groups and its influence on education and culture, etc.

Participants from an American telecommunications company and employees from Nokia and a Japanese electronic company all associated CSR with corporate image. Participants from this American MNC remarked that CSR could help boost corporate image. An employee from a Japanese electronic company pointed out that the Japanese companies should be more self-conscious about their CSR activities and image, because of "the historically sensitive Sino-Japan relations the bad stereotypes Chinese people already have of Japanese companies." Through CSR, her company managed to keep a good image. Also, an employee from Nokia explicitly articulated,

"On the one hand, doing CSR is giving back to society. On the other hand, it is helping your brand image... Besides, MNCs are obligated to help local society because they have already made profits from the community."

CSR as "gong yi(public good)." Some participants also used "g*ong yi*" to refer to the CSR activities their companies were engaged in. *Gong Yi* literally means the common good, public interest, or public good. It also has a connotation of charity or philanthropy in Chinese. Two participants from a Japanese electronic MNC and a top communicator from an American telecommunications MNC used it this way. For example, the top communicator of the Japanese electronic company asserted that CSR entailed more responsibilities than "merely 'g*ong yi,*'" where she implied that "g*ong yi*" meant charity. In contrast, a few other participants equated "g*ong yi*" to "contributing to public good." For instance, one employee from the other Japanese electronic company categorized such environmental protection activities as tree planting and recycling used batteries as "g*ong yi*" actions.

Unique voices. A few participants differed on perceptions of CSR, even though they worked for the same companies. Both the top communicator and an employee of an American semiconductor MNC defined CSR in this way: "A company must shoulder some social responsibilities" or "provide some impact to society" besides "making profits" or "conducting business." The employee then explained that the company should be involved in some *"gong yi"* activities to help those needy. Along different lines, the top communicator used the approach of his company to explain how to "provide some impact." He stated, "[We think we need to] promote commercial success in ways that honor ethical values and respect people,

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build communities and preserve the natural environment." Specifically, the company operationalized its CSR approach with a business practice "with integrity and transparency," a management system characterized by fairness, transparency and justice to employees, and dedications to "strengthen communities" and "improve people's overall life quality through technology." But the employee only perceived his company's CSR approach as "g*ong yi*" activities, in line with his personal view.

The top communicator of an American telecommunications company personally understood CSR as "philanthropy actions to promote corporate image and give back to society." She particularly commented that CSR already became a "very good trend" among many companies in China, especially MNCs. She observed that her company had a well-developed tradition with regard to CSR, covering education, environmental protection and community programs to solve social problems.

The employee from this company also linked CSR to corporate image, but his definition of CSR consisted of five layers. As he stated, first, a company must be a "law-abiding corporate citizen," just like an individual; second, the company should "generate job opportunities;" third, it must be an "industry leader;" fourth, the company has to be committed to "*gong yi;*" lastly, it should help "build a better social environment." The layers were ordered based on their level of difficulty, and amount of contribution and risk involved. The last layer would be most difficult to comply with, but related to greatest amount of contributions and social impact. The employee also explicated that only by being an industry leader could the company generate more impact on society. As he argued, "If [our company] built a 'Hope School' or did

some philanthropy initiatives for a university, society would deem it normal. But if some start-up did so, nobody would recognize their actions."

Differently from all other communicators who defined CSR broadly as the "responsibilities to give back to society, beyond making profits," the top communicator of Ritz-Carlton China saw CSR as "about part of the community," or more specifically, about helping "the underprivileged" and the "community of employees." Two employees echoed her view, one of whom attributed this perception to the company's motto, i.e., "We are ladies and gentlemen serving ladies and gentlemen." The other employee broadly explained, "A company must give back to society and help those needy, to express its gratitude to its customers." She then added that this focus on community was part of the corporate culture of Ritz-Carlton.

The top communicator of Nokia also shared this view of CSR as "being responsible for the community," though he perceived community as both the Chinese society and the local community in which Nokia operates. He argued that CSR was one of the three purposes of corporations. As he explained,

> "Being a responsible corporate citizen entails, first, stakeholder satisfaction. Then, we have to satisfy the national community and the neighborhood. Satisfaction means we need to contribute to local economic and societal development, because we are a member of the community. As a responsible community member, we need to go beyond making money. Third, we should be responsible for the local environment. So, being responsible means being responsible for the environment, the community and stakeholders. CSR is the

second part, contributing to the community. It's not for publicity, but a

strategic purpose of a company."

Issues of Interest

Contributions to the underprivileged, education, environment, and community

were sweeping issues among almost all the companies. Half of the companies also

discussed disaster relief as another issue, but usually this kind of projects was

organized by global headquarters. Nearly all participants brought up the issue of "the

underprivileged." Some companies understood it as part of efforts to "give back to

community," or "*gong yi*" endeavor, others viewed it as an independent issue of

"community" that merits attention. But the companies defined community both in a

narrow sense of "neighborhood where the MNC operates" and the broad sense of

"national community." Education and environmental protection programs appeared to

have become a tradition among MNCs. One additional problem was that many

participants found it hard to clearly category their CSR initiatives, some of which

could be both education and the underprivileged, or both environmental protection

and community, among others.

The American telecommunications company developed youth education

programs, volunteer programs to protect the environment, or help the

underprivileged, such as seniors, children and the handicapped, and "global days of

caring." For the top communicator of this American company, "underprivileged

groups are children of migrant workers, laid-off workers, senior citizens and students

from schools for the blind." she implied that "caring for the underprivileged" was part

of a community program, where community narrowly referred to "the neighborhood area."

Its youth education program was carried out under a charity foundation of the global headquarters. The Chinese branch built "Hope elementary schools" (part of a national government-initiated Project Hope), and helped college students with job-hunting. Volunteers regularly visited schools for the blind, assisted daily life of senior citizens in the neighboring community, and partnered with children of migrant workers. Volunteers also collected used cell phones and batteries and sent to a global non-profit organization for recycling. The most diverse program was "global days of caring" which lasted sometimes for a month, or three months. The Chinese headquarters coordinated among other offices in China. Each office had different activities to "give back to the community."

The American airline company mainly focused on disaster relief, and helping children, especially orphans. The top communicator perceived these CSR efforts as caring for the "national community of China." Thus, helping children was "supporting the community." Disaster relief was more or less a global effort, usually initiated by the global headquarters. This company worked closely with a few international non-profit organizations to either transport sick children to the United States for medical treatment or bring American doctors to Chinese hospitals to cure patients. Both participants gave the example of a severely-burned four-year-old orphan who had used free airline services multiple times between the United States and China for medical treatment every year since he was born.

