Local adaptation of a global CSR strategy in a developed versus developing country context

– A case study of three Microsoft subsidiaries

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**Title of thesis:** Local adaptation of a global CSR strategy in a developed versus developing country context – A case study of three Microsoft subsidiaries

**Abstract:** The previous research about local adaptation of MNCs’ CSR strategies has focused on the divergent contexts between developed home countries and developing host countries, and IT industry has received little attention in the CSR literature. This study brings a new contribution to the research by exploring how a global CSR strategy of a multinational IT company, Microsoft, gets adapted locally in subsidiaries in two developed countries, Finland and Ireland, as compared and contrasted with one in a developing country, India.

This exploratory study was carried out in the form of a qualitative case study with an abductive approach. Interviews with the subsidiaries’ local citizenship and sustainability leaders were used as the primary source of data, which was complemented and corroborated by several types of documents, such as the company’s latest citizenship report (2013) and the subsidiaries’ own websites.

In this study it was found that the consideration of the local societal challenges was crucial when the subsidiaries planned their CSR operations. Of the global CSR strategy, employment and education of youth and customers’ online safety were prioritized in all the studied subsidiaries. The two developed country subsidiaries considered themselves responsible to always implement the company’s global CSR themes, whereas the Indian subsidiary perceived itself empowered to select only the themes that were locally relevant. Consequently, since human rights are not prioritized by the local government, Microsoft India did not include them in its CSR even though they were included in the global CSR strategy. Interestingly, Microsoft India was yet ordered by the headquarters to focus on environmental sustainability, whereas in Finland and Ireland sustainability was chosen voluntarily as one of the focus areas.

**Keywords:** CSR, CSR strategy, multinational companies, local adaptation, subsidiaries, developed countries, IT industry
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1 INTRODUCTION

The discussion about sustainable development issues has been lively in recent years (Cruz, Pedrozo, Barros Estivalete and Hoff, 2010), and companies have started addressing these issues in a more organized manner and including them in their core activities (Cruz and Boehe, 2010; Lyon, 2004). Corporate social responsibility (CSR) “has gone mainstream”; companies are facing increasing pressure to act responsibly towards the society in their practices, and CSR has become one of the most important areas of management research of this century (Cruz and Pedrozo, 2009; Mohan, 2006; van Lient, 2007). Today the research focuses more and more on the strategic view of CSR; scholars think that in order to manage CSR practices successfully companies have to incorporate these in their core strategies (Cruz and Boehe, 2010; De Chiara and Spena, 2011; Galbreath, 2006; Husted and Allen, 2006), and in fact this is even a prerequisite for using the term CSR according to today’s definition by the European Union (European Commission, 2011:6).

In the core of the research and discussion about CSR are multinational companies (MNCs) due to their large social and environmental impact on many countries (Cruz and Pedrozo, 2009). Much of this CSR literature focuses on multinationals which have subsidiaries in developing countries and emerging markets, where the concepts and understanding of responsible behavior and CSR often differ from those of the companies’ home countries (Galbreath, 2006; Jamali, 2010; Matten and Moon, 2008; Mohan, 2006; Tan, 2009; Werther and Chandler, 2011). A lot of attention has been paid to the textile industry and the aspect of labor rights, and the well-known case of Nike outsourcing its production to Asia illustrates what can be the causes if these aspects are not fully considered. In response to the pressures to act in a responsible manner and to avoid that kind of negative publicity more and more MNCs have started paying attention to their impacts on the society (Mohan, 2006) and including CSR in their business strategies (Runhaar and Lafferty, 2009).

However, the fact that CSR expectations, meanings and definitions are drawn from national contexts makes managing CSR practices between different countries difficult (Mohan, 2006). The traditional challenges that MNCs face when trying to balance between global integration and local adaptation in the product market are not necessarily fully comparable to those concerning CSR practices (Cruz and Boehe, 2010; Husted and Allen, 2006). Thus, CSR raises new questions about the traditional
research of international business (De Chiara and Spena, 2011) and it is considered that the classic business model requires revision (Jonker and de Witte, 2006).

1.1. Problem background

Questions about social responsibility and ethics in business have always been raised in the history (Miles, 1993) yet the concept of social responsibility has been defined in numerous ways (Carroll, 1979). The “modern era” of social responsibility started in the 1950s when Howard R. Bowen published his Social Responsibilities of the Businessman (1953) (Carroll, 1979), and during this time CSR appeared for the first time as a form of management in USA (Banerjee, 2007). The ideology was based on the idea that business has obligations towards the society (Banerjee, 2007). In the 1970s, Milton Friedman (1970) presented an opposite view, according to which the only social responsibility that companies have is to increase their profits, i.e. that firms only have obligations towards their shareholders. In 1979, Carroll presented a conceptual model of a company's performance in the society, and according to him, social responsibilities of firms could be categorized into four groups: discretionary, ethical, legal and economic responsibilities. In response to Friedman's (1970) theory, Freeman (1984) presented the stakeholder model in the following decade, introducing the different stakeholders that companies are urged to be responsible to. It was not until the 1990s that CSR started to be considered more on a strategic level, and the question became how to combine the social initiatives with the company's economic goals (Banerjee, 2007; Husted, 2003; Miles, 1993). Today, even the general definition of CSR according to the European Union includes the aspect of incorporating it into the company's business operations and core strategy (European Commission, 2011).

Today there is a large body of research about CSR in multinational companies, and it focuses mainly on the challenges that MNCs face when planning their CSR strategies and having operations in developing countries and emerging markets (Galbreath, 2006; Husted and Allen, 2006; Jamali, 2010; Mohan, 2006; Tan, 2009). It has been studied which of the host countries' attributes MNCs should take into consideration when planning their CSR strategies (Jamali, 2010; Mohan, 2006; Muller, 2006), and especially the culture, norms, conceptions about the society and the legal environment are found to have an impact on the host countries' perceptions of CSR and thus on the CSR strategy formulation in MNCs (Cruz and Boehe, 2010; Galbreath, 2006; Matten and Moon, 2008; Mohan, 2006; Tan, 2009). From the perspective of the MNCs’
subsidiaries, it has been studied how they adapt to organizational practices in general (Kostova and Roth, 2002) and concerning CSR practices (Yang and Rivers, 2009).

Even though CSR strategies have been established in some multinational companies operating in the IT industry, which is global by its nature (Weber, 2012), this industry has received relatively little attention in the academic CSR literature. Moreover, it is interesting that while focusing on the differences between developed and developing world, academic researchers have more or less ignored the issues of CSR in multinational companies where both the headquarters and subsidiaries are located in developed countries. Perhaps it is presumable that implementing global CSR practices in another developed country would be easy since the conceptions and norms are expected to be more similar to the ones in the home country, but is this the case in real life? Are there other, perhaps even heavier aspects than the level of the host country’s economic development, which influence the subsidiary’s willingness and ability to adopt the headquarters’ CSR practices? On the other hand, are there opportunities for the headquarters and other subsidiaries to learn from the developed country subsidiaries with regard to CSR?

1.2. Statement of purpose

In order to address these gaps in the existing literature, the purpose of this study is to explore how a global CSR strategy of a multinational IT company gets adapted locally in two developed country subsidiaries as compared and contrasted with one in a developing country. The study focuses mainly on the viewpoints of the subsidiaries instead of the corporate headquarters. In the form of a case study of a multinational IT company, Microsoft, the following research questions are aimed to be answered:

1. How is the company’s global CSR strategy adapted locally in the subsidiaries of two developed countries as compared and contrasted with one in a developing country?

2. Which aspects influence this local adaptation in each subsidiary and how?

3. What kind of (learning) opportunities, if any, are there for the company regarding the adaptation of the CSR strategy in these subsidiaries?
1.3. Delimitations

The purpose of this study is to explore the local adaptation of a global CSR strategy in three subsidiaries of a multinational company. Thus the emphasis is on the viewpoint of the subsidiaries and on the factors that affect how they perceive and decide to adapt the company’s global CSR practices. Consequently, even though much discussed in today’s literature, the different motives for and different types of CSR and their impacts on the global CSR strategy formulation in MNCs are not in the focus of this thesis, but only covered to serve as a basis for the theories about local adaptation. Neither is the much discussed linkage between corporate social performance (CSP) and corporate financial performance (CFP) discussed in this study, since these aspects are not relevant with regard to the purpose of the study.

1.4. Definitions

The concept of CSR has been defined in many different ways in the past decades. Traditionally it has been seen as something that companies do voluntarily and that goes beyond the minimum legal requirements (Banerjee, 2007; Commission of the European Communities, 2001). According to Johnson and Scholes (2002), CSR involves ways for companies to exceed the minimum obligations that they have towards their stakeholders. However, as mentioned above, nowadays CSR is considered as being more than that – according to the renewed EU strategy 2011-14 for Corporate Social Responsibility, “to fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders” (European Commission, 2011:6). As will be described in chapter 4, it is considered that the case company of this study fulfils this criteria and thus the term CSR refers to this definition also throughout this thesis.

The term corporate citizenship is increasingly used by companies themselves when they refer to their efforts to be accepted as responsible actors in the society (van Tulder and van der Zwart, 2006:193). In the academic world, the concept includes some limits and redundancies, and it is discussed whether corporations can be considered as “citizens” having the rights and duties of individuals (van Tulder and van der Zwart, 2006). Yet since the case company of this study uses the term corporate citizenship for its CSR agenda, in this study the term is understood as a synonym to CSR.
In this thesis, as in most of the literature about multinational companies, the term *home country* refers to the country where the company's headquarters, i.e. the parent company, is located. Term *host country* refers to countries where the company's subsidiaries are located.

In CSR research, the company's stakeholders play a crucial role. According to Freeman (1984:53), a stakeholder is “any group or individual who can affect, or is affected by, the achievement of a corporation’s purpose”. Freeman (1984) presented also the original model of a company's stakeholders, and in this study a simplified version of this model is used as a general definition of stakeholders, referring to shareholders, customers, partners, employees, unions, local community, society, government, non-governmental organizations (NGOs), associations, competitors, suppliers and investors (Palazzo, 2010:19).

1.5. **Thesis structure**

This thesis has a typical structure of a Master's thesis. Chapter 2 presents a review to the relevant current literature, starting from the traditional international business literature and continuing to the area of CSR in multinational companies. In chapter 3, the methodology is described; the research process of this study is explained in detail and the quality and limitations of the research are discussed. In chapter 4, the findings of the gathered empirical data are presented. The chapter starts with a general presentation of Microsoft and the studied subsidiaries. Then the global CSR strategy and the CSR governance structure of Microsoft are described and the local adaptation is presented separately for each subsidiary. In the end of the chapter the main findings are summarized and analyzed. In chapter 5, the findings are discussed and concluded by linking them to relevant previous literature. In the end of the chapter, suggestions for future research are given.
2 LITERATURE REVIEW

Even though the traditional challenges that MNCs face when trying to balance between global integration and local adaptation in the product market are not always fully comparable to those concerning CSR practices (Cruz and Boehe, 2010; Husted and Allen, 2006), some of the same elements that influence how MNCs’ “traditional” business practices get adapted in the subsidiaries have been found to have an impact also on the CSR practice adoption. Thus, like in most of the literature about CSR in multinational companies (e.g. Jamali, 2010; Muller, 2006; Yang and Rivers, 2009), relevant insights from the traditional international business literature are used as a starting point also in this study (section 2.1). In the end of section 2.1, some characteristics that have been found to influence the amount of knowledge transferred from the subsidiaries to other parts of the multinational company are presented. In section 2.2, MNCs’ global CSR strategy formulation is covered briefly to serve as a basis for the discussion about local adaptation in the subsidiaries. Also issues specific for CSR in the IT industry are presented. In section 2.3, theories about aspects that influence subsidiaries’ tendency to adopt global CSR practices versus to engage in local CSR are presented. Finally, in section 2.4, it is described why, according to the present literature, MNCs often choose to adapt their global CSR strategies to fit in the local environments in the developing host countries and how CSR is managed in these MNCs.

2.1 Global integration vs. local adaptation in international business literature

The challenge for MNCs lies in that they are required to maintain legitimacy in all the environments they are operating in, i.e. to adapt to the institutional contexts and the local practices in the host countries but at the same time leverage organizational practices worldwide (Kostova and Roth, 2002). Thus, MNCs are facing the controversy between local adaptation and global integration (Kostova and Roth, 2002; Prahalad and Doz, 1987). Furthermore, the host countries' governments intervene in MNCs' operations and restrict their strategy formulation processes (Doz and Prahalad, 1980; Prahalad and Doz, 1987). Thus, in the beginning of this section the ways in which host governments can intervene in MNCs’ strategy formulation are described shortly. After this, the focus is on different factors that can influence how subsidiaries perceive and
adopt headquarters’ practices (top-down) and how the knowledge is transferred from subsidiaries to other subsidiaries and to headquarters (bottom-up).

2.1.1. Host government intervention

Governments of the host countries restrict MNCs' abilities to operate in their countries and almost always have an influence on what kind of strategies seem attractive to MNCs (Prahalad and Doz, 1987). There can be distinguished two types of host government interventions: “limitations to strategic freedom” and “threats to managerial autonomy” (Doz and Prahalad, 1980:150). The former refers to fiscal and regulatory rules that affect MNCs’ decisions to compete in a given country, whereas the latter seeks to affect the internal mechanisms of MNCs’ decision-making processes. These interventions together are seen to restrict the general strategic autonomy of MNC managers (Doz and Prahalad, 1980). Governments in the host countries tend to set limits especially for MNCs’ strategies that concern coordination and integration (Prahalad and Doz, 1987:68). However, host governments should not be considered by MNC managers merely as hindres for global strategic freedom since they also can help MNCs for instance by giving them a privileged market access (Prahalad and Doz, 1987).

2.1.2. Practice transfer top-down: factors influencing subsidiaries’ practice adoption

From the subsidiaries’ point of view, they are forced to balance between being loyal to the parent company and to the host country’s cultural values (Amba-Rao, 1993) and required to maintain legitimacy both within the multinational company and the host country, a phenomenon that Kostova and Roth (2002:216) call institutional duality. A model for evaluating factors that influence how MNCs succeed in transferring strategic organizational practices from parent companies to subsidiaries was presented by Kostova (1999:313). According to her, the success of getting the practice adopted by the subsidiaries is affected by factors on three different levels: country, organization and individual. The model thus consists of three different contexts: social, organizational and relational, as can be seen in figure 1.

Furthermore, according to Kostova (1999:311), practice adoption can be seen to have two dimensions: implementation and internationalization. Implementation refers to the degree to which the practice is adopted in terms of formal rules and procedures,
whereas internationalization measures to what extent the practice is perceived valuable and meaningful by the employees in the subsidiary (Kostova, 1999:311).

2.1.2.1. Social factors

Based on institutional theory and drawing from Scott’s (1995) three pillars of institutions, Kostova (1999:314) introduces the concept of country institutional profile, which consists of regulatory, cognitive and normative institutions in the given country. The institutional profile of the country characterizes the social context in this country. The regulatory institutions refer to rule-setting, monitoring and sanctioning activities that enforce and restrict specific behavior inside a country (Kostova, 1999; Scott, 1995). If subsidiary managers perceive that a global practice fights against the regulatory institutions in the host country, it is unlikely that they will adopt the practice in the subsidiary (Kostova, 1999). However, a later study conducted by Kostova and Roth

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**Figure 1  Success of practice transfer in MNCs (adapted from Kostova, 1999:313)**
(2002) showed contradictory results: the regulatory institutional profiles of the host countries were not found to have an impact on the level of implementation of a quality management practice in the studied MNC's 10 subsidiaries, however the regulatory institutions were found to have an impact on the level of internalization of the practice. Cognitive institutions refer to the cognitive dimensions of human existence: they are “the rules that constitute the nature of reality and the frames through which meaning is made” (Scott, 1995:40). If the cognitive institutional profile of the host country is favorable, it has been found to affect positively both the implementation and the internalization of the practice in the subsidiary (Kostova and Roth, 2002), presumably because the employees are able to understand, interpret and judge the practice better than if the cognitive institutions were very different from those in the company's home country (Kostova, 1999). The normative component includes norms and values that people have in a particular country – called the normative systems (Scott, 1995:37). “Norms specify how things should be done”; what is appropriate in the given context (Scott, 1995:37). According to Hofstede (1980), national norms are influenced by different ecological factors, which results in that there are national differences in these norms. It has been found that differences in national cultures, and thus in values and norms, can hinder both the acceptance and implementation of a parent company's practice to subsidiaries (Schneider, 1988). According to Kostova and Roth's (2002) study, however, the similarity of the normative profile of the host country only affected positively the internalization of a practice and did not affect the implementation.

In summary, the bigger the distance between the institutional profiles of the home and the host country, i.e. the bigger the institutional distance, the more likely the headquarters' practice will not fit into the subsidiary's environment and the harder it will be to transfer the practice to the subsidiary (Kostova, 1999). However, the differences in the economic levels of the host and the home country have been found to have an opposite impact on the success of a practice transfer: the lower the level of economic development in the host country vis-à-vis the home country, the more valuable the “knowledge stock” of the parent company is perceived and the more eager the subsidiary is to learn from the home company in order to create a competitive advantage against the other players in the local market, thus the more successfully the knowledge and the practice are transferred to the given subsidiary (Gupta and Govindarajan, 2000).
2.1.2.2. Organizational factors

In addition to the social factors of the host country, the organizational culture of the subsidiary has an impact on how a practice is adopted (Kostova, 1999). Organizational culture can be either favorable or unfavorable depending on what kind of practice is being adopted (Kostova, 1999). Hofstede (1980:13) defines culture as “collective programming of the mind”. It is generally understood that culture includes shared values, assumptions and norms of a given group of people (Kostova, 1999); “culture is to a human collectivity what personality is to an individual” (Hofstede, 1980:25). Kostova (1999) suggests that there are two types of characteristics in the subsidiary’s organizational culture that can affect the success of the practice transfer: general and practice-specific. The general attributes determine the employees’ ability to learn, innovate and change in general; if the orientation towards these is generally good in the organizational culture, the practice is more likely going to be adopted successfully (Kostova, 1999). The practice-specific impact of the organizational culture refers to how a particular practice is perceived by the employees of the subsidiary based on values implied by the practice – if these combat against the shared values in the organization, the practice is less likely understood and implemented (Kostova, 1999).

2.1.2.3. Relational factors

In addition to social and organizational factors, relational context within the multinational company affects the success of a practice transfer (Kostova, 1999). Kostova (1999:317) suggests that the practice transfer is mainly influenced by two types of employees in the subsidiary: a stable “core” and a flexible “expert” group. The core group consists of “general” managers who are in charge of all transfers and usually have a remarkable influence on which practices are adopted in the subsidiary. The expert group consists of managers who are responsible for specific practices and may be experts in the specific area. These groups can be seen to be the most influential to the success of a practice transfer since they have control over the essential resources and they are the ones to decide whether the practice is being adopted, and if so, how the practice and its value are communicated and thus understood and interpreted among the employees of the subsidiary (Kostova, 1999).

The relationship between the parent company and the subsidiary is a factor that influences the strategic decision-making of the MNC (Prahalad and Doz, 1987) and the success of a practice transfer (Kostova, 1999). There can be seen to exist two kinds of
relationships within an MNC: *attitudinal* and *power/dependence* relationships (Kostova, 1999). Attitudinal relationships refer to in what degree the managers of a subsidiary identify with, trust and commit to the parent company (Kostova, 1999). It was predicted by Kostova (1999) and later found by Kostova and Roth (2002) that practice adoption was positively and strongly related to the level of trust and identification between the subsidiaries and the parent company. According to Birkinshaw and Ridderstråle (1999), there are two sources of power that subsidiaries can have vis-à-vis the headquarters: structural power and resource-based power. Based on these two sources of power one can distinguish between “core” and “peripheral” subsidiaries (1999:153). Peripheral subsidiaries are situated away from the headquarters, both in the hierarchy and geographically, and they do not have a lot of structural power (Birkinshaw and Ridderstråle, 1999). Though also low in the beginning, their resource-based power is likely to grow through the time. What comes to the aspect of dependence, Kostova (1999) predicted that subsidiaries that are highly dependent on the parent company will try to gain internal legitimacy within the MNC by adopting the practices. However, the study by Kostova and Roth (2002) showed surprising results since the effect of dependence was negative: subsidiaries that were more dependent on the parent company reported lower level of practice adoption. This is contradicting also when examined from another point of view; namely, it is in general easier for parent companies to globally integrate and control subsidiaries that are dependent on them for example because of their resources (Leksell, 1981; Prahalad and Doz, 1987) and it has been found that the stricter a subsidiary is integrated and formally controlled, the more successfully knowledge and practices are transferred from headquarters to the subsidiary (Gupta and Govindarajan, 2000).

### 2.1.3. Knowledge transfer bottom-up: from subsidiaries to other parts of the company

The theories above have focused on the top-down practice transfer of MNCs, however, it is obvious that the knowledge and best practices are often shared also bottom-up, from subsidiaries to other subsidiaries and to headquarters. Gupta and Govindarajan (2000) suggest that factors such as subsidiary size and the level of development in the host country affect the amount of knowledge transfer from that particular subsidiary to other parts of the MNC. Bigger subsidiaries tend to transfer more knowledge within the MNC since they have a bigger pool of resources dedicated for the knowledge creation and consequently a better ability to offer non-duplicative knowledge for other parts of
the company (Gupta and Govindarajan, 2000). Regarding the level of development, countries that are economically more advanced tend to serve as trend-setters and the sources of, for example, technological know-how to a greater extent than less advanced countries. Consequently, it has been found that the higher the level of a subsidiary's host country’s economic development vis-à-vis the home country, the more the knowledge will be transferred from that subsidiary to the parent company (Gupta and Govindarajan, 2000). On the other hand, long geographical distance between the different units of an MNC has been found to hinder knowledge transfers within the company (Tippmann, Scott and Mangematin, 2012). However, the geographical space is suggested to be perceived subjectively rather than being an objective physical distance measure: for example by exploring the knowledge through interpersonal exchanges, a feeling of closeness can be achieved and the knowledge that is geographically and also cognitively distant can still be transferred (Tippmann et al., 2012).

In addition to the subsidiary size and the level of economic development of the host country, corporate socialization is found to have a positive impact on specific types of knowledge transfer within MNCs (Gupta and Govindarajan, 2000). Socialization mechanisms include for example inter-unit trips and visits, international committees, teams and task forces, and training involving participants from multiple units (Björkman, Barner-Rasmussen and Li, 2004). One of the main aims of corporate socialization is to establish a shared set of values and objectives within the company, and from the knowledge-sharing perspective, it is considered that the more different units share the common values and long-term visions of the company, the more they are going to exchange complementary knowledge (Björkman et al., 2004). Consequently, it was found by Gupta and Govindarajan (2000) and later by Björkman et al. (2004) that socialization mechanisms within the MNC lead to more knowledge transfer: the more the subsidiary managers interact with managers from other MNC units through visits, joint training programs and in cross-unit committees, the more the knowledge is transferred to other parts of the company.

Subsidiaries can increase the knowledge within the MNC and contribute to the company strategically also by problem solving, i.e. by developing solutions that renew the MNC's competences (Tippmann et al., 2012). Especially non-routine problems, problems for which the present organizational practices and routines do not offer solutions and which stimulate adaptive behavioral responses in subsidiaries, are seen to
be of strategic value (Tippmann et al., 2012). Namely, these problems offer opportunities for subsidiaries to participate in solution-finding activities and find solutions that even can renew the MNC's competences (Tippmann et al., 2012). Tippmann et al. (2012) found that there are different types of approaches for problem-solving in subsidiaries, and the scope of the problem and the solution varies, depending on if they are considered local or global. A global problem may also be framed as local: “although the subsidiary managers usually became aware of the problem's true [global] scope while framing it and seeking an answer, they still approached solution finding from a local perspective” (Tippmann et al., 2012:762). Sometimes, but not inevitably, this kind of local solution-finding can be “trapped in local rigidities” and it may be biased towards a local focus (Tippmann et al., 2012:764). According to Tippmann et al. (2012), finding a global solution in its turn requires holistic engagement and building relationships with management peers, senior management and other expert units throughout the global company.

2.2. CSR strategy formulation in a multinational context

As mentioned before, the traditional challenges related to global integration and local adaptation in the product market are often different to those that MNCs face when planning their CSR practices (Cruz and Boehe, 2010; Husted and Allen, 2006). Different countries represent different contexts for CSR strategies and form the so called CSR regime in a given country (van Tulder and van der Zwart, 2006:220). The international dimension of CSR, sometimes referred to as international corporate responsibility, ICR, adds a few complicating dimensions to national CSR (van Tulder and van der Zwart, 2006:220). Firstly, the international environment, including around 200 national governments, lacks a common legal and institutional framework, leading to increased bargaining dynamics (van Tulder and van der Zwart, 2006). Secondly, instead of the relatively familiar institutional environment in the home country, MNCs are faced with different cultural, institutional, legal, value and societal systems in the host countries (van Tulder and van der Zwart, 2006). Furthermore, MNCs are faced with increased complexity of issues since issues are judged differently in different societal contexts (van Tulder and van der Zwart, 2006).

When planning CSR strategies in multinational companies, understanding of these national and societal differences is crucial. Especially the culture, norms, conceptions about the society and the legal environment are found to have an impact on the host
countries’ perceptions of CSR and thus on the CSR strategy formulation in MNCs (Cruz and Boehe, 2010; Galbreath, 2006; Matten and Moon, 2008; Mohan, 2006; Tan, 2009). Also the nature of interaction between business and civil society differs between different countries and is a characteristic of the given CSR regime that needs to be considered (van Tulder and van der Zwart, 2006). On the other hand, some international concepts, initiatives and institutes have been put in place mainly by international NGOs, international industry organizations and international governmental organizations, which have strived for achieving a homogenous ICR regime (van Tulder and van der Zwart, 2006:240). NGOs together with MNCs have contributed to the arousal of international CSR standards which can be considered to have resulted in that CSR issues between some countries have become more uniform during the last decade (Sobczak and Martins, 2010). The fact that some CSR issues today are “global” by their nature can be seen as an argument for a global, uniform, CSR strategy in multinational companies (Muller, 2006).

Consequently, many scholars have been interested in studying whether MNCs tend to develop local strategies by adapting to the local cultural norms and legal environments in every host country or implement a global, uniform CSR strategy for all the countries they are operating in (Muller, 2006). Husted and Allen (2006) define the difference between local and global CSR in the following way: local CSR is about the obligations that are based on the local context, or host country CSR regime, whereas global CSR is based on global CSR standards, i.e. standards that can be seen to concern all the societies, composing the so called international CSR regime. According to Muller (2006) the difference is that a local, decentralized CSR strategy is formulated according to local stakeholders’ requirements and a global, centralized strategy is derived from international or the home country’s CSR practices and is transferred to subsidiaries through a centralized coordination system. Thus, local CSR strategies require that decision making power and allocation of responsibility and budgets are decentralized to subsidiaries (Bustamante, 2011). Respectively, a global, or standardized, approach would mean that decision making power and the setting of standards and principles are centralized and coordinated by the headquarters and followed by all the units within the MNC (Bustamante, 2011).

CSR strategy formulation in MNCs is thus influenced by the different CSR regimes, and furthermore the nature of these relationships is influenced by the relative distance between the host and the home country CSR regimes (van Tulder and van der Zwart,
2006), as can be seen in figure 2. The figure summarizes also different types of distance that have been found to affect how subsidiaries perceive and decide whether to adopt headquarters’ CSR practices or not. These characteristics are discussed in more detail in section 2.3.

Figure 2  CSR strategy formulation in MNCs (adapted from van Tulder and van der Zwart, 2006:253)

2.2.1.  CSR in the IT industry

According to the guidelines and principles provided by international organizations, such as the United Nations Global Compact (UNGC) and OECD Guidelines for Multinational Enterprises, CSR should cover at least: “human rights, labour and employment practices, ..., environmental issues (such as biodiversity, climate change, resource efficiency, life-cycle assessment and pollution prevention), and combating bribery and corruption” (European Commission, 2011:7). Also the integration of disabled persons, and consumer interests, including privacy, should be part of the CSR agenda (European Commission, 2011). However, it has been found that, for instance for companies that operate in the telecommunications industry and are participants of the UNGC, the UNGC is only one of the many initiatives that the companies employ in
shaping, implementing, and reporting about their CSR strategies, and that the role of it is only modest (Runhaar and Lafferty, 2009). One of the reasons for this is assumed to be that many of the CSR issues that the companies deal with are industry-specific (Runhaar and Lafferty, 2009).

Regarding IT industry, CSR strategies of multinational companies have not been studied much in the academic world. Yet it is acknowledged that implementing CSR practices in the IT industry gains particular importance since the industry is global by its nature (Weber, 2012). Similarly to the telecommunications industry, some CSR issues are industry-specific. One of the main types of issues that IT companies have to take care of in many ways is related to risk design (Weber, 2012). Companies operating in the IT industry are particularly exposed to privacy risks and consumer protection concerns, and thus these questions play an important role in the CSR of these companies (Weber, 2012).

2.3. Factors influencing the adoption of CSR practices in subsidiaries

The fact that understanding of CSR and expectations, meanings and definitions related to it are drawn from national and institutional contexts (Jamali, 2010; Mohan, 2006) results in that there are national differences in CSR. Thus while the local institutional contexts affect subsidiaries’ perceptions of headquarters’ practices in general (Kostova and Roth, 2002), they especially affect their perceptions of headquarters’ CSR practices. In this section the emphasis is on those characteristics of the host country CSR regime, or the institutional context, that have been found to influence subsidiaries’ CSR practice adoption. In the end of the section also the found impacts of the relationship between headquarters and the subsidiary are discussed.