The American semiconductor company was involved in environmental protection, community programs and education. The term "community" to the company suggested a broad connotation. The top communicator argued that, all the educational programs could also be viewed as "giving back to the community."

As the top communicator stated, the company met all the environmental protection standards specified in China's laws. Also, volunteers were organized to promote raise environmental protection awareness on Arbor Day, World Environment Day and Earth Day. Their community programs ranged from a "volunteer matching grant program," rural female teacher training program in Sichuan, charity run to raise money for Special Olympics, to "walk into the community" program to help local community residents and students on technologies. "Walk into community" program, as a community signature program started in 2004, had engineers talk to more than 2,000 community residents in nine training sessions, and witnessed people joining technology DIY and PC training offered by the company's volunteers. The educational initiatives included training teachers on technologies, improving students' problem-solving capabilities, hosting science and engineering competition, and building partnerships with some 40 universities by funding research, donating equipments, setting up scholarships and so forth.

Ritz-Carlton was active in community programs, fund-raising activities, education, and employee programs. Participants agreed that "community" had more or less a narrow meaning—the neighborhood areas of the company. All three participants also discussed their monthly "community visit to a senior citizen's home or children's home." The community program was a customization of the

"community footprint" program rolled out by the global headquarters. In December, the company would have its annual charity gala dinner at the aid of Children's Welfare Institute, which was under the Shanghai Charity Foundation. The Chinese branch raised more than half a million dollars so far at the gala where drawings from children's home, autographs and photos of movie stars were auctioned. In addition, their foreign employees initiated a "sunrise project" to pay for tuitions of students.

Education, Sino-Japan relations, environmental protection, disaster relief, art, and poverty relief constituted CSR endeavors by a Japanese electronic company. Helping the underprivileged was denoted as "poverty relief" in this company. Participants commented that some CSR activities dealt with more than one issue. For example, as the top communicator observed, an art project may help boost Sino-Japan relations. An educational project could be geared to poverty-stricken rural areas.

The top communicator talked voluminously about the educational efforts, a long-time tradition of this company. Two main programs starting from 1994 catered to needs of college students, one being a scholarship program, the other an electronic design contest. She also discussed an on-going science museum project initiated in 2000. As she stated, "The museum was designed to inspire children's interest in science…At the current fast-growing stage of China, education is a very important area of interest."

Sino-Japan relations appeared to be another important issue to this Japanese MNC. The company organized tours to Japan for high school students in China. These students were invited to homes of Japanese employees to experience how Japanese protect the environment. Other cultural exchange programs, such as concerts

and TV programs, also "strived to promote understanding between Chinese and Japanese people." The top communicator asserted that "This is a long-term commitment. We are planning to do more in this area in the future."

Nokia emphasized education, youth development and environmental protection, but blended the issues together in many projects. For instance, as an employee introduced, the "environmental ambassador club" regularly organized "ambassadors" to teach environmental knowledge courses to some "Project Hope elementary schools." She asserted, "This is both environmental protection, and community involvement."

Participants mentioned that their education programs included projects to "help underprivileged groups, such as orphans and poor students," and initiatives to support research by college and graduate students. An example was that the company would fund student research and encourage them to publish in foreign academic journals. An employee also pointed out that the company's environmental protection comprised some themed SMS contest for children, environmental ambassador club activities, and end-of-life product recycling. In addition, Nokia set up an on-going "youth business communicator involvement project" which offered loans and guidance to college students for setting up small businesses.

L'Oreal showed its interests in art and culture, disaster relief, education, and environmental protection, and "helping the underprivileged." The employee asserted that "helping the underprivileged" was their key "*gong yi*" effort. She gave examples of how the company particularly created positions for some skilled handicapped people.

The top communicator mentioned that certain projects to support science research, such as female scientists, were customization of projects initiated by the global headquarters. An example the top communicator used was the "China young female scientist award," in line with the "for women in science" global initiative which offered five $100,000-awards to female scientists in life science.

Another Japanese electronic MNC was "dedicated to disaster relief, environmental protection, education, and underprivileged groups." Participants generally included orphans, senior citizens and handicapped children as "underprivileged." Disaster relief efforts usually came from the global headquarters. Examples of environmental protection were recycling of used batteries and annual activities on World Environment Day.

Why These Issues?

Participants were asked to account for these CSR strategies. Every company believed that CSR was inter-related with and defined by its mission and vision. Seven companies cited their "corporate culture" as one major reason why they were involved in CSR and in those specific areas. Six companies felt expectations of the Chinese society led to their decisions on CSR. A few participants also pointed out the association between CSR strategies and corporate branding and reputation.

"It was part of our culture." For an employee who worked more than a decade in an American airline company, a "caring culture" made the company willing to help. This represented the stance of almost all participants from seven companies. Both participants from an American telecommunications company agreed that the

CSR was deeply rooted in the "caring corporate culture" that valued "long-term growth and impact."

One top communicator of an American semiconductor company asserted, "CSR is what the company is all about. It is an expression of its 'being.'" He explained that the company from top to bottom all stressed CSR, which was built in their new-hire orientation.

Many participants further emphasized that this culture must include support from the top management. One top communicator from a Japanese electronic company commented, "If the top management, especially the president, endorses or even acts out in these CSR activities, the impact will be much greater."

"Starting from the mission and vision." All the companies agreed that their mission and vision defined CSR which in turn reinforced and operationalized the former. A top communicator from an American airline company explained, "Our mission is caring your employees, caring your consumers, caring your community…We naturally focus on 'caring' once in the service industry." Another top communicator from an American semiconductor company further stated that although the term CSR was not explicitly expressed in the vision, it was "well integrated in the business practice." In addition, an employee from Ritz-Carlton pointed out that a company's vision and mission might change over time, but CSR would always be part of its practice.

Many participants then added that "mission and vision" are part of their "corporate culture." For instance, a top communicator of a Japanese electronic company stated that her company's culture comprised "vision, mission and value,"

and that "an important value was to be a responsible corporate citizen." Another top communicator from an American semiconductor company made a similar comment, saying "Mission, vision, and fixed value…it's part of what a company is."

"China expected MNCs to do so." Most participants felt that doing CSR was to meet the external expectations of the Chinese society. An employee from Ritz-Carlton attributed their choice of visiting senior homes to the society's demands. She asserted, "Shanghai is an aged society now. Many senior citizens lived in senior homes. As their children are busy working, they must feel very lonely. We feel it's our responsibility to care for them."

A staff communicator from a Japanese electronic MNC was very demonstrative about society's expectations and needs. As she stated, "China is not a developed country where survival and free education are not challenges. Companies in these countries can donate more to art and music. But in China, I think we should first think what it needs the most." Another employee from this company agreed, saying, "School drop-outs are common in China…I believe the United States won't need to solve this problem. CSR there definitely should focus on something else."

Along similar lines, a top communicator from another Japanese electronic MNC remarked that "talents and education" are "fundamental to the current fast-growing China." Her counterpart in Nokia saw eye to eye on considering societal needs of China. He regarded environmental protection "urgent" and "challenging" to the Chinese society.

RQ3: What is the role of public relations in formulating, implementing and assessing CSR strategies?

What is PR?

A related issue to this research question that was brought up in the discussion was the perceptions of public relations by the communicators from these MNCs. More than half the companies explicitly equated public relations to "media relations." A few communicators understood public relations as a communication function, consisting of external media communication and internal employee communication. For example, communicators of a Japanese electronic company saw public relations the same as public affairs, involved in media, employee communication and promotion.

Along different lines, a top communicator of an American semiconductor company differentiated public relations from public affairs this way,

> "Public relations does more media, or 'interface with media and messaging.'
> Public affairs deals with 'government affairs, community relations, education,
> and communication.' Our communication is to communicate the 'goodness
> impact,' including impact on the community and government. To draw a
> distinction, I'd say that public affairs should make sure [our company] 'be and
> be perceived.' 'Be' is to do, and 'be perceived' entails to be recognized by
> society as 'the role model of corporate citizen.' Public relations' focus is to
> send this message out through media."

Also different from his counterparts, the top communicator of L'Oreal explained that his company's public relations comprised brand public relations "taking care of the brands," and corporate public relations "establishing and improving the awareness and reputation of the L'Oreal company."

Who and How to Manage CSR?

The section reports responses from all the communicators in these MNCs. The majority of the companies suggested that a special committee consisting of top management and leaders of different function departments should manage CSR. Some companies already had such a committee in place. Half of the companies also emphasized the importance of endorsement and support from the top management, and that CSR was "everyone's business."

More than half of the communicators contended that public relations indisputably played a strategic role in managing CSR, by "participating in formulating the strategies." For example, at Ritz-Carlton, the public relations department works as a team with the human resources department, and the general manager to manage CSR initiatives. The public relations director as a team member helped "strategize plans for the year." In Nokia, the communication department did not have the final say on CSR strategies, but was indeed on the CSR committee "to discuss the strategies" with the vice president and heads of other functional departments involved.

Some communicators argued that public relations was a strategic part of managing CSR by "coordinating the projects" or "publicizing the activities." The top communicator of an American semiconductor company explained, "We have a management committee, taking care of local contributions, including 'alignment of initiatives towards local community and government.'… [The committee] decides the direction, then employees act on it. [Public affairs department] helps coordinate the projects."

The top communicator of a Japanese electronic company specified that as the head of each functional department was part of the managing committee, certain CSR initiatives were assigned to the department that was expertise in that area. For example, the human resources department would be in charge of activities pertaining to employee benefits. Every plant was responsible for occupational health and safety issues. Environmental engineers from each plant would team together to handle environmental protection awareness initiatives.

In the whole process, according to the top communicator, public relations participated in masterminding CSR strategies, and "actively publicized the activities to promote our corporate image." In particular, the top communicator stressed the role of "communication and promotion" by public relations function.

Among these companies, only one Japanese electronic MNC and Nokia had a CSR department under the external/corporate affairs department. In the Japanese company, this new CSR department mainly conducted research to scan societal needs and worked on budgeting. The specific implementation of CSR strategies was, similar to other companies, divided up among various functional departments, such as manufacturing plants, human resources, and public relations department. The top management made decisions on CSR strategies. The role of public relations was, mirroring practice of the other Japanese electronic department, to handle the news media and employee communications.

As a senior employee from Nokia pointed out, the CSR department in Nokia worked closely with a senior vice president to customize global CSR strategies to fit in the Chinese context, and helped coordinate specific CSR plans. Together with the

environmental department and government affairs department, CSR was housed in the corporate affairs division.

A related point that was brought up by half of the companies was that CSR should not be the responsibilities of merely one department, such as the public relations/communication/public affairs/ department. Rather, it must involve every employee. The top communicator of an American semiconductor company asserted that everyone "all the way from the top management" has to be part of managing CSR. The top communicator also pointed out that "everyone has a role…every department jumps into it…"

The top communicator of L'Oreal particularly underscored this point. As he stated, "First and foremost, [CSR] involves the whole company. It's a culture, philosophy. ..No doubt that to do a better job, we need the 'endorsement, commitment, and involvement' of the top management. On top of that, the company needs to 'pass [it] down to all the people at all levels, try[ing] to 'include each and every employee.' So, employees will truly embrace it and act it out."

Evaluation: The Messy Area

Half of the companies had not evaluated their CSR strategies, whereas the other half did conduct evaluation of varying degrees. All of the communicators elucidated the ways in which CSR strategies were and should be evaluated. Communicators from the four companies with no experience in evaluation speculated that effects of CSR strategies could be measured through "return on investment," "brand recognition," "customer satisfaction," and "stakeholder feedback." On the other hand, the four MNCs actually evaluated CSR through "external recognition

(e.g., CSR awards and news clipping)," "key stakeholder's feedback," and "third-party survey."

The top communicator of a Japanese electronic company who related CSR strategies to corporate branding suggested that brand recognition be measured. She proposed to collect data on customer satisfaction change, attitude change of the local government, community and then of employees. She also recommended to quantify saved resources, such as water, electricity and waste, an indicator of saved social costs because of CSR strategies.

Her colleague added "feedback from key stakeholder affected by the CSR strategies" as an additional factor to be taken into account during evaluation. Ways to measure feedback mainly consisted of "post-activity causal talk with stakeholders, and communication with the top management." She used school donation as an example, explaining, "[W]e would go to these schools after a while, and talk to teachers, principals, and students, such that we could have an idea whether prior donation was helpful and if further assistance might be necessary." The top communicator from the other Japanese electronic company also emphasized the value of measuring stakeholder feedback to gauge impact of CSR strategies. She further stated that external organizations, such as government agencies, non-governmental organizations and public interest groups, could be counted on for CSR evaluation.