2.3.1. Institutional context in the host country

According to Yang and Rivers (2009:158), when the institutional distance between the host and the home country is big, subsidiaries are more likely to adapt to local CSR practices “to deal with the greater legitimacy challenges”. With institutional distance the authors refer to the difference between regulatory, cognitive and normative institutions. Also according to both Jamali’s (2010) and Mohan’s (2006) findings subsidiaries often tend to follow CSR practices that are consistent with the institutional, social or cultural norms of business behavior in their host countries. Jamali (2010) interviewed managers responsible for CSR in 10 developing country subsidiaries and
when asked about motivations for CSR, all of them claimed that it was important to maintain legitimacy in the host environment. MNCs that took part in Mohan’s (2006) study, reported that several CSR practices in the subsidiaries were similar to the practices of the local firms, which can be due to attempts to compete more successfully in the local markets or to “fit in” by imitating local practices. Researchers have focused on different aspects of the national and institutional contexts, and the challenge of examining these separately lies in that they are related to and influenced by each other. In this study the following aspects of institutional context are discussed separately but it is important to keep in mind that they also affect each other: the national culture and norms, level of economic development, the government’s role and regulations and the local stakeholders.

2.3.1.1. National culture and norms

According to Hofstede (1980), in the center of a national culture is a system of societal norms, which consists of value systems that are shared by major groups of the population. The national norms, influenced by different ecological factors, have resulted in the development of institutions in the society, for example politics and legislation, and given them their specific structure (Hofstede, 1980). These institutions reinforce in their turn the societal norms. The institutions may change throughout the time, yet this does not inevitably impact the societal norms. Hofstede (1980:27) claims: “norms change rarely by direct adoption of outside values, but rather through a shift in ecological conditions: technological, economical, and hygienic.” Thus, the societal norms both affect and are affected by for example the level of the country’s economic development and the legal system within the given country.

Norms define what is appropriate in the given context, “how things should be done” (Scott, 1995:37). It is obvious that since there are national differences in these norms, also perceptions about the society vary between different countries and cultures (Galbreath, 2006; Matten and Moon, 2008). There are differences between societies in what is considered acceptable and responsible behavior (Matten and Moon, 2008), and matters of priorities vary especially between rich and poor countries (Werther and Chandler, 2011). However, there are very different assumptions about society, business and government even between the U.S. and Europe (Matten and Moon, 2008). It is also claimed that for example in Australia, Canada and China environmental questions are considered as the most central in the society, whereas in Indonesia, Turkey and the
U.S. the most important societal challenge is the improvement of education (Galbreath, 2006). Adapting to foreign cultures requires thus often ethical compromises in MNCs, and subsidiary managers can be forced to consider what to do if the ethical norms of the host country differ from or conflict with those of the company’s home country (van Tulder and van der Zwart, 2006).

2.3.1.2. **Level of development**

When planning their CSR strategies, MNCs should take into account the difference in the level of development of the host economies compared to the home economy (van Tulder and van der Zwart, 2006). The wealth of a given country has an influence on the societal and CSR expectations; wealthy societies have more resources and thus perhaps more demanding expectations due to the greater options that the wealth brings (Werther and Chandler, 2011). These options include for example education, transportation, medicine, food etc. Thus also the legal requirements can be set higher in rich and developed countries (Werther and Chandler, 2011). One can say that the CSR standards are often on a lower level in developing countries (Muller, 2006). A multinational company can be forced to consider for example if the same environmental rules that go beyond the law in the home country shall be implemented in a subsidiary that is located in a host country where there do not exist any environmental laws in the first place (Galbreath, 2006). Van Tulder and van der Zwart (2006) claim that in this kind of situations it is not possible for the MNCs neither to adapt to the local customs nor to impose the home country’s norms on the host economy.

Thus it is suggested that the bigger the “development distance” between the host and the home countries, the bigger the ethical dilemmas are and thus the more likely an integrative approach to CSR, i.e. a global CSR strategy, is needed in order to ensure the responsible behavior in these subsidiaries (Mohan, 2006; van Tulder and van der Zwart, 2006). According to Mohan’s (2006) study, MNCs tend to implement global practices especially when it comes to environmental and child labor issues in countries where the minimum legal requirements are not seen to be high enough compared to the home country.
2.3.1.3. Government’s role and regulations

According to Amba-Rao (1993), the regulatory environment in a given country refers to the local government. However, many authors suggest that the regulatory environment in the context of CSR is more than that; it consists of all the laws, rules and legal requirements that the society sets for companies, for example reporting requirements for financial, social, environmental or sustainability reporting and other CSR-relevant regulation, such as security and safety regulations (van Tulder and van der Zwart, 2006). As explained above, there are differences in the legal requirements between different countries depending for example on the level of economic development of the country (Werther and Chandler, 2011). The regulatory environment affects the CSR regime of the given country (van Tulder and van der Zwart, 2006) and thus affects how the relationship between business and society is defined and also how active the given subsidiary is towards CSR issues in general (Jamali, 2010). Consequently, MNCs are forced to balance between the interests of home and host countries also from legal perspective when they consider ethical decisions in their operations (Galbreath, 2006).

Despite that local governments affect MNCs’ strategic freedom in general (Prahalad and Doz, 1987), they influence also the CSR practices (Yang and Rivers, 2009). When a government has mandating role, it acts as a regulator and standard-setter and defines minimum behavioral norms for companies (van Tulder and van der Zwart, 2006). Government regulation can be seen to mean the right and ability to regulate, and the extent of regulation (Tavis, 1982). Governments can for example apply penalties if MNCs do not take actions towards responsible behavior or if they do not meet the standards required (Yang and Rivers, 2009). However, there are differences in how much power the host government has to regulate the business (Cruz and Boehe, 2010; Matten and Moon, 2008). For example in Europe, the government has in general more power than in the U.S. and thus European countries tend to set bigger requirements for companies when it comes to acting responsibly in some areas of business (Matten and Moon, 2008).

In its facilitating role the government tries to create incentives for companies to move to the right direction in acting responsibly by searching for enabling instruments and building the appropriate capacities (van Tulder and van der Zwart, 2006). It can offer “tangible inducements” for MNCs in order to encourage them to act responsibly towards the society (Yang and Rivers, 2009). On the other hand, governments can have a partnering role, which means that they are actively searching for a combination of
resources and stakeholder engagement for example in the form of public-private partnerships or, less formally, stakeholder dialogues (van Tulder and van der Zwart, 2006).

2.3.1.4. Local stakeholders

As mentioned in the introduction of this thesis, responding to the needs of the company's stakeholders can be considered an important aspect of its CSR (Freeman, 1984; Johnson and Scholes, 2002). In multinational companies, one can distinguish between global and local stakeholders (Bustamante, 2011). Since operating in different countries, MNCs are forced to balance between the needs of stakeholders in different national and thus, institutional contexts (Mohan, 2006); specific stakeholder group in one country can be totally different from that in another country (Bustamante, 2011; Muller, 2006). An MNC's ability to implement CSR practices globally is influenced, on one hand, by how much the different stakeholders require in a given host country (Bustamante, 2011; Yang and Rivers, 2009) and on the other hand, which stakeholders' requirements the company is prioritizing (Bustamante, 2011).

The power of both local consumers and local employees has an influence on the subsidiary's ability to adopt global CSR practices; Yang and Rivers (2009) suggest that the more power the local customers and employees have in terms of requiring responsible behavior, the more likely the subsidiary is going to adapt to local CSR practices. In addition, the local trade unions might be concerned that the subsidiary does not fit in to the local framework concerning for example working conditions and employment practices if a global, integrated strategy is implemented in the host country (Prahalad and Doz, 1987). Thus, one can assume that the trade unions expect subsidiaries to modify their work-related CSR practices according to the local working conditions to fit the local context.

Also local non-governmental organizations (NGOs) can pressurize subsidiaries to act responsibly towards the local society (Sobczak and Martins, 2010; Yamin, 2001). The local NGOs can for example participate in the development of a common policy contributing to more responsible business in the host country (Galbreath, 2006) or influence the subsidiaries’ attitudes towards CSR by entering partnerships with them (Yamin, 2001; Yang and Rivers, 2009). There are yet regional and national differences in how much resources and thus power the local NGOs have, and lack of resources affects negatively the NGOs’ abilities to engage in partnerships with firms (Yang and
Rivers, 2009). Thus, Yang and Rivers (2009) suggest that the more resources and power an NGO has the more likely a subsidiary is going to adapt to the local CSR practices. On the other hand, the home country’s NGOs can put pressure for the transfer of global CSR practices; for example in United Kingdom, NGOs and the civil society are known to have an active influence on the normative and cognitive dimensions of British companies’ CSR also in their international operations (Mohan, 2006).

2.3.2. The relationship between headquarters and the subsidiary

The relationship between headquarters and subsidiaries has been found to play a key role not only when planning the general business strategies but also in the planning of CSR strategies in MNCs (Cruz and Pedrozo, 2009). In line with Kostova’s (1999) theory but in contradiction with Kostova and Roth’s (2002) findings, Yang and Rivers (2009) suggest that subsidiaries that are heavily dependent on their parent company are less likely to adapt to local CSR practices than independent subsidiaries. It is easier for the parent company to transfer global CSR practices to these subsidiaries since they tend to adopt the practices in order to maintain their internal legitimacy within the MNC (Yang and Rivers, 2009). Another reason might be that it is generally easier for parent companies to control subsidiaries that are dependent on them (Leksell, 1981; Prahalad and Doz, 1987).

When subsidiaries are given the possibility to define and influence how CSR is managed locally it also usually increases the motivation and commitment towards the local CSR issues (Bustamante, 2011). However, Muller’s (2006) study shows contradicting results: he found that CSR operations in subsidiaries that perceived themselves to be autonomous in their overall activities were more engaged in the headquarters’ global CSR vision than in responding to the local context in the host country. According to Jamali (2010), all the subsidiaries in his study tailored their CSR strategies in order to correspond to the characteristics of the particular subsidiary and the local environment, yet all the CSR practices were still inspired and guided by global guidelines.

2.4. Managing a global CSR strategy

Despite the distinction made in the literature between global and local CSR strategies, as explained in section 2.2, the above-presented differences between countries’
institutional contexts result in that the choice is not that unambiguous in the real world. Also companies with global CSR strategies are forced to adapt to the local environments in the host countries, and MNCs have to often select some CSR practices that are implemented globally and let the subsidiaries develop other practices according to the local requirements and norms (Mohan, 2006). Headquarters can also decide specific global guidelines according to which subsidiaries have to make their decisions concerning CSR, for example budgeting (Jamali, 2010). Headquarters can for example decide a theme for CSR practices that are going to be financed, and the subsidiaries can develop a local practice that falls into this theme (Jamali, 2010). The decisions are thus made according to global guidelines and goals even though subsidiaries can independently decide about for example whether to participate in projects with local NGOs etc. (Jamali, 2010).

2.4.1. Challenges in managing CSR in MNCs

One of the challenges related to managing CSR in MNCs is setting and defining objectives at the global and local level concerning economic, social and environmental concerns, and defining the “proactive corporate posture” referring to environmental and social laws at all levels that the MNC is operating on (Cruz and Pedrozo, 2009:1194). Measurable targets should be set and constantly controlled with identified proper performance measures (Cruz and Pedrozo, 2009; Weber, 2012). MNCs can develop for example an integrated CSR decision-making structure and prepare and implement a CSR business plan in order to implement specific CSR commitments (Weber, 2012). In addition to defining formal objectives and rules, it is important to ensure that the corporate culture of the MNC is consistent with the company’s CSR values, and this can be ensured with implementing the CSR commitments (Weber, 2012). Thus, the CSR commitments include internal mechanisms, the meaning of which is to enhance for example the CSR values: “corporate procedures should not only delineate rules, but also basic sets of ethics” (Weber, 2012:637).

Another challenge is to make the subsidiaries and the MNC’s stakeholders from all the contexts aware and informed about the importance of the company’s CSR practices (Cruz and Pedrozo, 2009). As explained before, if the values implied by a particular practice combat against the shared values in the organization, the practice is less likely understood and implemented (Kostova, 1999). Furthermore, the fact that a subsidiary follows headquarters’ orders and implements their practice does not automatically
mean that the practice is considered important by the employees in the subsidiary (Kostova and Roth, 2012), which can be considered a challenge naturally also when transferring CSR practices (Muller, 2006). When employees are informed about the motives behind the home company’s CSR practices they are likely to be more motivated to implement them in their own operations. Therefore, if an MNC aims to implement a global CSR practice in subsidiaries, in addition to the home company’s CSR functions also the underlying social values should be transferred to subsidiaries in order to get them engaged in the home country’s CSR policy (Mohan, 2006).

According to Muller (2006), in order to motivate the subsidiaries to engage in the company’s global CSR vision, they should be integrated through an informal control system instead of using traditional hierarchic control. One way to practice informal control is to socialize the company’s values and objectives between different parts of the organization (Leksell, 1981) in order to establish a shared set of values and objectives within the MNC (Björkman et al., 2004). As mentioned before, one way of practicing socialization is the establishment of international committees involving participants from multiple units (Björkman et al., 2004), which is also a reason why an international CSR committee can be seen useful in MNCs.

However, the existence of informal communication channels in the organization is important not only because the information about CSR issues can be transferred effectively from headquarters to subsidiaries but also vice versa (Cruz and Pedrozo, 2009). In line with the literature about knowledge transfer from subsidiaries to other parts of MNCs (reviewed in section 2.1.3), it is believed that MNCs can strengthen their CSR programs and activities by leveraging the knowledge and capabilities developed in different subsidiaries (Cruz and Boehe, 2010).

### 2.4.2. Addressing the challenges: transverse CSR management structure

In response to the challenges discussed above, Cruz and Pedrozo (2009) and Cruz and Boehe (2010) suggest *transverse CSR management*, which refers to a “corporate organizational entity represented by an international committee or department in charge of CSR projects” (Cruz and Boehe, 2010:251). The CSR department, or an international committee in charge of CSR, can include top managers, representatives of functional areas, representatives of subsidiaries and representatives of external stakeholders (Cruz and Boehe, 2010), as figure 3 illustrates. In this way it is ensured
that all the different departments of the MNC, not only a structured CSR department, are engaged in CSR projects and practices (Cruz and Pedrozo, 2009). The aim is to “infuse CSR into the organization in such a way that it becomes part of organizational routines and culture” (Cruz and Boehe, 2010:252). The transverse CSR structure is thus claimed to favor the consideration of both global and local CSR demands by headquarters and subsidiaries (Cruz et al., 2010).

The involvement of top managers can be considered important since it can increase credibility and motivation for CSR among employees and also among external stakeholders (Cruz and Boehe, 2010). The representatives of functional areas are important since, firstly, they can bring insights to the committee from their responsibility areas and secondly, they will bring the ideas back and explain them in their units and thus they can contribute to legitimizing the projects defined by the committee (Cruz and Boehe, 2010). The representatives of subsidiaries can contribute to the work of the committee by telling their local experiences from different countries and share the best practices concerning CSR in these countries (Cruz and Boehe, 2010).

The relationship between the company and its different stakeholders is an important aspect to consider when MNCs plan their CSR strategies (De Chiara and Spena, 2011). It is crucial to consider the different needs of stakeholders at global, local and internal market levels and carry out the CSR projects accordingly (Cruz and Pedrozo, 2009). Cooperation with external stakeholders such as NGOs in the host countries can help subsidiaries to understand the needs of the local stakeholders and to find a balance between the global values and local national contexts (Sobczak and Martins, 2010) and

**Figure 3  Transverse CSR management structure (adapted from Cruz and Boehe, 2010:251)**

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thus help them to adapt the global CSR strategy to the local conditions (Cruz and Pedrozo, 2009; Cruz and Boehe, 2010). Moreover, collaboration with local NGOs can lead to the development of local solutions for local challenges (Cruz and Boehe, 2010). Despite the NGOs it is important that subsidiaries cooperate with local governments since they can help the companies to understand the negative effects of their business operations and also help in solving many social problems in the local environment (Mohan, 2006).