The other four companies shared their experience of measuring CSR effects. External recognition (e.g., CSR awards and news clipping) was a common practice to examine CSR impact. Three companies kept track of awards granted by the news media and other organizations. Furthermore, they consented on the value of

"stakeholder feedback." All the parties involved in the company's CSR projects were asked for comments and suggestions. L'Oreal's top communicator also further stressed that they gauged "each project against the original plans and goals."

Nokia's top communicator used an Environmental Protection SMS contest as an example. He commented, "[We tried to get] how government officials, the Children's Palace, and the kids responded to the event. Also, we had employee surveys to check their participation in and awareness of these events." He then explained that comments from the kids and their parents were collected through the help of the Children's Palace, a government organ under the Youth League overseeing youth events.

RQ4: How do employees at these MNCs perceive their CSR activities,

including the role of public relations department in the process?

Perceptions of CSR: Consensus and Disagreement

There were agreements and discrepancies between communicators' perceptions and employees' perceptions of their companies' CSR strategies, and the role of public relations in managing CSR. Normally, employees were not aware of all the CSR projects their companies carried out. They knew the events, either from their own participation in the events, or internal newsletters and emails the communicators sent out.

Similar to the communicators, all employees cited mission and vision as the foundation for their CSR strategies. An employee from a Japanese electronic company contended that, "First and foremost, you have to understand the

environment you're investing in, including prospects in public interests. Vision determines the direction where your public interest cause goes."

Employees from six MNCs agreed with their communicators that "corporate culture" was one reason why their companies invested in CSR. One employee connected CSR with employee composition, asserting that employees' skills and demographics affected the CSR issues of interest. He reasoned, "As a high-tech company with the majority of employees being male, it's not that appropriate to visit children's home. Girls are better at it…"

Societal expectations were also used by six employees from five MNCs to account for their CSR strategies. For instance, one employee from an American semiconductor company explained it this way: "Foreign companies are expected to boost local economy. Also, China is not just a platform for them to make money. They should solve such social issues as education as well."

Public Relations' Role in Their Eyes

The employee participants perceived public relations in a different light. Employees from three companies saw public relations as a "publicity" function, whereas two other employees looked at public relations as a "communication" function. Yet two employees referred to public relations as dealing with "corporate image, media relations, and product promotion." Still another employee defined public relations as the "ministry of foreign affairs," handling "government relations, external communication, and marketing."

Though harboring differing perceptions of public relations, most employees responded that public relations/public affairs should be in charge of managing CSR.

One employee from Nokia reasoned that a CSR department had been and should be managing CSR. Another employee from an American airline company asserted that marketing department, in collaboration with the sales department, should run CSR strategies. But she also understood public relations as part of marketing's responsibilities.

When asked what specific role public relations should play, some replied with a "coordinator" role, others responded with a "leader role," still others answered with the role a "helping hand for human resources." An employee from a Japanese electronic company explicated the "coordinator" role as "researching societal needs to brainstorm for CSR strategies, passing on CSR project information to all employees, and motivating employees to participate." Two employees from two other companies viewed "coordinating" as "organizing specific CSR projects." Ritz-Carlton's employees mentioned that a CSR committee comprising the general manager and department director determined strategies, then human resources department led the implementation efforts, in the process of which public relations helped sending out the message and "dealing with the media." When asked to explain the "leader" role, the employee from L'Oreal mentioned,

> "Public relations should inform all departments of corporate guidelines [related to CSR]…In most cases, the public relations department 'takes the leadership' to organize events. But sometimes, other departments can also 'take the leadership' to initiate certain activities. But all initiatives must be under the control of public relations."

Collaboration with Government Organs

Another issue that was discussed was collaborating with the Chinese government when doing CSR. For example, the "youth business communicator involvement" project was jointly initiated by Nokia and the Chinese Communist Youth League, and the Chinese Federation of Students. A Japanese electronic company sponsored an electronic design contest, in partnership with the Ministry of Education and the Ministry of Information Industry in China. L'Oreal also collaborated with the China Youth Development Foundation, a non-profit organization founded by the communist party's All-China Youth Federation.

When asked for reasons, the top communicator from a Japanese electronic company stated, "Many activities cannot be done without cooperating with the government. You are simply not allowed to initiate certain projects without government permission." She then explained that they spent a lot more resources in projects in partnership with the government.

Chapter V: Discussion and Implication

In 1997, the Institute for Public Relations published a 24-page booklet titled

Guidelines and Standards for Measuring and Evaluating PR Effectiveness (Grunig &

Hon, 1999). Two years later, Grunig and Hon offered another set of guideline to

measure relationships in public relations for practitioners who saw public relations as

a relationship-building function (Grunig & Hon, 1999). These booklets are merely a

tip of iceberg of all the interests in measuring the effectiveness of public relations.

Following this strand of research, this thesis focused on exploring the value of public

relations in the context of managing CSR strategies for MNCs. Furthermore, it took

the first step to building a public relations-centered MNCs' CSR theory by examining

and enriching a three-dimensional conceptual CSR model from a public relations'

perspective.

This chapter comprises four parts. The first summarizes results. Then, a

discussion of implications for MNCs, international public relations, and employee

communication ensues. The last part then presents a brief summary of theoretical

implications. This chapter concludes with a discussion of limitations of this study and

suggestions for future research.

Summary of Results

The MNCs' CSR model tested consists of three dimensions: Strategic

orientation, content domain and perspective. The first two research questions

addressed the first two dimensions, and the ideological and operational perspectives

of the third dimension. The first research question examined the first dimension—the

orientation of international business strategies, providing a foundation for the other

two dimensions. As Arthaud-Day contended, these overarching strategies and structures directly affected MNCs' CSR function, including its content area and how it is performed in the company. The third question integrated the role of public relations in the model. The last question examined the operational perspective of the third dimension and added the voice of internal publics to the model. This section is organized in the order of the dimensions.

The study found that the global orientation ruled these MNCs' practice. Eight years have passed since management researchers Bartlett and Ghoshal (1998) called for a shift to transnational management mentality in MNCs. Five out of the eight companies still reported that they used "the same decision process…for every unit across the world." The Chinese branch basically followed strategies determined by the global headquarter. The global headquarter streamlined strategies, specified goals, and controlled research and development, financial and technological resources, although most human resources came from local Chinese market. This reflected a clear global orientation which, as Bartlett and Ghoshal (1998) posited, was "based on centralization of assets, resources and responsibilities" and afforded little freedom to local units to "create new products or strategies or even to modify existing ones" (p. 58).

On the other hand, the remaining three companies were reported to have a mix of global and transnational mentality or transnational orientation, based on participants' observations of the companies' decision-making process, skills, resources, R & D and the role the Chinese branch played. For example, Ritz-Carlton showed some the global characteristics, such as the fact that each hotel was modeled

on an exemplar, and that a standardized process of communication was in place. However, there was back-and-forth between the global headquarter and the Chinese branch, exemplified by a major decision regarding changing corporate logo. L'Oreal displayed a clear transnational pattern. Their "case-by-case" decision-making that involved a lot of "interaction, discussion, even debate" between the global headquarter and China resonated with Bartlett and Ghoshal's (1998) statement that "The transnational recognizes that each approach is partially true and has its own merits…[and] makes selective decisions" (p. 68).

Regardless of their management mentality orientation, the companies all stressed the "prominent" or "indispensable" role the Chinese branches played. The fast-growing Chinese economy, expansion plans by the headquarters, and China's low labor cost contributed to this "importance." Some participants predicated that their branches will claim more power soon as China continues to grow. A couple of them also asserted that the sheer share of growth of the Chinese branch rendered it less possible for the global headquarter not to offer more decision-making power and flexibilities.

An examination of the second dimension identified a broad definition of CSR as the contributions a company makes to society, besides making profits. Some participants also equated "*gong yi* (public good)" with CSR. Most communicators' personal conceptualization of CSR converged with that of their companies. Among the issues these companies' CSR strategies focused on, only environment was listed in the original MNCs' CSR model. The study produced strong support for other issues such as education, community and "the underprivileged." Many participants

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further commented that these issues were particularly relevant in China. Reasons for choosing these issues included the company's mission and vision, corporate culture, societal expectations, and corporate image and branding.

The study also found that public relations was primarily perceived as a "media relations" function by the communicators. A few communicators viewed public relations, at best, a communication function. Nevertheless, more than half of the communicators argued for a strategic role of public relations in managing CSR, either as a participant, or coordinator or communicator of events. Measures of CSR in MNCs proposed by communicators consisted of "external recognition," "key stakeholder feedback," and "third-party survey."

Another important finding was that employees generally saw public relations as a "publicity" function, or at best a "communication" function. Their opinions varied regarding the specific roles public relations could play in CSR management. Three roles surfaced: Coordinator, leader and helping hand for human resources. One last finding was that collaborating with the Chinese government in doing CSR was important to a few communicators.

Implications for MNCs

Many management scholars have advocated for a transition of MNCs to "transnational" management mentality (Bartlett & Ghoshal, 1998, 2000; Harzing, 2000; Leong & Tan, 1993). Bartlett and Ghoshal (1998, 2000) reasoned that the "transnational solution is necessary for every company that operates in an international environment" (p. 20). Without this transnational mentality, MNCs would find it hard to survive in the current complex world. That is to say, the decision

left for MNCs is no longer centralization or decentralization. Rather, companies must "make selective decisions," manage costs and revenues simultaneously, value efficiency and innovation equally, and develop appropriate coordinating systems between subsidiaries but at the same time give them maximum flexibility and freedom, in order to achieve global competitive advantage (p. 68). The degree to which the companies desire to be transnational is certainly subject to their industry and economic situations, and "administrative heritage" (Arthaud-Day, 2005; Bartlett & Ghoshal, 1998).

In this study, most MNCs still leaned closer to a global mindset. Arthaud-Day conceptually predicted that a global-oriented company would define their CSR functions centrally. Results in this study supported this proposition. Those companies reportedly having a global decision-making process, and centralized resources and assets also have a global CSR structure. The global headquarter specified CSR guidelines, to which the Chinese branch adhered. Sometimes the Chinese branch could modify the guidelines within allowable limits.

Based on the aforementioned theoretical arguments, a quick and easy implication for "global" MNCs then is that they should move towards transnationality if they intend to achieve global competitive advantages. But how? It is always easier said than done. It may be helpful to look into the underlying driving forces of a company's strategic orientation. Research has pinpointed industry, economic situations, and "administrative heritage" as potential shapers of strategic orientation (Bartlett & Ghoshal, 1998).

It seems the industry is not a shaper of the strategic orientation in this study. It is arguable whether being in the airline industry affected the strategic orientation of an American company studied. Also, though in different industries (telecommunication, semiconductor, and electronics), four other companies all appeared to be global.

The three major shapers of "administrative heritage", i.e., impact of leadership, national culture, and organizational history on corporate norms appear to have varying relevance here. National culture's impact on strategic orientation is not quite visible, because the three companies leaning towards transnationality respectively had a Japanese, American and European origin. On the other hand, leadership and organizational history were cited by participants as shaping the companies' configuration of assets, and distribution of responsibilities.

Taken together, another not-so-obvious implication for MNCs is that the change towards a transnational strategic orientation needs to start from the leadership and organizational tradition. Some techniques highlighted by Bartlett and Ghoshal (1998) may be relevant and helpful. The first is "a clear and shared understanding of the company's mission and objectives," which could help establish the "transnational" coordinating mechanisms (p. 289). All the eight MNCs in this study asserted that the company's mission and vision defined CSR strategies, and some participants from the same company displayed a shared understanding of their missions and visions. More work on this aspect should not be impossible. The second technique is "the visible behavior and public actions of senior management" (p. 289). The powerful influence of top management on the company's strategic orientation

and CSR strategies was clearly shown in this study. For example, the relocation of one of the founders to the Chinese branch of a Japanese electronic company signaled the increasing prominence of the branch. If the leadership shows its preference for transnationality through its behaviors, the whole company will take the cue and apply it to practice. The third commonly used tool is change of the company's personnel policies. Integrating an emphasis on a transnational mentality into the personnel policies may help shape the company's decision-making process and its norms. Last but not least, it is imperative that the companies make changes to its formal structure, and recognize the power of informal interpersonal relationships and processes, so as to shift to transnationality.

One last implication for MNCs, particularly those intent on entering the Chinese market, is that they may start with helping the underprivileged, education, environment, and community in terms of CSR, because the study found that Chinese society expected MNCs to help solve these issues. The finding was corroborated by the fact that environment protection and caring for the underprivileged remained on top of the agenda of the 3rd plenary session of the 10th National People's Congress in Zhejiang Province, in line with Chinese President Hu Jintao's political slogan "building a harmonious society" (Tong & Hu, 2005).