2.5. Summary of the literature review

This chapter has presented a review of the relevant existing literature, starting with the presentation of those elements that influence how MNCs’ “traditional” business practices get adapted in the subsidiaries and that have been found to have an impact also on the CSR practice adoption. These elements included host government intervention, social and organizational contexts in the host country and in the subsidiary, and the relationship between the headquarters and the subsidiary. Some aspects influencing the knowledge-transfer bottom-up, i.e. from subsidiaries to other parts of the multinational company, were also presented; aspects such as the subsidiary’s size and the level of the host country’s development have been found to have an impact on the amount of knowledge transferred from the subsidiary.

In section 2.2, MNCs’ global CSR strategy formulation was covered briefly to serve as a basis for the discussion about how CSR strategies can be adapted locally in the subsidiaries. Also issues specific for CSR in the IT industry were presented, even though the industry has not been in the focus of previous CSR research. In section 2.3, different aspects that have been found to influence subsidiaries’ tendency to adopt global CSR practices versus engage in local CSR were presented. These aspects included the relationship between the headquarters and the subsidiary, and the institutional context in the host country, referring to the national culture and norms, level of economic development, the government’s role and regulations, and the local stakeholders. Finally, in section 2.4, the challenges in managing CSR globally were presented and it was discussed why and how, according to the present literature, MNCs often choose to adapt their global CSR strategies to fit in the local environments in the developing host countries. Consequently, the concept of transverse CSR management structure in MNCs was presented.
3 METHODOLOGY

In this chapter, the research process behind this study is described in detail. First, the research philosophy guiding this study is explained. Following the research philosophy, the research approach and strategy are explained. After this, data collection methods and the data analysis process are described. Finally, the quality of the research, the researcher’s role, and the limitations of this study are discussed.

3.1. Research philosophy

The purpose of this study is to explore how a global CSR strategy of a multinational company gets adapted locally in two developed country subsidiaries as compared and contrasted with one in a developing country. The study is exploratory by its nature; the aim is to create an understanding of a particular phenomenon by studying three subsidiaries of one multinational company in depth.

Research philosophy is determined by how a researcher thinks that knowledge is developed and albeit the way he or she goes about doing research (Saunders, Lewis and Thornhill, 2003). Three dominant approaches to knowledge and research can be distinguished in the literature: positivism, interpretivism and realism (Saunders et al., 2003). In line with the purpose of this study and typical for case studies, the research philosophy behind this study is realism (Saunders et al., 2003). Realism shares some aspects with positivism and is based on the assumption that there is a reality which is independent of human thoughts and beliefs (Saunders et al., 2003). Yet according to realism, it is also important to understand “people’s socially constructed interpretations and meanings, or subjective reality”, and people’s views and behaviors are seen to be influenced by broader social forces or processes (Saunders et al., 2003:85). Thus, in fact realism can be seen to share elements of both positivism and interpretivism. In this study, the interviewed managers are considered as key informants whose insights are used in order to understand how the company’s CSR strategy gets adapted locally in the subsidiaries.

3.2. Research approach

One can distinguish between inductive and deductive approaches, also called reasoning, to research (Alvesson and Sköldberg, 1994; Saunders, Lewis and Thornhill, 2003). The inductive approach, which typically relies on grounded theory (Dubois and
Gadde, 2002) means that the data is collected first and a theory is created based on the data, whereas the deductive approach means that the researcher first has a theory and his/her study is based on testing this theory with a hypothesis/hypotheses (Saunders et al., 2003). A third approach that is increasingly accepted in research is the abductive approach, which is an intermediate form between inductive and deductive reasoning (Alvesson and Sköldberg, 1994). Inspired by abduction, Dubois and Gadde (2002:554) suggest an approach called systematic combining, described as “continuous movement between an empirical world and a model world”. In a process of systematic combining the researcher goes back and forth between the theoretical framework, data sources and the analysis, and the research questions and the framework are reoriented based on the empirical findings (Dubois and Gadde, 2002).

Systematic combining is in general suitable for case studies with exploratory purposes (Dubois and Gadde, 2002) and it is used as a research approach also in this study. First, criterion sampling (Patton, 2002:243) and the possible access were considered when a suitable case company and the subsidiaries were chosen to be contacted for the study. Criterion sampling means that the sample is chosen based on specific criteria, and in this study the criteria for the company were 1) a multinational company 2) having a global CSR strategy. The first criterion for the chosen subsidiaries was that there was a local citizenship and/or sustainability leader in the subsidiary. After considering suitable options, the Finnish subsidiary of Microsoft, a multinational company operating in IT industry, having subsidiaries both in developing and developed countries, was contacted and agreed to be a part of the study. After this, the existing literature was examined more in detail by searching in several databases in order to find theories about subsidiaries’ practice adoption and MNCs’ CSR strategies. The theoretical framework and even the research questions were reoriented throughout the research process in order to ensure that they fit the empirical data, and also some interview questions were added after the first interview as a result from the information gained from it and from the reorientation of the theoretical framework.

3.3. Research strategy

When doing research, it is crucial to have a clear plan of how the research question(s) is/are going to be answered (Saunders et al., 2003). The research strategy of a study depends on the type of research question(s), and one can distinguish between a case study, experiment, survey, grounded theory, ethnography, action research, and cross-
sectional or longitudinal studies (Saunders et al., 2003:91). A case study is suitable when the purpose is to examine a particular contemporary, as opposed to historical, phenomenon within some real life context (Saunders et al., 2003; Yin, 2003). According to Yin (2003), all the research strategies can be used for all three purposes: exploratory, explanatory or descriptive, but case study is often used when the aim is to answer questions “why” and “how”.

In line with the purpose of this study, the research strategy is to conduct a case study. The purpose is exploratory and the aim is to understand how a global CSR strategy of one multinational company gets adapted locally in specific subsidiaries. Different aspects of the countries and subsidiaries in question are going to be considered and thus it is also going to be discussed how these aspects influence the local adaptation of the strategy. The phenomenon is current and the particular context of each subsidiary is relevant with regard to the results of the study. Case studies have been criticized among others for the lack of rigor (Yin, 2003), and thus it is important to follow systematic procedures in the research process and to acknowledge possible biases that might influence the analysis of the findings and conclusions. Different types of biases related to this study are discussed later in section 3.6. Another concern about case studies is that they are seen to provide little basis for scientific generalization (Yin, 2003). Implications of this are going to be covered shortly in section 3.6, yet since the purpose of this study is not to produce a theory that would be generalizable to multinational companies in other industries, generalizability criterion is not considered central in this study.

When designing case studies, the primary distinction is between single- and multiple-case designs (Yin, 2003:39). In this study one multinational company is being examined, however including multiple cases, i.e. subsidiaries, in different contexts. First one case, a subsidiary in a developed country context, Finland, was chosen. After that, another subsidiary in a different, developing country context, India, was chosen predicting contrasting results, a method called theoretical replication (Yin, 2003:47). After this, one more developed country subsidiary in Ireland was chosen predicting results similar to those from the first case, a method called literal replication (Yin, 2003:47). The Irish subsidiary was chosen in addition to the Finnish subsidiary since the developed country context is the focus of this study, and two or three cases are recommended when literal replication is aimed to be pursued (Yin, 2003). Multiple-case designs are in general preferred over single-case designs since even with only two
cases, the researcher has the possibility of direct replication, and analytic conclusions arising independently from two cases will be more powerful than those arising from a single case alone (Yin, 2003). Especially when the contexts of these cases differ as in this study, if common conclusions can still be drawn from both cases, they will expand the *external validity* of the findings, compared to those from a single case (Yin, 2003).

### 3.4. Data collection method

The data in case studies can be in the form of documents, archival records, interviews, direct observation, participant-observation, and physical artifacts (Yin, 2003). All of these can and have been used solely for entire case studies, but it is recommended to use multiple sources of data, enabling the *triangulation* of data (Yin, 2003). In this study, *qualitative* data was collected: expert interviews, i.e. interviews with the subsidiaries’ citizenship and sustainability leaders, are used as the primary source of data. Furthermore, several kinds of documents are used as a secondary data source. The company’s website and the latest official citizenship report (2013) available on the internet were used in order to create an understanding of the company’s CSR strategy. In addition, the subsidiaries’ own websites and another material received from the Finnish subsidiary, such as a power point presentation, reports and an internet link to an oral presentation about Microsoft’s environmental sustainability strategy - which is a part of their CSR strategy - were used in order to complement the understanding of the global CSR strategy and how it is adapted locally in the subsidiaries.

#### 3.4.1. Interviews

Interviews can be used to get a deeper understanding of a phenomenon and its elements (Yin, 2003), and they can help the researcher to gather valid and reliable data that are relevant to the research question(s) and objectives (Saunders et al., 2003). Interviews can be classified into different types in several ways: Saunders et al. (2003) make the distinction between structured, semi-structured and unstructured interviews, whereas Patton (2002) divides interviews into informal conversational interviews, general interview guide approach and standardized open-ended interviews. In studies with exploratory purposes, semi-structured and in-depth interviews are often used since they help in exploring the question “why” instead of only “what” and “how” (Saunders et al., 2003). With regard to the purpose of this study, all of the interviews were semi-structured non-standardized interviews, the first interview being the least
structured and least formal. There was a list of themes and questions to be covered during all the interviews, however the questions were open by their nature and additional questions were asked based on the respondents’ answers. Also the order of the questions varied from the preliminary plan and between the interviews depending on the flow of the conversation, which is typical for semi-structured interviews (Saunders et al., 2003).

The first interview was conducted at Microsoft Finland office in Espoo, Finland, on the 3rd of March 2014. The interviewees were Stella Diesen, sustainability lead, and Max Mickelson, corporate citizenship lead of Microsoft Finland. Before the interview, the respondents were asked which language they preferred to be used during the interview, and Swedish was chosen in accordance with the respondents’ wish. Other options would have been Finnish or English, both the interviewees and the interviewer being fluent in all three. The interview with the sustainability lead took in total 1,5 hours, from which the citizenship lead was present approximately 20 minutes. This interview was the longest since some basic questions about Microsoft’s organization structure and the global CSR strategy – including the global citizenship and sustainability management structure – were asked that did not have to be repeated in the following interviews. The sustainability lead had prepared a presentation about the company’s environmental sustainability strategy and operations; also leading to that the interview had an open structure. In addition, the planned interview questions were asked. Since the sustainability lead gave her insights about which countries and subsidiaries could be valuable for the study and suggested other subsidiary managers that could be interviewed, her role can be seen as an informant and not solely a respondent (Yin, 2003:90).

The second and third interviews were conducted via Skype on the 21st and 25th of March 2014. The second interviewee was Gauri Arora, both corporate citizenship and sustainability lead of Microsoft India. The third respondent was Conor Kelly, sustainability lead of Microsoft Ireland. The language of both interviews was English, and the length of each interview was 30 minutes. The basic questions of Microsoft’s organization structure and the global citizenship and sustainability management structure were left out from the interview guide, and some questions were added as a result from the information gained from the first interview and the developed theoretical framework. Some of these questions were formulated according to the subsidiary-specific information received from the Finnish sustainability lead at the first
interview, yet overall the list of questions was nearly identical for the last two interviews.

In order to get a broader picture of the local strategy adaptation and to strengthen the external validity of the study, interviews with more subsidiaries were attempted to be conducted. Some of the respondents were asked to help by giving contact information to other developed country subsidiaries of Microsoft – however, despite the respondents’ willingness to help, they were busy people working in management positions and their time for helping to contact other possible respondents was limited.

Recording interviews is useful since it is crucial to capture the actual words said by the persons being interviewed – making sense of these is the basis for data interpretation and analysis (Patton, 2002). All the interviews for this study were recorded and transcribed afterwards with the respondents’ permission. Also written notes were taken throughout the whole interviews. Namely, recording interviews does not eliminate the need for taking notes but helps the researcher to concentrate on taking strategic and focused notes instead of focusing on taking them verbatim (Patton, 2002). The notes served mainly for two purposes in this study: 1) during the interviews by helping in formulating additional questions from what the respondent had said, and 2) in the analysis after the interviews by helping to find important themes and quotations from the recordings.

Throughout this thesis, when the above-presented interviewees are referred to, their nationality is indicated with the following abbreviations: FI (Finnish) sustainability and citizenship leads, IN (Indian) citizenship and sustainability lead, and IR (Irish) sustainability lead.

3.4.2. Documents

Different kinds of documents, such as organizations’ records, websites, reports and announcements, are useful in case studies mainly in supporting and corroborating evidence from other data sources (Saunders et al., 2003; Yin, 2003). In this study, supporting evidence was gathered prior to the interviews: general information about Microsoft was searched on the internet, and Microsoft’s citizenship report (2013) was used in order to get an overview of the company’s CSR operations and to help in understanding the local adaptation which was the theme of the interviews. Also when presenting and analyzing the empirical findings of this study, these sources were used.
In addition to the global company’s website and citizenship report, subsidiaries’ own websites were used to corroborate the information gained from the interviews related to the local adaptation. Furthermore, other material received from the Finnish subsidiary, including a power point presentation and reports about Microsoft’s strategy to become carbon neutral, and an internet link to a website about Microsoft’s wind power usage, were used to complement and corroborate the understanding of the priorities of the global company and the subsidiaries. Documents can also be used to correct spellings, titles and names mentioned in an interview (Yin, 2003), and the different websites were used for this purpose also in this study. It is important to remember that documents are not always accurate and may be biased – thus they must be used carefully as a data source and should not be taken as “literal recordings of events that have taken place” (Yin, 2003:87). In this study, the possibility for bias exists and it is acknowledged in the analysis of the findings, yet most of the information that was gained from the documents was covered also in the interview themes and thus corroborated by the respondents.

3.5. Data analysis

Qualitative data analysis is about transforming data into findings (Patton, 2002). There are no certain rules but only guidelines and procedural suggestions for doing this transformation; it is again the purpose of the study that guides and affects the analysis since the purpose determines the norms and expectations for what will be concluded and how it will be presented (Patton, 2002). However, several authors agree that an analysis of qualitative data usually includes some similar steps, such as some sort of categorization, discovering patterns, themes and/or narratives in one’s data and observation of one’s own processes throughout the analysis (Patton, 2002; Spiggle, 1994). In addition, Eisenhardt (1989) suggests within-case analysis, which means that before going into searching patterns across cases, the researcher becomes first intimately familiar with each case separately. This is favored especially in qualitative case studies where the amount of data is usually massive (Eisenhardt, 1989).