Implications for International Public Relations

Testing the second and third dimension of the MNCs' CSR model concluded with a dominant view that public relations was a "publicity" or "media relations" function, or a communication function at its best. Paradoxically, participants primarily perceived a "strategic" role of public relations in CSR management. One

possible explanation is that participants related CSR to corporate image, so this "publicity" or "communication" function would appear vital in CSR management. Nevertheless, participants primarily provided a broad definition of CSR as the contributions a company makes to society, besides making profits. Some participants further observed a social trend favoring social responsibility in China in recent two years. The earlier explanation that narrowly associates CSR with corporate image then seems ungrounded.

An alternative explanation could be that participants' perceptions were affected by the societal stereotype of public relations, although they expected the function to contribute more strategically to CSR practice. As Chen and Culbertson (2003) observed, Chinese people still tend to equate public relations with "guest relations," "translation" and tour guides, even though practitioners in large firms often were involved in strategic planning. Based on their study, one may suggest that the public relations function in the eight MNCs was indeed involved in strategic planning, though the stereotypical perception of public relations persisted. The findings in this study were not this clear-cut. Indeed, the public relations function in some companies participated strategically in developing CSR strategies, but it was still a publicity or media relations function at the strategy implementation stage in five companies.

An implication for the practitioner based on the above discussion is that they should first define themselves as a strategic management function. This very first step is vital, because both communicators and employees in this study anticipated public relations to contribute more strategically and to a larger extent to CSR management

even though the function was limited to publicity and media relations. It is hard to imagine that they can do more when their responsibilities point to less. When perceived as a strategic management function, it is possible that public relations practitioners can contribute more strategically to CSR management and even help the company move toward a transnational mentality.

Then, practitioners can use informal or formal communication channels to change the company's perception of the public relations function, including that of the top management and individual employees. Also, they may use interpersonal relationships and processes to effect changes in the company's structure pertaining to responsibilities of public relations function. The strategies of building relationships with publics in the public relations literature can be applied by practitioners in the context of internal relationships. For example, Grunig and Huang (2000) found five relationship maintenance strategies (organization-public relationships): Positivity, openness, assurances, networking and shared tasks.

The above technique of communication and relationship building is part of the "emerging change process" prescribed by Bartlett and Ghoshal (1998, p. 292) for managers (not limited to communication managers) to make corporate changes. For example, many European and Japanese companies used the socialization programs of employees and communication processes to change individuals' attitudes and mentalities, and then interpersonal relationships to eventually change formal corporate structures. But practitioners should note that these change techniques may differ in companies with varying strategic orientation. In so doing, with clearly demarcated responsibilities, public relations practitioners can contribute more to CSR

management through playing a leader role, which in turn will help prove the value of the function to the company's effectiveness.

Nonetheless, regardless of the perceptions of the public relations function in MNCs, the model can serve as a reference framework for public relations practitioners in MNCs. The practitioners can use the fundamental level—strategic orientation to identify their own companies' mentality, which will guide the CSR management process, as Bartlett and Ghoshal (1998) and Arthaud-Day (2005) suggested the predictive effect of strategic orientation on MNCs' CSR management. Moreover, they may refer to the CSR issues listed in this study particularly during the formulation stage of CSR management. In addition, they can either survey or interview both external and internal stakeholders for input in the whole process of managing CSR strategies, as was indicated in the study as well as in prior research (e.g., Arthaud-Day, 2005). With the help of this model, public relations professionals in MNCs can streamline the CSR management process, and in turn add to corporate effectiveness.

One final implication for practitioners is that more symmetrical internal communication will be beneficial for the formulation, implementation and evaluation stages of CSR strategies. As is shown in Chapter IV., employees were not fully aware of the CSR activities unless they personally participated in the events or read some emails from communicators. Furthermore, both communicators and employees emphasized that their companies' CSR strategies stemmed from Chinese society's expectations. Therefore, more symmetrical internal communication can not only help practitioners collect more information of societal needs (the formulation stage—

employees are part of the Chinese society), but also enhance employees'

understanding of the pubic relations function and the company's CSR practice

(implementation stage—employees implement CSR strategies). As a result,

communicators can better gauge whether their CSR strategies reflect the actual

societal demands (evaluation stage).

Implications for Theory

Although the previous discussions have already pointed to the theoretical

contributions of this study, it is more appropriate to formally present a few

contributions here. To begin with, it has made a few contributions to the MNCs' CSR

model. First, this study yielded empirical support to the model. Examination of the

first dimension of strategic orientation upheld Bartlett and Ghoshal's (1998, 2000)

typology of international business strategy. Multinational mentality was not present in

the study, but global and transnational were. Also, the issue of environment proposed

by the model was supported. Furthermore, the study confirmed the proposition by

Arthaud-Day that a company's overall strategic orientation largely determines

orientation of its CSR practice. In addition, it suggested the potential influence by the

perspective level on the content domain. For example, societal expectations were one

criterion for the participating companies to determine their CSR issues.

Second, the study expanded the model in various ways. To begin with, the

study explored the interrelationships of the three dimensions. It identified a few other

CSR issues (e.g., the underprivileged, education, and community) besides

environment—as proposed by the model. These issues were "coincidentally" deemed

important by the Chinese society (Tong & Hu, 2005) as well. This finding on the one

hand pointed to the cultural-specific characteristic of the content domain. On the other hand, the congruence between the Chinese society's expectations and the content domain further suggested the predictive effect of the perspective level (i.e., societal) on the content domain level. Besides, this study helped extend the model to broader international arena, and yielded more support for a better understanding of international CSR. The qualitative data on MNCs from different countries (Asian, European, and American) countered the argument that CSR is only relevant to the Western world (Arthaud-Day, 2005). MNCs from an Asian country—Japan perceived CSR similarly to their Western counterparts. Possibly related to the Chinese culture, the study further identified a Chinese equivalent of CSR—*"gong yi,"* though this term had varying connotations, including charity/philanthropy and "contributing to public good."

Another contribution to the CSR model pertained to the conceptualization of CSR and its content domain. I started with a synthesized broad definition of CSR, and found that nearly all participants responded with a broad definition that CSR is the contributions a company makes to society, beyond making profits. This finding additionally suggested that a broader CSR definition may be more workable for MNCs than clearly delineated ones, although it probably would present operationalization challenges to international CSR research. One way to overcome this difficulty may be to operationalize CSR as the CSR issues, such as environment protection, education and community.