The data analysis begins usually already during the data collection (Patton, 2002), and in this study it started during the interviews. The interview notes were taken in order to form additional questions during the interviews and to remember the insights gained from the respondents’ answers. Each interview was transcribed, and it is considered that repeating carefully the content of the interview helped significantly in the analysis
of each subsidiary separately. The local CSR priorities and the attitudes that guided the local adaptation of the global CSR strategy were recognized from the transcriptions. The second phase of data analysis is usually some kind of categorization (Saunders et al., 2003), and in this study different categories were created based on the parts of Microsoft’s global CSR strategy, i.e. one global CSR theme being one category. This categorization was made after the interviews yet based on Microsoft’s global citizenship report (2013). The third step involves often the attachment of “chunks”, units of data, to appropriate categories (Saunders et al., 2003; Spiggle, 1994). In this study this means that the information given by the interviewees and/or on the subsidiaries’ websites related to a specific CSR theme was attached to the given category. In this way it was found which of the global CSR themes the subsidiaries prioritized and which were not included. Then, a comparison was made between the cases, which refers to contrasting and finding similarities in them (Spiggle, 1994). Thus, the differences and similarities in the implementation of the global CSR themes were found between the subsidiaries. The data analysis was an interactive process where the researcher moved back and forth and modified the earlier parts when relevant insights occurred later. Especially the information gathered from the subsidiaries’ websites was added after the insights from the interviews, and some of the findings were clarified afterwards with the respondents by e-mail and modified according to that.

3.6. Research quality

There are many different criteria to evaluate the quality of research. Credibility is a measure about the truth-value of the study – it measures how well the results of the study correspond to the reality it is studying (Haldórsson and Aastrup, 2003). Validity, reliability and confirmability are concepts that measure the credibility of a study (Haldórsson and Aastrup, 2003; Silverman, 2006), and these are now used as criteria to evaluate the quality of this study. Also possible implications of the researcher’s role in this study are discussed.

3.6.1. Validity

Yin (2003) distinguishes between construct validity, internal validity and external validity, from which construct and external validity are relevant criteria for exploratory studies and thus used also in this study. Construct validity can be seen problematic especially in case study research (Yin, 2003). From a positivistic point of view, case
study researchers have sometimes been criticized for failing to develop a sufficiently operational set of measures and for using subjective judgments to collect the data (Yin, 2003). In the data collection phase, the researcher is recommended to use multiple sources of evidence, in order to increase the construct validity of the study (Yin, 2003). As mentioned before, in this study several documents and websites were used both before and after the interviews in order to get additional information about the company and its global CSR strategy and to corroborate and complement the information gained from the interviews about the local adaptation.

Another tactic to increase construct validity is to create a chain of evidence, which means that an external observer follows the derivation of any evidence starting from research questions to the conclusions of the study (Yin, 2003). The external observer should be able to trace the steps also backwards – from conclusions back to initial questions (Yin, 2003). In this study, it is considered that the supervisor was to some extent also an external observer and thus it was checked that no original evidence was lost and failed to receive appropriate attention in the conclusions of the study. A third way to increase construct validity of the study is to let the respondents, or key informants, review the draft case study report or the transcription material from the interviews (Silverman, 2006; Yin, 2003). The preliminary version of this thesis including empirical findings and analysis was sent to the respondents from the Finnish subsidiary, however due to the holiday season and a busy schedule, they did not have time to get back and give feedback of it before the submission. Misunderstandings between the interviewer and the respondents were yet minimalized by recording the interviews and due to the good quality of the recordings, the interviews could be listened afterwards and transcribed accurately verbatim. Furthermore, particular issues that remained unclear from the interviews were clarified with the respondents afterwards by e-mail.

It is important to note that the possibility for misunderstandings increases in cross-cultural studies, where the language, norms and values between the interviewer and the interviewee may differ (Saunders et al., 2003; Silverman, 2006). This aspect is relevant in this study, where two of the four respondents represented different nationalities than the interviewer. Yet even though presumably only the Irish interviewee spoke English as his mother tongue, it is considered that the English skills of the Indian manager, working in a multinational company, and also the interviewer were good enough to become understood and understand each other, partly since both were familiar with the
particular terminology of the area. For the interview with the Finnish managers, Swedish was chosen since it is the respondents’ first language, also the interviewer being fluent in it. Yet since Microsoft’s global terminology is in English, some English terms were used throughout the interview, such as “citizenship” and “sustainability”.

External validity refers to whether the findings of a study are generalizable beyond the specific case study (Yin, 2003). Critics typically state that single cases offer a poor basis for scientific generalization (Yin, 2003). In this exploratory study, the aim is not to claim that the findings could be generalized to multinational companies in other industries but rather to understand the CSR strategy adaptation in the particular company in depth. However, some degree of external validity is aimed to be achieved within the IT industry, by confronting particular industry-specific findings of this study with the previous article by Weber (2012) about CSR in the IT industry. To increase the external validity of this study, multiple cases, i.e. subsidiaries were chosen to be studied. Namely, as mentioned above, especially since the contexts of these cases differ, if common conclusions can still be drawn from the cases, the external validity of the findings can be considered to increase, compared to if only a single case, i.e. subsidiary, was studied (Yin, 2003).

3.6.2. Reliability

Reliability of research refers to the question if future researchers could repeat the study by following the same procedures as described by the earlier researcher and come up with the same results and conclusions (Silverman, 2006; Yin, 2003). “The goal of reliability is to minimize the errors and biases in a study” (Yin, 2003:37). Similarly to construct validity, the tactics for increasing reliability are mostly related to the data collection process of research (Yin, 2003). Sometimes when non-standardized, semi-structured interviews are used, concerns about reliability may rise since non-standardized methods are not intended to be repeatable (Saunders et al., 2003).

Consequently, it is important to be aware and strive for avoiding different types of bias related to the interviews (Saunders et al., 2003). Possible interviewer biases of this study are discussed in the following section. Another type of bias is interviewee, or response, bias (Saunders et al., 2003:252), which can occur for example if the interviewee chooses not to reveal and discuss a particular aspect of the topic because this would lead to discussing information that he or she does not wish, or is not empowered, to discuss (Saunders et al., 2003). Social desirability bias refers to a
respondent’s tendency to present information that reflects his or her perceptions of what is “correct” or socially acceptable instead of his or her true feelings (Fisher, 1993:303). This type of bias occurs often when the respondent is unwilling or unable to report on sensitive topics (Fisher, 1993). The atmosphere in the interviews in this study was in general open and the fact that all the subsidiary managers allowed the use of the company’s and their own names in the study reflects that the issues handled are not particularly sensitive by nature. The interviewees were rather enthusiastic about the issues that were discussed and thus there is not much support for the claim that the interviewees would have felt uncomfortable about bringing up some aspects of the theme.

Another way to improve the reliability of a study is through transparency, which refers to describing the research strategy and data analysis methods in a sufficiently detailed manner (Silverman, 2006). The researcher should document the procedures followed in the research process so that future researchers would eventually be able to repeat the process (Yin, 2003). By explaining in detail the different phases of the research process in this chapter, transparency is wished to be achieved in this study. Yin (2003:101) emphasizes also the importance of creating a separate “database” in case studies. The database serves as a basis for separate analysis – it is important that the reader is able to distinguish between the actual raw data and the conclusions made by the researcher (Yin, 2003). To ensure this, the analysis and assumptions made by the researcher are presented separately in the end of chapter 4 (section 4.6) after the presentation of the “raw data”, and the discussion and conclusions are presented separately in chapter 5. A case study database can include for example different kinds of notes and documents gathered during the research, and they should be stored so that they are later available for other persons, including the researcher, if necessary (Yin, 2003). Recording and transcribing interviews is obviously a way to increase the reliability of a study (Silverman, 2006), and the interview transcriptions are considered to be also a part of the “database” of this study.

3.6.3. **Confirmability and the researcher’s role**

Confirmability can be seen to correspond to the conventional view on objectivity (Haldórsson and Aastrup, 2003). It measures if the findings of a study represent the actual results of the inquiry and not the values and biases of the researcher (Haldórsson and Aastrup, 2003). Similarly to the criteria discussed above, confirmability can be
improved through triangulation of methods and by revealing the process behind the achievement of the results and findings (Haldórsson and Aastrup, 2003).

Related to confirmability, it is important that the researcher acknowledges her/his role in the research and the implications that it might have on the results and the analysis of the results. The fact that the interviewer in this study was a Master’s student, instead of, for instance, a manager in a higher position within Microsoft Corporation, may have had an impact on the respondents’ answers in specific ways. Considering the fact that a Master’s thesis is an open publication, it is possible that some kind of interviewee bias, such as social desirability bias, occurred among the respondents in order to give desirable answers.

In some cases the researcher’s own beliefs or commitments about the studied phenomenon might influence the findings of the study. Especially in cross-cultural studies, bias may occur when the language, norms and values between the interviewer and the interviewee differ (Saunders et al., 2003; Silverman, 2006). Some kind of interviewer biases (Saunders et al., 2003:254) may thus have occurred also in this cross-cultural study, even though the interviewer strived for minimalizing these by being neutral and not directing the respondents’ answers when asking the interview questions. Yet even though CSR can be seen as a domain where specific beliefs might be strong and differing especially between cultures, this is not considered to have influenced the findings of this study since 1) the researcher does not have strong personal commitments related to CSR and 2) even if these commitments existed, they are not considered critical with regard to the findings since different motives for CSR or CSR performance are not the focus of this study – the fact how “good” or “right” the company’s CSR strategy and the local adaptation of it is not relevant in this study.

3.7. Limitations

Like all research, this study has certain limitations. The number of cases, i.e. the studied subsidiaries, could have been richer and extended to for instance two developed and two developing countries in order to get a broader and more comprehensive view of the local adaptation. Since it has been found in the previous research that also other aspects influence the local CSR adaptation in the subsidiaries than the level of the host country’s economic development, it would have been useful to include countries with relatively same level of development but between which the national cultures vary significantly due to, for instance, long geographical distance. This was not yet possible
in this study despite the attempts due to the limited resources and limited access to the case company.

The received information about the Irish subsidiary’s CSR operations may have been more limited than that of the two other subsidiaries since the Irish respondent was not responsible for the whole citizenship but only for sustainability. However, it was considered that all the decisive information was gained and specific issues could have been further clarified with the local citizenship leaders if it had been necessary.

Even though certain industry-specific implications can be drawn from this study, due to the exploratory nature, the findings cannot be generalized to other multinational companies operating in different industries – the aim is rather to understand the CSR strategy adaptation in the given subsidiaries of Microsoft in depth. Even though some information was provided by the respondents about other subsidiaries, the findings of this study cannot be unconditionally generalized even to other subsidiaries of Microsoft.
4 FINDINGS

In this chapter the findings of this study are presented and analyzed. The chapter begins with a short general presentation about the case company, Microsoft, continuing with general information about all the studied subsidiaries (sections 4.1 and 4.2). In section 4.3, Microsoft’s global CSR strategy is described. This information is mainly based on Microsoft’s website and the official citizenship report (2013), yet supported and complemented by relevant insights from the interviews and global sustainability reports received from the Finnish subsidiary. The company’s global CSR governance and the identified stakeholders are presented in section 4.4. The CSR priorities in each of the subsidiaries are then described separately in section 4.5. These findings are mainly based on the interviews with the subsidiaries’ citizenship and sustainability leaders, but also on the subsidiaries’ own websites and the additional material received from the Finnish subsidiary. The chapter ends with section 4.6 in which the similarities and differences between the local adaptations in the studied subsidiaries are analyzed.

4.1. Overview of Microsoft Corporation

Microsoft Corporation is a multinational company providing software, services, solutions and devices, founded in the U.S. in 1975. The corporate headquarters have been located in Redmond, Washington, U.S., since 1986 and today the company has subsidiaries in 113 countries around the world. According to the information provided on 30th June 2014, the company employs approximately 128,000 employees worldwide, from which nearly 62,000 are employed in the U.S., and from which approximately 43,000 working in the State of Washington. On 4th February 2014, Satya Nadella was named the chief executive officer for the company. Microsoft has several different engineering groups responsible for different areas of technology, and the company’s business functions are divided into following categories, all of which have a specialized global leader:

- Business Development and Evangelism Group (key partnerships; especially innovation partners, and work on evangelism and developer outreach)
- Finance Group (product group finance organizations)
- HR group (human resources)
•  *Legal and Corporate Affairs Group* (legal and corporate affairs)

•  *Marketing Group* (global product marketing, advertising, brand, research and communications)

•  *Operations* (sales, field marketing, services, support, stores, IT, licensing and commercial operations)

•  *Strategy* (core strategic issues across products, value propositions and investments, competitive research and analysis)

(Microsoft, 2014a).

### 4.2.  Introduction of the case subsidiaries

According to the purpose of this study, the case subsidiaries and the local contexts in which they operate differ in various ways. Each subsidiary is now going to be introduced separately with some general information, including size, operations and the local CSR and sustainability governance, with the purpose to serve as a basis for the following analysis of the local adaptation of the global CSR strategy in the subsidiaries. The general information about all the subsidiaries is summarized in table 1.

#### 4.2.1.  Microsoft Finland

The Finnish subsidiary of Microsoft is considered a small subsidiary – it employs 300 people¹ in the office located in Espoo, Finland. The subsidiary has two types of operations: sales and marketing, and services, which includes consulting and support. Despite its small size, the subsidiary receives “a lot of operations from the headquarters” and gets “proportionally rather much attention” (FI sustainability lead, translation). The Finnish sustainability lead believes that the internationally successful Finnish technology companies such as Rovio and Nokia have contributed to that Finland is in such a large focus. Within Microsoft Corporation, Microsoft Finland belongs to the area of Western Europe, to which it reports. Western Europe, including in total 12 countries, reports further to the corporate headquarters. The responsibility for CSR at Microsoft Finland is delegated to a citizenship lead who works within LCA. In addition, there is a sustainability lead whose main task is services manager and who

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¹ The number of employees provided in March 2014, i.e. before Microsoft’s acquisition of Nokia’s Devices and Services business
is a member of the global sales and marketing services group (SMSG). (FI sustainability lead)

<table>
<thead>
<tr>
<th></th>
<th>Finland</th>
<th>India</th>
<th>Ireland</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>No. of employees</strong></td>
<td>300</td>
<td>6,500</td>
<td>1,200</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td>sales &amp; marketing, services</td>
<td>all the 6 business units of Microsoft</td>
<td>diverse; incl. global sales channels &amp; European development center</td>
</tr>
<tr>
<td><strong>Reporting</strong></td>
<td>to Western Europe area</td>
<td>to corporate headquarters</td>
<td>to corporate headquarters</td>
</tr>
<tr>
<td><strong>Citizenship &amp; sustainability governance</strong></td>
<td>citizenship lead &amp; sustainability lead</td>
<td>citizenship &amp; sustainability lead (same person)</td>
<td>citizenship team (5-6 people) &amp; sustainability lead + team (4 people)</td>
</tr>
</tbody>
</table>

Table 1  Summarized information of the case subsidiaries (based on FI sustainability lead; IN citizenship lead; IR sustainability lead; Microsoft, 2014e)

### 4.2.2. Microsoft India

Microsoft India is considered an emerging, large, subsidiary employing more than 6,500 people spread across India. It is one of Microsoft A-13 subsidiaries, which refers to the top 13 subsidiaries of Microsoft, and it is one of the company’s fastest growing subsidiaries (IN citizenship lead; Microsoft, 2014d). Microsoft India is also the only subsidiary outside of the U.S. which has all the six business units of Microsoft, located in different parts of India: the India Development Center (MSIDC), Microsoft Research India (MSR India), India Global Technical Support Center (IGTSC), a unit responsible for the IT solutions for the organization – Microsoft IT (MSIT), a support center for customers – Global Delivery, and sales and marketing services group (SMSG) (IN citizenship lead; Microsoft, 2014d). Similarly to the area of Western Europe, there exists an Asia region, yet Microsoft India does not report to it, but straight to the corporate headquarters (IN citizenship lead). Also Microsoft India has a local citizenship lead who is responsible for CSR but works in the area of internal communications instead of LCA, yet she participates regularly in the global LCA
summits. Furthermore, the same person has the task of sustainability lead at Microsoft India. India was one of the first nine subsidiaries to be included in the worldwide sustainability team, and the citizenship and sustainability lead has been a member of the team since the establishment (FI sustainability lead; IN citizenship lead).

4.2.3. Microsoft Ireland

Microsoft Ireland was the first subsidiary to be established outside of the U.S. (FI citizenship lead), and nowadays it is a relatively large subsidiary: it employs approximately 1,200 people in Dublin, Ireland (IR sustainability lead; Microsoft, 2014e). Microsoft Ireland encompasses diverse operations, which include software development and testing, localization, operations, finance, IT, HR and sales and marketing, and the sales channels for the entire Europe, Asia and Middle East (IR sustainability lead; Microsoft, 2014e). Also the global operation center for licensing, manufacturing, operations and logistics, and the development center for the whole Europe are located in Dublin (Microsoft, 2014e). Consequently, Microsoft Ireland can be considered as one of the major European headquarters for Microsoft, and it also reports straight to the corporate headquarters (IR sustainability lead). The responsibility for CSR in Ireland is delegated to a team of five or six people who are members of the government team of Microsoft Ireland, some of which are full-time involved in CSR and some of which have part-time roles working in specific areas of CSR (IR sustainability lead). In addition, there is a local sustainability team, called MS Green Team, consisting of four people and led by the sustainability lead. The sustainability lead’s main title at Microsoft Ireland is a software engineer and he works at Microsoft Office team (IR sustainability lead).

4.3. Microsoft’s global CSR strategy

“Our commitment to citizenship is brought to life by the work we do in serving communities, championing the growth of our people, and meeting our commitment to responsible business policies and practices.” (Steve Ballmer, director and former CEO of Microsoft; Microsoft, 2014b)

According to Microsoft’s latest citizenship report (2013), the citizenship mission of the company is “to serve globally the needs of communities and fulfill [the company’s] responsibilities to the public” (Microsoft, 2013:4). According to the Finnish citizenship lead, technology is in some way included in every CSR operation that Microsoft has –
CSR is not only about “throwing money” at something but rather it always has to do with some of the company’s competences. The global CSR strategy is divided into two big sectors: working responsibly in the company’s own business, and serving communities around the world, and these sectors include several specific themes, or programs (Microsoft, 2013), as summarized in table 2. The main contents of each program are now going to be described shortly.

<table>
<thead>
<tr>
<th>SERVING COMMUNITIES</th>
<th>WORKING RESPONSIBLY</th>
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<tbody>
<tr>
<td>MICROSOFT YOUTHSPARK</td>
<td>OUR PEOPLE</td>
</tr>
<tr>
<td>TECHNOLOGY FOR GOOD</td>
<td>ENVIRONMENTAL SUSTAINABILITY</td>
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<tr>
<td>EMPLOYEE GIVING</td>
<td>HUMAN RIGHTS</td>
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<tr>
<td>HUMANITARIAN RESPONSE</td>
<td>RESPONSIBLE SOURCING</td>
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<tr>
<td>ACCESSIBILITY</td>
<td>GOVERNANCE</td>
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Table 2 Microsoft’s global CSR themes (based on Microsoft, 2013)

### 4.3.1. Serving communities

Themes of “Serving communities” sector include Microsoft Youthspark, Technology for Good, Employee giving, Humanitarian response, and Accessibility. Microsoft Youthspark is a global program for empowering youth through technology and education, and it is currently one of the main priorities of the company’s global CSR strategy (FI citizenship lead). According to the citizenship report (2013), Microsoft provided over hundred million young people globally with education, employment, and entrepreneurship opportunities through different partnerships, programs and initiatives, during the fiscal year of 2013. The company states to be committed to creating opportunities for 300 million youth globally over the next three years (Microsoft, 2013).

Technology for Good program refers to Microsoft’s technology donations that are given to organizations around the world. Microsoft donates software and services to non-profit organizations globally and partners with organizations to improve access to hardware by providing PCs and other hardware to schools, libraries and non-profits. In addition to the donations, Microsoft states that it helps non-profits and other organizations to understand how technology can advance their work, for instance by
hosting technology-focused webinars for the non-profit community. (IR sustainability lead; Microsoft, 2013)

According to the citizenship report (2013), employee giving is a cornerstone of Microsoft’s global CSR strategy and also an important part of the company culture. Employees around the world give donations to NGOs, and in the U.S. the company does matching funding for employees’ non-profit donations and volunteering (FI citizenship lead; Microsoft, 2013). Also different employee-led charity events are organized annually, such as a “5K run” (FI sustainability lead; Microsoft, 2013). Outside of the U.S., employees are provided an opportunity to use three working days per year for any kind of voluntary work (FI sustainability lead; IR sustainability lead; Microsoft, 2013).

Humanitarian response refers to the technology provided by Microsoft to help organizations spread information during emergencies. The Microsoft Disaster Response team has for instance deployed a cloud-based information portal that helps emergency-management agencies and relief workers to coordinate response efforts rapidly. The portal offers cloud-based maps showing the impact of a disaster in real-time and communicates information to disaster victims about shelters and aid. (Microsoft, 2013)

Microsoft strives to embed accessibility features into its web services, software, and hardware, to help seniors, people with disabilities, and youth, to make use of these services and products. The company has also been partnering with others, such as the United Nations, and supported the formation of the International Association of Accessibility Professionals, to discover new ways of using technology and to improve the accessibility of other organizations. (Microsoft, 2013)

4.3.2. Working responsibly

“Working responsibly” sector encompasses the following themes: Our people, Environmental sustainability, Human rights, Responsible sourcing, and Governance. The theme “Our people” refers to compensation and benefits, diversity and inclusion, training and development, and health and safety, among Microsoft’s employees. The company states that it attracts talent through competitive compensation, benefits and rewards, and that many of the benefits programs are managed at local levels to ensure the local competitiveness and varying interests. According to the citizenship report (2013), the company has, for instance, increased the number of women and U.S.
minorities on the Microsoft board of directors and trained thousands of employees globally on diversity and inclusion during the year 2013. (Microsoft, 2013)

Microsoft’s environmental sustainability consists of both reducing the company’s own environmental impact and developing technologies also for customers and collaborators to reduce their environmental impact (Microsoft, 2013; FI sustainability lead). A remarkable part of the company’s global environmental sustainability has been the strategy to become carbon neutral (FI sustainability lead; IR sustainability lead), and the company achieved full carbon neutrality in the fiscal year of 2013 (Microsoft, 2013). The Carbon Neutral strategy includes operations such as driving energy efficiencies in Microsoft’s data centers, labs, and offices, and reducing air travel among employees (DiCaprio, 2012; FI sustainability lead). As part of the strategy Microsoft has implemented an internal carbon fee model which is a financial model that puts an incremental fee on the carbon emissions associated with the company’s operations (DiCaprio, 2013, FI sustainability lead). Another important project has been the recently established 20-year-power purchase agreement between Microsoft and a wind farm next to Microsoft’s data center in Texas, in which Microsoft undertakes that the center will be run by wind power for the next 20 years (FI sustainability lead; Microsoft, 2014c). Microsoft being a large multinational company having a huge impact it also recognizes its role in “demonstrating responsible environmental leadership” and considers itself as a forerunner and a model for other companies when it comes to environmental sustainability (FI sustainability lead).

Regarding human rights, Microsoft recognizes its responsibility to uphold globally accepted human rights standards and to protect people’s privacy, which starts with the design and manufacturing of the company’s products. Microsoft states that its Global Human Rights Statement, aligning with several UN principles and covenants, guides the company’s business. The company recognizes the power of technology to promote universal human rights, and the operations of this area focused mainly on two categories in the year 2013: anti-human trafficking and online safety, including child online safety. (Microsoft, 2013)

Responsible sourcing refers to Microsoft’s hardware and packaging suppliers and efforts to achieve a conflict minerals-free electronics supply chain. Microsoft claims that it requires its suppliers to uphold the ethical business, employment, environmental, and worker safety practices outlined in its Supplier Code of Conduct (SCC), which aligns with the Electronic Industry Citizenship Coalition’s (EICC)
responsible supply chain standards. Two internal teams are administering the supply chain and working for ensuring that the SCC and other program-specific requirements are met. (Microsoft, 2013)

Corporate governance at Microsoft is claimed to promote the long-term interests of the company’s shareholders, maintain internal checks and balances, strengthen management accountability, and foster responsible decision making. The company engages with its stakeholders and the public policy in various ways, guided by the commitment to strong corporate governance with the focus on transparency, accountability and compliance. (Microsoft, 2013)

4.4. Microsoft’s global CSR governance

The day-to-day responsibility for all CSR-related work at Microsoft, including stakeholder engagement, is given to Citizenship and Public Affairs team, which is a part of the Legal and Corporate Affairs (LCA) Group (Microsoft, 2013). The team of approximately 30 persons is led by a general manager, Lori Forte Harnick (Microsoft, 2013). The team develops and coordinates the company’s global CSR strategy, supports the local citizenship teams worldwide, and partners with external stakeholders (Microsoft, 2013).

In addition to the global 30-plus-person team, there is a small citizenship team or a single lead in many Microsoft subsidiaries worldwide (FI citizenship lead). Often the person who has responsibility for CSR in the subsidiary is also the local leader for legal and corporate affairs reflecting the position of the company’s global CSR leader, Lori Harnick, who works within LCA (FI citizenship lead). Thus the local organization tends to mirror the global structure, however, subsidiaries have the freedom to make other decisions when locally relevant; for instance in Austria the task of citizenship lead is dedicated to the local PR manager, and in India the citizenship lead works within internal communications (IN citizenship lead; FI citizenship lead).

According to the Finnish citizenship lead, the reporting about CSR issues within the multinational company happens through the different global programs, such as the Youthspark program, instead of separately from one subsidiary to the headquarters. The reporting includes questions such as how the money has been used within the particular program, what has been accomplished, what it has led to etc. Every year in the beginning of May, which is also in the beginning of a new fiscal year for Microsoft,
all those citizenship leaders who work within legal and corporate affairs, meet in a
global LCA summit in Redmond (FI citizenship lead). CSR issues are included in the
summit led by the general manager of the Citizenship and Public Affairs team, and
questions such as what the company wants to do differently, what it wants to improve,
what are the priorities, etc., are discussed. These questions are also included in a mid-
year review, MYR, which is a way to examine internally how the company's business is
doing and also a possibility for the subsidiaries to give feedback for the top
management (FI citizenship lead). Thus, according to both the Finnish and Indian
citizenship leads, local citizenship leaders have an opportunity to participate in the
decision-making and question issues that possibly do not work as expected in the
company's global CSR strategy. The information flows both ways, up-down and
bottom-up:

“The whole process is built so that we [local citizenship leads] bring
information and it goes up, up, and at some point it reaches the top. And
then it comes back.” (FI citizenship lead, translation)

The LCA summit is at the same time a way to share local best practices, and the local
citizenship leaders are also in contact with each other by electronic means to ask for
advice and share their best practices (IN citizenship lead).

Microsoft has identified its key stakeholder groups which include governments,
shareholders, communities, partners, suppliers, employees, and customers (Microsoft,
2013). Communicating with these has an important role in the formulation of the
company's global CSR strategy and the different programs (Microsoft, 2013). In
addition to the global Citizenship and Public Affairs team, also the local citizenship
leads and employees engage with external stakeholders, such as the local governments
and environmental non-governmental organizations (IN citizenship lead; FI citizenship
lead). Furthermore, Microsoft connects with leading thinkers on corporate
responsibility issues as a participant in several groups, for instance the World
Economic Forum (Microsoft, 2013). The company's work is informed by international
frameworks, such as the Global Reporting Initiative's Sustainability Reporting
Guidelines, the United Nations (UN) Guiding Principles on Business and Human
Rights, and the UN Global Compact (Microsoft, 2013). According to the interviewed
leaders, any official schema about Microsoft's global CSR governance structure has not
been made, however the structure is illustrated in figure 4 based on the information
received from the interviewees and from the company's website.
4.4.1. **Worldwide corporate sustainability team**

Even though environmental sustainability is a part of Microsoft’s global CSR strategy, it has separate governance within the organization (FI sustainability lead). The worldwide corporate sustainability team was founded four years ago and today it consists of approximately 20 sustainability leads, from which approximately six are employed at the corporate headquarters, and the rest are local employees in subsidiaries around the world (IN citizenship lead; FI sustainability lead). The team is led by chief sustainability strategist, Rob Bernard (FI sustainability lead). Similarly to the citizenship leads, also sustainability leads are always employed through another task within the local organization, and sustainability is considered more as a “hobby” or a voluntary task that is taken purely because of passion and interest (FI sustainability lead).
lead; IR sustainability lead). The number of sustainability leaders around the world has increased from 9 to 15 since the establishment of the team and the goal is to keep the number growing (IN citizenship lead; FI sustainability lead).

The governance structure of the worldwide sustainability team is thus very “flat” and the reporting of sustainability issues is done from the local sustainability leaders straight to headquarters without any extra bureaucracy, which is not necessarily the case with other business-related issues (FI sustainability lead). The reporting of sustainability issues has also a more informal structure than reporting of other issues within the company – according to the Irish sustainability lead, he and his colleagues are “motivated not by formal reporting structures but more by [their] own passion for the area”. To share local best practices around sustainability issues, the local sustainability leaders from different countries communicate constantly with each other by electronic means. In fact, the team is considered a “virtual team” since most of the communication between the members happens by electronic means (FI sustainability lead). Yet in addition, they meet once a year in a sustainability leads’ summit in the corporate headquarters, Redmond, to share and hear about others’ local best practices (IR sustainability lead).

4.5. Local adaptation of the global CSR strategy in the subsidiaries

According to the Finnish citizenship lead, the size and role of CSR operations in Microsoft’s subsidiaries correlate to some extent with the size of the business in the particular subsidiary – there tends to be more resources for CSR, like for any other function, e.g. marketing, in bigger subsidiaries. Also the nature of the host market has an impact on the type of CSR in the particular subsidiary; there are differences between subsidiaries that operate in mature markets where Microsoft has a large, established business, and fast-growing subsidiaries that operate in emerging markets. Furthermore, in most cases Microsoft has had CSR practices longer in countries where it also has had business, i.e. an own subsidiary, for a longer time. (FI citizenship lead)

In addition to those factors, the home market of the multinational company has a more significant role than any other market also when it comes to CSR. Consequently, there are particular CSR operations that can be found only in the U.S. companies and some only in the corporate headquarters in Washington (FI citizenship lead; Microsoft, 2014f). An example of such operations is the above-described employee matching funding practice, and on its website Microsoft describes also other CSR practices
relevant only for the society of Washington State (Microsoft, 2014f). One of the reasons for this is that the company employs a remarkable number of people in the headquarters, and thus it considers that it has a different kind of impact on the society there than anywhere else (FI citizenship lead).