The study also enhanced the model by demonstrating the ways in which public relations may contribute to corporate effectiveness by playing strategic roles in

CSR management, which requires redefining the public relations as a strategic management function for greater contributions. With the public relations perspective inserted, the new MNCs PR-CSR model can help gauge the value of public relations to organizational effectiveness. It is worth mentioning that the overwhelming suggestion of a management committee to oversea CSR strategies by the communicators in this study and the need for a transnational mentality in the international business context point to the importance for all functional departments to work closely, rather than to continue with turf fighting. Emphasizing the strategic role of public relations would not make any other functions less valuable.

One final major contribution of the study was that it provided more empirical support for the effect of corporate culture, and a country's political system and level of economic development on its CSR practice. The results showed that corporate culture partially determined CSR issues of interest for the companies, and that China's political system made it necessary to collaborate with the government when doing CSR. Also, the fast economic development of China was related to a change of strategic orientation. These findings also resonated with Sriramesh and Vercic's (2003) argument that a country's infrastructure and culture (including corporate culture) influence international public relations practice.

Limitations

This study was limited in a few ways. First, only two Asian companies were included in the study. More data on MNCs from less developed countries are necessary to develop a deeper understanding of international CSR and its impact on

less developed countries. But the fact that there are too few MNCs, if any, from less developed countries makes it more difficult to obtain such data.

Second, although I read the transcripts multiple times to identify all possible themes, and modified findings based on suggestions and comments from participants after completion of the data analysis process, I still might have missed some cultural nuances affecting CSR that may be visible to other non-Chinese researchers. Also, some local meanings may be lost in the translation process. For example, when participants referred to CSR as "*gong yi*," I found it very challenging, if not impossible, to translate this term to English. It literally means public good, or public interest. But it also has an assumed connotation of philanthropy. It is possible that some meanings were not fully conveyed in the English translation.

Third, during the interview, a couple of participants particularly mentioned that their companies' policy is not to publicize their CSR practice in China, for fear of "being misread as publicity." Certain "classified" information was not reported in this study. I am not sure whether more information was held back by these participants, even though some participants sent me supporting documents and reports on CSR and their companies.

Suggestions for Future Research

The first suggestion is to replicate the study, especially quantitatively, to test the MNCs' CSR model in multiple host countries. Arthaud-Day (2005) already called for further research efforts to gather data from a wider range of host countries to fully capture the implications of international CSR. This study only examined the model in one host country—China. For example, support for a multinational strategic

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orientation, though little in this study, may be subjected to changes when richer data are gathered.

Secondly, the study attempted to gauge the value of public relations in corporations through CSR management. One problem that was not addressed in the study was measurement. If we hypothesize that public relations brings value to the corporation through strategically managing CSR strategies that create value for the company, then we should measure the value of such CSR strategies to prove the concrete value of public relations. However, this seems very challenging, if not impossible. Some participants agreed that CSR can somehow benefit the company by creating a better corporate image/reputation. It follows that research relating changes in corporate image/reputation to CSR can help gauge the value of CSR. Longitudinal study of external stakeholders' changed perceptions of the company's image/reputation may be a good way to do so, but the concern for time and cost is not without merit. Besides, some participants even pointed out that CSR practice should not even be quantified at all; otherwise stakeholders will see the companies' goodwill as just "publicity stunts." This view makes the methodological problem even more vexing. Future research addressing this problem will be highly useful.

Furthermore, it should be noted that the findings were based on perceptions of communicators and employees. Research to collect data, either qualitative or quantitative, on key external stakeholders' comments on these companies' CSR practice will help test the findings presented here. For example, the finding that external societal expectations dictated the CSR issues of these companies will benefit highly from more research on expectations from the Chinese society. A public

opinion poll is a conventional method to understand stakeholder expectations of a MNC. Some Chinese market research companies may be able to provide such data.

Another key area of interest for future research is the relationship between organizational behavior and its culture. The study found that corporate culture largely defines MNCs' CSR strategies. Qualitative data of two or three persons from one company may not be sufficiently representative of a company's culture (e.g., shared norms and values). Further research is necessary to examine more thoroughly the relationship between corporate culture and the company's behavior, such as its CSR practice.

Research also needs to address the impact of new media forms, such as the Internet, on international CSR. As Stohl, Stohl and Townsley (2006) posited, the new global CSR should be considered within new and old forms of media. Whether the change of media forms affects the content domain of the MNCs' CSR model, and the implementation and evaluation process of CSR strategies deserves more scholarly attention.

A final remark is related to the practical side of the study. This study provided suggestions for MNCs to shift to a transnational mentality, and for public relations practitioners to contribute more to CSR management. More studies on these techniques (suggested by Bartlett & Ghoshal, 1998) will help check or improve them.

Appendix 1

Interview Protocol: Public Relations and MNC CSR: From a developing country's perspective

Grand-tour question:

1. Can you tell me some information about your company?

   您能介绍一下贵公司的情况吗？

2. How long have you been in this company? What are your job responsibilities?

   您在贵公司工作有多长时间了呢？您主要负责做什么呢？

RQ1: Which strategic orientation do MNCs in China adopt: Multinational, global, or transnational?

3. What do you perceive as the relationship between your company and the headquarters, in terms of resources, skills, decision-making, research & development?

   您认为贵公司和总部是什么样的关系呢？主要从资源、技术、决策和研发方面来说。

4. In your opinion, what is the primary role of overseas units of your company?

   您觉得，海外部在总公司的主要作用是什么呢？

RQ2: On what issues are MNCs' CSR strategies focused?

5. What does the word corporate social responsibility mean to you? To your company?

   企业社会责任 CSR 这个词对于您来说，是什么意思呢？对于贵公司来说，又意味着什么呢？

6. What do you think are the main issues that your company is concerned about in terms of CSR?

您觉得，贵公司的企业社会责任活动主要集中在什么领域呢？

7. Can you give me some examples of CSR activities that your company has done?

您能举几个例子介绍一下贵公司的社会责任活动吗？

8. Why do you think your company engaged in these activities?

Probe: external (societal) expectations? Internal expectations?

您认为，为什么贵公司要组织这些活动呢？

跟踪问题：社会期望？企业内在要求？

9. How do you understand the relationship between your company's vision and mission statements and these CSR activities?

在您看来，这些活动和贵公司的使命宣言和未来发展前景等是（或者应该是）什么样的关系呢？

RQ3: What is the role of public relations in formulating, implementing and assessing CSR strategies?