“...the home market weights always a bit more ... State of Washington has remarkably more resources than others ... one is in a way ‘more responsible’ for the local community there, the one you actually come from. And that is why we do things in the State of Washington that we do not do anywhere else, that do not belong to any of these programs...” (FI citizenship lead, translation)

"While Microsoft has operations around the globe and our products touch every corner of the world, our company and more than 40,000 of our employees call Washington State home." (Microsoft, 2014f)

According to the Finnish citizenship lead, the nature of CSR practices in Microsoft’s subsidiaries varies depending on the host country’s social system: how the society is structured, how big the role of the public sector is, how public-private-partnerships are made, what kind of NGO community there exists etc. It is now going to be described which of the above-presented global CSR themes the three studied subsidiaries prioritize and on which basis.

4.5.1. **CSR at Microsoft Finland**

According to the Finnish citizenship lead, it is “evident” that Microsoft Finland assesses CSR issues from a local perspective:

“...it [Serving communities] has to be adapted to the reality we find ourselves in, thus it is evident that we begin with doing an analysis of where the big challenges are in Finland right now.” (FI citizenship lead, translation)

With big challenges he means issues such as youth unemployment and “IT gap”, which refers to the “IT knowledge and skills of youth and in the labor market overall”. Another challenge that the Finnish citizenship lead points out about Finland is the fast-changing age structure: the change is faced earlier in Finland than in many other areas. He emphasizes that secondly, beyond following the local legislation, which is the core,
one has to consider what is expected from the company in Finland based on the company's influence. One of the CSR issues related to this is child online safety and the efforts done by Microsoft Finland related to this theme, such as the Safer Internet Day, SID (tietoturvapäivä). The third, and most ambitious, dimension is the question of how Microsoft wants to “change the world”, in this case Finland. In this context the Finnish citizenship lead mentions cloud computing and the question of how to be “resource smart” overall. In summary, children and youth and the work related to them form a significant focus area in the CSR of Microsoft Finland. (FI citizenship lead)

In addition, some specific CSR practices were mentioned by the Finnish sustainability leader. These include the employees giving blood at the Finnish Red Cross, and employees’ voluntary work. As described earlier, this means that employees can choose to do any kind of voluntary work on three working days in a year, e.g. in a children’s home or in a retirement home. Furthermore, in accordance with the global strategy, Microsoft Finland gives several donations for charity work; for instance, the money that was before used for employees’ Christmas gifts is now given to a charity destination, which was a children’s hospital last year (FI sustainability lead).

Microsoft Finland does not provide any information related to local CSR on its webpage, yet in the section “Microsoft as an employee” (Microsoft työnantajana), the company emphasizes the flexibility that is given to its employees to work from distance: nearly 80 % of the staff works at least half of the working day outside the office on 1-3 days a week (Microsoft, 2014g). The concept (Läsnätyö) is enabled by methods agreed commonly in the workplace together with new working tools, such as instant messengers, phone- and video conferences and shared calendars and working space (Microsoft, 2014g). A Home Office Day, HOD, is mentioned also by the Finnish citizenship and sustainability leads: according to them, it was an initiative that started from Microsoft Switzerland and is nowadays very popular also in Finland. Microsoft Finland claims that satisfaction among its employees is high; according to the latest study conducted in 2013, 98 % of the employees at Microsoft Finland considered themselves satisfied with their workplace (Microsoft, 2014g). Also diversity and inclusion are mentioned on the subsidiary’s webpage as part of Microsoft’s global CSR theme “Our people” (Microsoft, 2014g).

Even though CSR issues are assessed from a local perspective in Finland, the citizenship lead emphasizes that global guidelines provided by the headquarters need to be followed. He believes that it would be very unlikely that Microsoft Finland would
decide not to work on a globally determined priority area even if it was not considered relevant in the context of Finland:

“Theoretically seen it can be so but in practice I would consider it quite impossible to state that..., if we [Microsoft Corporation] have a global program about children and youth, and we [Microsoft Finland] would say that we don’t do anything about children and youth, so yes, we would be challenged.” (FI citizenship lead, translation)

The Finnish citizenship lead claims that the global guidelines have to be taken seriously and it would be very risky for the local general manager to ignore a global CSR program in the subsidiary. On the other hand, Microsoft Finland has additionally some own, local projects deriving from the challenges in the local society. For instance, due to the changing age structure in Finland and thus being relevant in the local market, the company is involved in specific projects dealing with pensioners and elderly people, even though it could be even considered to be inconsistent with the issue of children and youth (FI citizenship lead). Also regarding sustainability, all the employees at Microsoft have the same global commitments and goals as the top-managers, yet it is obvious that additional duties are allowed when locally relevant (FI sustainability lead).

4.5.1.1. Sustainability

When asked why one of Microsoft’s 15 sustainability leaders is in Finland, the Finnish sustainability lead answers: “…it is simply the interest” (translation). According to her, the headquarters have strived for finding people interested in sustainability issues in subsidiaries and particular people from different subsidiaries have volunteered – “there must be someone [in the subsidiary] who burns for this topic” (translation). Furthermore, she believes that sustainability questions are handled in some way in all the subsidiaries but on a different level depending on the country. Finland can be considered to be far concerning these issues; e.g. the water from the faucet is clean, people are good in recycling and relatively aware of environmental issues overall (FI sustainability lead).

Microsoft Finland seems to be dedicated to the company’s global sustainability strategy since the Finnish sustainability lead explains the strategy in a way that it is described in the global reports and websites and she refers to the whole Microsoft as “we” instead of “them” and “we” as a separation for instance between the headquarters and the Finnish
subsidiary. According to her, since sustainability is an important issue, the global efforts that the company does are very important and valuable. She points out for instance the company’s global carbon neutral strategy and also the efforts to help other companies to reduce their environmental impact:

“...what we think is interesting in this is that, okay, we [the ICT industry] are responsible for 2 % [of the whole world’s carbon footprint] and we are a bit of ‘bad guys’ but we can also do something about this; with the help of our products we can also fix it so that we don’t have that much emissions, but the great thing is that we can also help the 98% ... So it feels like meaningful.” (FI sustainability leader, translation)

The sustainability lead mentions for instance the global carbon fee practice and that it is used in all the offices, also in Finland: for the part of the energy that the company uses, which is not “green”, the company has to pay an internal fee, which together with all the other companies’ fees is put into a fund. The money in the fund is then used for projects dealing with sustainable development, “renewable energy projects”. The carbon fee is also charged for instance for employees’ flying.

“It is good since ... now that you have to pay a fee, all the managers and business people are interested of knowing if money goes away from their business. So you have to do something about things. One maybe travels less or maybe the manager says that ‘how would it be if you would not travel to Stockholm but you would call instead?’” (FI sustainability lead, translation)

4.5.1.2. Local initiatives

An initiative that derived from a large local, and to some extent global, problem is the above-mentioned Safer Internet Day (SID), which Microsoft Finland started nine years ago. The problem was about data security; customers did not know how to protect their priority, and Microsoft Finland together with all the local operators, data security companies, and Nokia and other players in the electronics industry, formed a consortium and developed the Safer Internet Day -concept as a solution to the problem. In a year the concept spread across Europe and nowadays it is celebrated globally all over the world, and also the European Commission recommends it for all the countries. Thus the initiative that started locally in cooperation with the local partners in Finland
has grown and become a global best practice within the whole multinational company.
(FI citizenship lead)

Another example of a practice that started from Finland and has spread globally is the Green Office Program founded by a local partner, WWF Finland (FI citizenship lead). Microsoft Finland participated and was certified to be a Green Office in 2008, mainly due to its focus on employees and flexibility (Läsnätö): as mentioned above, flexible distant working is promoted through remote working and diversity of working methods (WWF Green Office, 2014). In addition, for instance printing is reduced as employees do not have their own permanent seats at which to store extra paper and energy is saved through light sensors located in all meeting rooms and bathrooms (WWF Green Office, 2014). By sharing the Green Office -concept with other parts of the multinational company, Microsoft Finland has helped in spreading the concept globally (FI citizenship lead).

### 4.5.2. CSR at Microsoft India

Similarly to Microsoft Finland, Microsoft India considers that it has to prioritize those CSR issues that are relevant in the society of India (IN citizenship lead). The company works very closely with the Government of India and considers that it has to align with the Government’s priorities. Issues that are listed in the current *Five Year Plan*, which is a national plan covering issues that the Government of India aims to tackle over the next 5 years, include among others education, poverty alleviation, skills development, sustainability, and conservation (IN citizenship lead). Consequently, the biggest CSR focus of Microsoft India is currently on education and skills development, since it is a “very, very important priority for the country” (IN citizenship lead). A local program that belongs to the global Youthspark -program, called Project Jyoti, helps provide IT skills to young adults in under-served communities and to increase the employment and entrepreneurship rates among youth (IN citizenship lead; Microsoft, 2014h). In addition to this, Microsoft India has various programs and partners that are focused on learning and youth development (IN citizenship lead).

Other priority themes in India, categorized under the “Serving communities” -sector in the global strategy, include working with NGOs and disaster and humanitarian response (IN citizenship lead; Microsoft, 2014h). For instance, the Community MAR (Microsoft Authorized Refurbisher) Program was launched in India in 2006 as a part of a global program in which professional refurbishers (companies that receive computers
and service them for reuse) refurbish desktop and laptop computers and servers with Microsoft software (Microsoft, 2014h; Microsoft, 2014j). In India, the program makes the low-cost refurbished PCs available to local NGOs (Microsoft, 2014h). What comes to “Working responsibly”, accessibility, referring to the technology for people with disabilities, is an area that Microsoft India works in remarkably (IN citizenship lead).

On its webpage, Microsoft India provides information about the local Employee Volunteering and Giving Programs: the employees make personal financial contributions and donate other resources to NGOs and communities, and do voluntary work for different purposes (Microsoft, 2014h). Similarly to the corporate headquarters, Microsoft India organizes once a year the employees’ “5K run” and other charity events as a part of the global annual Employee Giving Campaign (Microsoft, 2014h). Also flexible employee benefits and healthcare coverage, employees’ investing possibilities and internal training opportunities for Indian employees are presented on the website of Microsoft India (Microsoft, 2014i). The company claims to be “widely recognized as a leading company for offering one of the strongest and most comprehensive compensation and benefits packages in the country” (Microsoft, 2014i).

From the section “diversity”, the reader is connected to Microsoft’s global website covering diversity and inclusion.

According to the citizenship lead, human rights are not among the priorities of the Indian government’s current Five Year Plan due to the level of development in the local market. Thus Microsoft India does not have CSR operations related to human rights, even though they are included in Microsoft’s global CSR strategy:

“Human rights is not a very high priority for the government. Therefore, it is not a very high priority for us as an organization. Because you know, I think what you look at is the evolution of the market; the market here in India is not as evolved as in, say, Western Europe, so which is why it’s not a very high priority and therefore, you know, we have chosen not to work in that area.” (IN citizenship lead)

With human rights the Indian citizenship lead refers to a broader political definition, including issues such as equality, justice and rightness to all. Interestingly, software privacy and online safety were mentioned by her as local focus areas even though these are listed under the theme of human rights in Microsoft’s global CSR strategy.
According to the citizenship lead, in India these issues are categorized more as a part of an “overall security focus” covering both infrastructure security and online safety.

Consequently, Microsoft India considers itself an empowered subsidiary having the possibility to choose the aspects from the global CSR strategy that are relevant for India. The citizenship lead believes that Microsoft India could decide not to work on a specific area if it was not relevant for India, even though it would be a focus area in Microsoft’s global CSR strategy:

“I have to say that we are very empowered to do what is appropriate and relevant for us as a subsidiary. You know, what is relevant in the market place, you know what is relevant for us from a business perspective, what is relevant for us from… impact on community or impact on the society. So we are very empowered, and you know, Microsoft gives that to its subsidiaries.” (IN citizenship lead)

4.5.2.1. Sustainability

As explained before, Microsoft India was one of the first nine subsidiaries to have a local sustainability lead four years ago. According to the Indian citizenship (and sustainability) lead, the first subsidiaries were chosen by Microsoft’s chief executive officer based on where environmental sustainability was considered important. In the case of India, it was important, on one hand, from a business perspective, and on the other hand, due to the significant impact that would be made on the large country of India. Also the senior management of Microsoft India considered environmental sustainability important even though it was not among the top 10 priorities of the government’s current Five Year Plan. The company felt that it had an opportunity to contribute to the environmental awareness of the country:

“Because, you know, India as a country has a huge amount of problems which are more important than sustainability, like I said, poverty alleviation, food, malnutrition, education, skills… So, sustainability is there [in the Five Year Plan], but it’s not, say, in the top 10. So when we looked at the list, we said yes, sustainability needs to be there, and therefore we should have a participation in the global law.” (IN citizenship lead)
Furthermore, since environmental sustainability is becoming more and more important in India in the next few years, Microsoft India saw an opportunity to become a trend setter or a top leader as a responsible company in the local market by focusing on sustainability issues already at that time (IN citizenship lead).

The Indian citizenship lead mentions that reducing the carbon footprint is a remarkable part of Microsoft’s global sustainability focus. According to her, it is very important especially for Microsoft India since the company has a large presence. Similarly to the Finnish sustainability lead, the Indian citizenship lead seems to consider the global sustainability and carbon neutral strategy important and meaningful, and she also points out the business perspective of the issue: since also customers and partners are nowadays more and more interested about sustainability, Microsoft has a business opportunity in offering them IT solutions to reduce their energy consumption. On its webpage, Microsoft India does not provide country-specific information about environmental sustainability; the section takes the reader to Microsoft’s global website providing information about the company’s global sustainability strategy. However, Microsoft India having a large impact on the country, the citizenship lead talks more from the viewpoint of the subsidiary and emphasizes the impacts that the subsidiary has, instead of referring to the whole global company:

“We have so many offices, we have a large campus, and therefore, you see, our own carbon footprint through our efforts on reducing energy consumption is very important ... we have IT labs here where, again, so much power is consumed and therefore we have to look at how we reduce the power consumption.” (IN citizenship lead)

Consequently, the citizenship lead emphasizes that she works closely with the local facilities and IT teams to see how they could reduce the company’s power consumption.

4.5.2.2. Local initiatives

According to the Indian citizenship lead, Microsoft India has worked remarkably in the area of accessibility and received recognition for it; the subsidiary has also been nominated for an internal award within Microsoft Corporation related to accessibility. For instance, the subsidiary has worked with one of the Indian state governments on creating accessible documents using Microsoft Office. The work has been globally appreciated and other subsidiaries have contacted Microsoft India to ask for advice and
experiences related to the project. In addition to the close cooperation with the local government, Microsoft India works remarkably with the local NGOs (IN citizenship lead). However, according to the Indian citizenship lead, there has not been started any local practice or project in India that would have spread and been adopted in other parts of the multinational company, even though best practices are constantly shared between the subsidiaries.