10. Who/which department is or who do you think should be responsible for managing CSR strategies, including the formulation, supervision of implementation, and evaluation?

Probe: is or should public relations function be involved? Why and why not?

请问是哪个部门或者个人，或者您认为应该由谁来负责制定、执行和评估企业责任策略呢？

跟踪问题：公关部门有否参与？如若没有，为何？

11. Could you please describe how a CSR strategy is developed and implemented by your company?

Probe: If you have little knowledge of it, how do you think it should be developed and implemented? Example?

请您介绍一些贵公司的企业责任策略是如何被制定和执行的呢？可否描述一下整个过程？举例？如果您完全不了解这个过程，那么您觉得一个企业责任策略应该如何被制定和执行呢？

12. What do you think are the effective ways to evaluate effects of a CSR strategy? (Social effects and economic effects?)

Probe: How do you judge whether a CSR strategy is successful?

RQ 4: How do employees at these MNCs perceive their CSR activities, including the role of public relations department in the process? Q5-12

These are all the formal questions I had for our interview—but is there anything you would like to add at this point?

这些是我要问的问题。您还有什么其他的想法或者相关的例子想要谈谈吗？

Thank you very much for agreeing to be interviewed. Can I get an email from you, just in case I need clarify something from the interview or ask a follow-up question? And if you would like a copy of my final report, let me know, and I'll take your address and send one to you.

谢谢您的参与。如果您需要一份我的研究报告，我会电子邮件发送给您。

Appendix 2

Company	Participant Position & Tenure
L'Oreal	Top communicator (more than 3 years of tenure)
	A functional department head (more than 7-year tenure)
Ritz-Carlton	Top communicator (6-year tenure)
	A functional department head (6-year tenure)
	A functional department staff (almost 2-year tenure)
Nokia	Top communicator (10-year tenure)
	A functional department head (more than 10-year tenure)
American airline company	Top communicator (2-year tenure)
	Senior non-communicator employee (Tenure: 11 years)
American telecommunications company	Top communicator (1.5-year tenure)
	Non-communicator employee with 4 years of tenure
American semiconductor company	Top communicator (9-year tenure)
	Non-communicator employee with 1.5-year experience
Japanese electronic company	Top communicator (6-year tenure)
	Staff communicator (over 2-year tenure)
	A functional department head (6-year tenure)
Japanese electronic company	Top communicator (12-year tenure)
	A functional department head (3-year tenure)

Societal

Operational

Perspective

Ideological

Human Rights

Content Domains

Labor

Environment

Multinational   Global   Transnational
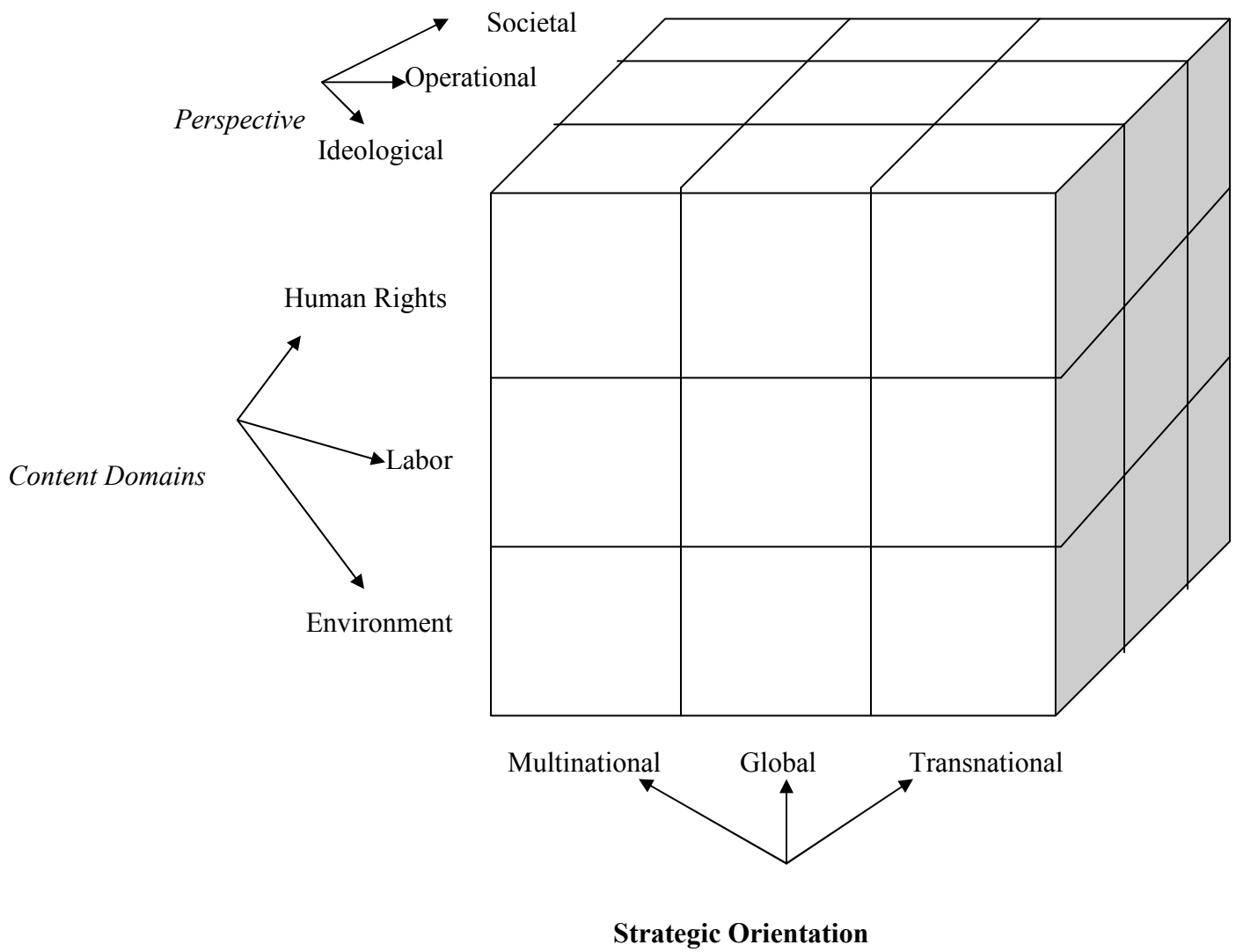
Strategic Orientation

Figure 1

The Three Dimensions of MNCs' CSR

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