4.5.3. CSR at Microsoft Ireland

Similarly to the two other case subsidiaries, Microsoft Ireland considers education and youth employment to be one of the main CSR priorities of the company (IR sustainability lead). The company takes part in large youth employment and education schemes across the country, providing assets such as technical training, online safety training for children in schools, college education materials, and software support for colleges (IR sustainability lead). Furthermore, related to the stage of bringing young people into employment and getting working experience, the company is involved in internship schemes and other employment schemes that are run across the country. Youth2Work is a program that Microsoft Ireland developed a year ago together with FIT, an industry-led initiative that works in close collaboration with government departments and national education and training agencies, and local development organizations (FIT, 2014). The Youth2Work program was developed as a response to the youth unemployment issue in Ireland, aimed at training and engaging unemployed young people (FIT, 2014). Consequently, the Irish sustainability lead believes that the company’s CSR focus on youth employment derives from the specific societal challenge in Ireland rather than from the headquarters’ order:

“Although I’m sure it is an objective of the company worldwide, I’d say it’s particularly important for Microsoft Ireland on even a European level because I do find that Microsoft Ireland tends to very involved in the community, and unemployment is essentially a major problem in Ireland and some other countries in Europe ... so we put a lot of effort into this in Ireland essentially.” (IR sustainability lead)

Another key priority area that was mentioned by the Irish sustainability lead is contribution to the charities in Ireland. This includes software donations to non-profits and charities, and the employees’ charity work. Microsoft Ireland is one of the donors in “tt-exchange”, a program through which a group of corporate donors provide
technology product donations, such as operating system software, server software and security software, to eligible UK-based charities (Microsoft, 2014k; Technology Trust, 2014). Furthermore, also in Ireland the employees are given the opportunity to use three working days in a year for any kind of charity work, and particularly the most technical staff of the company, e.g. software engineers and administrators, often use the days by providing training and helping set up infrastructures, software and IT, in charities where people do not necessarily have expertise in technology (IR sustainability lead). Also the local “Software Matching Gifts Program” is designed to help Microsoft employees support their local schools, colleges, and universities, by matching the employees’ software donations (Microsoft, 2014l). The sustainability lead believes that contributing to the charities is one of the priorities in Ireland since it aligns with the company’s expertise:

“I would say it’s just generally an area that we can help quite well because we’re an IT company and because IT enables people and organizations to do so much more. You know, it has been created to increase productivity and efficiency, communication and all that.” (IR sustainability lead)

Similarly to Microsoft India, Microsoft Ireland is also involved in a local Community Microsoft Authorized Refurbisher (MAR) program (Microsoft, 2014k). Through the program the company provides authorized refurbishers with affordable Microsoft software to install on the computers to donate to schools and non-profit organizations (Microsoft, 2014k). Also accessibility features are mentioned on the company’s webpage, yet from that section the reader is taken to Microsoft’s global accessibility website. According to the Indian citizenship lead, Microsoft Ireland has contacted the Indian subsidiary and asked for experiences about the project of creating accessible documents with Microsoft Office which was created in India; thus the company strives for improving its accessibility features.

Regarding the global employee-related CSR theme “Our people”, Microsoft Ireland provides information about not only diversity and inclusion but, similarly to Microsoft India, about employee benefits, health and well-being, and flexibility, on its webpage (Microsoft, 2014l).

The Irish sustainability lead considers Microsoft Ireland to be an independent subsidiary, yet he believes that it would be very unlikely that the subsidiary would decide not to implement a global CSR program given by the headquarters. According to
him, Microsoft Ireland is at root a part of Microsoft Corporation and has the same priorities as other parts of the multinational company:

“...although the Microsoft Ireland structure exists, you know we’re physically here and, you know, kind of financial and organizational structures exist on Microsoft Ireland level, in our day-to-day working really it’s not Microsoft Ireland, it’s just Microsoft. So from that perspective, there will never really be a reason for Microsoft Ireland to come together and change the priorities of the company as a whole.” (IR sustainability lead)

4.5.3.1. Sustainability

As mentioned before, Microsoft Ireland has a small sustainability team in addition to the sustainability leader, called MS Green Team. The sustainability lead believes that the reason for this is that there “happens to be” several people working in the subsidiary who have passion for and expertise in the area. All the members of the team have volunteered for the role, and the team includes for instance a person who works with supply chain and packaging design, having been able to contribute to the achievement of large savings in terms of waste materials of the packages of the products (IR sustainability lead). The team meets every month to discuss issues and possible initiatives around sustainability. One of the initiatives that the team has started was introducing sustainable drinking options and financial incentives for employees to not take disposable cups in the cafés of the two large Microsoft Ireland campuses in Dublin (IR sustainability lead).

The team has also worked for raising the number of employees who cycle and use public transport for commutes, for instance by improving the cycling facilities and increasing the awareness among employees of how they can buy bicycles and avail themselves of the “tax free bike scheme” launched by the government of Ireland. The scheme, which was started approximately four years ago, enables people to buy a bicycle completely tax free, which results in a saving of approximately 50% of the price of the bicycle. Thus, the sustainability team of Microsoft Ireland strives to inform the employees about the government’s initiative and make it as easy as possible for them to take advantage of the scheme. (IR sustainability lead)
Similarly to the two other case subsidiaries, a significant part of the work related to sustainability at Microsoft Ireland has been about Microsoft’s carbon neutral strategy. Consequently, according to the sustainability lead, this year one of the main priorities of the whole multinational company will be carbon reduction and it will be helped by the information about the amount of emissions that the company has. He seems to consider the strategy meaningful and he emphasizes the importance of rigorous measurements of the company’s emissions in order to be able to indicate where the initiatives should be targeted, to measure the success of the initiatives and also to see if they are not as successful as has been hoped.

“You know, in order to be carbon neutral you need to know exactly what your emissions are, so for that reason very gradual measurements have been taken of our emissions. So that’s actually quite useful because we now..., each subsidiary has an exact report of every source of carbon, where it’s coming from, and that allows you to start picking up the highest sources and try to work on those.” (IR sustainability lead)

4.5.3.2. Local initiatives
The above mentioned initiatives for reducing the use of disposable cups and increasing the use of public transport and bicycles have been documented for other subsidiaries and also shared with other sustainability leaders in the most recent sustainability leads’ summit. Thus, the Irish sustainability lead believes that some other subsidiaries are also considering the practices, yet he is not aware if they have yet implemented them. He is not aware of any CSR initiative that would have started from Ireland and that would have expanded into a global best practice within the multinational company.

4.5.4. Summary of the local CSR priorities
Table 3 summarizes which of Microsoft’s global CSR themes are included and prioritized in the CSR agenda of each of the studied subsidiaries. Three stars in the table indicate that the theme was emphasized by the interviewee(s) and often also described comprehensively on the subsidiary’s website. Two stars refer to that the theme or some part of it was mentioned by the interviewee or on the subsidiary’s website. Even if there was comprehensive information about the theme on the website, but if the interviewee did not mention it, it has been marked with two stars. One star indicates that the theme or some part of it has been shortly covered on the subsidiary's
website but not mentioned by the interviewee. An empty box refers to that the theme was told not to be included in the local CSR agenda or it was mentioned neither by the interviewee nor on the website. The global themes “Responsible sourcing” and “Governance” were not found in any of the subsidiaries and thus are not included in the table.

<table>
<thead>
<tr>
<th>Global theme</th>
<th>Finland</th>
<th>India</th>
<th>Ireland</th>
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</thead>
<tbody>
<tr>
<td>Youthspark</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Technology for Good</td>
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<td>**</td>
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<td>Employee giving</td>
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<tr>
<td>Humanitarian response</td>
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<td>***</td>
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<tr>
<td>Accessibility</td>
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<td>***</td>
<td>**</td>
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<tr>
<td>Our people</td>
<td>*</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>Environmental sustainability</td>
<td>***</td>
<td>***</td>
<td>***</td>
</tr>
<tr>
<td>Human rights [privacy &amp; online safety]</td>
<td>[***]</td>
<td>[**]</td>
<td>[**]</td>
</tr>
</tbody>
</table>

Table 3  Adoption of the global CSR themes in the studied subsidiaries (based on FI citizenship and sustainability leads; IN citizenship lead; IR sustainability lead; the subsidiaries’ websites)

4.6. Summary of the findings

In this section, the main findings of this study are summarized. Different aspects that were found to influence the local adaptation of Microsoft’s global CSR strategy in the two developed and one developing country subsidiary are analyzed. The local adaptation is compared between the studied subsidiaries, and possible reasons for similarities and differences are suggested. Also the degree of the studied subsidiaries’ participation in the global CSR strategy formulation and the differences between the amounts of locally developed and promoted practices that had diffused to other parts of the multinational company are analyzed.

4.6.1. Assessment from the local perspective

The interviewees from all the studied subsidiaries, particularly from Finland and India, emphasized the importance of assessing CSR issues from a local perspective in the subsidiaries. Especially the citizenship lead of Microsoft India underlined the close
cooperation that the subsidiary does with the local government and the obligation to align with the government's priorities and the Five Year Plan. All the interviewees also claimed that when planning the local CSR operations, it is crucial to analyze what is relevant in the local market, what are the challenges and what is expected from the company in the local society. Consequently, one of the main priorities and largest focus areas in all the studied subsidiaries was related to youth and education, since all the interviewees perceived it relevant in the current situation of the local society, both in the two developed and one developing country. Yet the theme was implemented in different ways depending on the subsidiary; for instance, Microsoft India had a local program called Project Jyoti, which helps provide IT skills to young adults in underserved communities and to increase the employment and entrepreneurship rates among youth, and Microsoft Ireland was involved in various education and internship schemes across the country, including for instance a local program called Youth2Work. Interestingly, even though all the interviewees considered local assessment as a key in choosing the CSR themes, the theme of youth and education was currently a large priority also in Microsoft's global CSR strategy. Supposedly youth unemployment can be considered a relatively global CSR issue that currently is relevant in many countries around the world regardless of the level of the country's economic development, and thus this theme happens to fit in the CSR agenda of many foreign subsidiaries and not only in that of the headquarters. Another example of a CSR issue that was included in Microsoft’s global CSR strategy and was found to be one of the focuses in all the studied subsidiaries was online safety, which also can be considered a globally relevant issue in today's world. However, even though included under the theme “Human rights” in the global CSR strategy, in India online safety was classified more as a part of an “overall security focus” and not related to human rights. Thus, in this case a part of a global theme was implemented in all the subsidiaries, yet categorized in different ways.

4.6.2. Commitment to the global guidelines

In this study a considerable difference was found between the developed and developing country subsidiaries in how strictly they perceived to be committed to Microsoft’s global CSR guidelines. The two developed country subsidiaries, Finland and Ireland, considered the subsidiaries to be tightly a part of one multinational company having the same priorities and goals; they considered it very unlikely and nearly impossible that a global CSR theme would not be adopted in the subsidiary. A possible
reason for this can be that the global themes deriving from the societal challenges in the company’s home country, U.S., are always more or less relevant also in the other developed countries, Finland and Ireland; thus it is hard for the citizenship and sustainability leaders even think of a situation where a global theme would not be sensible to implement locally. On the contrary, in India, CSR work related to human rights was not adopted since it was not among the priorities of the local government and thus not considered relevant in the local society.

Furthermore, particularly in Finland the ignorance of a global CSR program was considered risky. The Finnish citizenship lead emphasized that it would not be smart for the local general manager to decide not to implement a globally prioritized theme:

“One can always apply for doing something totally different than these [the global themes], but my recommendation for anyone who steps in this position would be that it is worth taking them [the global guidelines] seriously in whatever you try to do – indeed it is advisable not to at least come up with something that is in contradiction with it, no.” (FI citizenship lead, translation)

On the contrary, the citizenship lead of Microsoft India considered the subsidiary to be very empowered to do “what is right for it to do” from a local perspective and thus to choose only the CSR themes that the subsidiary considers relevant. One can assume that since Microsoft Finland is a remarkably smaller subsidiary than Microsoft India, regarding the number of employees, variety of operations and the amount of offices and facilities, it perhaps perceives itself to be more dependent on and more responsible for the corporate headquarters than Microsoft India. On the other hand, Microsoft Ireland, being a “cross” between the two subsidiaries with regard to the size and variety of operations, is considered an independent subsidiary but at the same time being responsible to implement the global CSR themes.

The global CSR theme “Our people”, including practices such as employee benefits, flexibility and diversity and inclusion, was not mentioned by the citizenship or sustainability leaders of any subsidiary. Yet the theme was found on all the subsidiary websites: Microsoft India and Ireland provided comprehensive information about different employee benefits, health-care services, and diversity among the employees, and Microsoft Finland emphasized the flexibility that is given to its employees. One can speculate if the interviewees perceived the employee-related CSR practices as to some
extent self-evident and more as a part of the company culture rather than belonging to the list of “regular” CSR operations, and thus did not mention these in the interviews. On the other hand, the employee-related CSR practices might not be among the priorities of the subsidiaries even though yet somehow included in the CSR agendas.

4.6.3. Variety and type of the CSR operations

In this study it was found that there was a more comprehensive set of CSR operations in the two bigger subsidiaries, India and Ireland, than in the one that was remarkably smaller, Finland. As claimed by the Finnish citizenship lead, there is a fair correlation between the size of the subsidiary and the size of its CSR operations, since bigger subsidiaries tend to have more resources for CSR than smaller ones. Also the fact that Microsoft Finland does not have a separate website for citizenship or information about it on the company’s homepage – apart from the career section – whereas India and Ireland do, is a sign of a less comprehensive set of CSR operations. For instance, the Community Microsoft Authorized Refurbisher (MAR) program was found only at Microsoft India and Ireland, but not at Microsoft Finland. Also the employees’ “5K run” and some other charity events as a part of the global annual Employee Giving Campaign were found only in the Indian subsidiary. On the other hand, Microsoft Finland had particular, own CSR practices developed on the basis of the local societal challenges, such as projects dealing with pensioners and elderly people, which were not included in Microsoft’s global CSR strategy or in the CSR agendas of the Indian or Irish subsidiaries.

Furthermore, the type of CSR operations in the subsidiaries was to some extent influenced by the type of the subsidiary’s other operations and the expertise of the staff. Microsoft Ireland, having for instance the IT and software development and testing departments, employed technology experts such as software engineers and administrators which enabled the technical contributions to charities for instance in the form of employees providing training and helping set up infrastructures, software and IT, in different charities. At Microsoft Finland the employees often used their three days of charity work for other types of purposes, for instance working in child care or in a retirement home. Thus, even though the employees’ charity work, included in the global theme “Employee giving”, was found in all the subsidiaries, it was implemented in various ways. Also regarding sustainability, Microsoft Ireland had an active team
working to improve sustainability issues, due to the fact that there were many employees in the subsidiary with the interest and specific expertise around the area.

4.6.4. Contribution to the local society: sustainability

The reasons for focusing on environmental sustainability diverged between the subsidiaries. In the two developed countries, Finland and Ireland, the societies being advanced in environmental issues and people being relatively aware of sustainability, sustainability was chosen voluntarily as one of the focus areas. Certain employees simply considered it important and volunteered for the role of a sustainability lead or a member of a local sustainability team. According to the Finnish sustainability lead, the subsidiary of New Zealand is another example of a very small subsidiary yet where the local sustainability lead is very active in sustainability issues. Thus, even though the goal of the headquarters is to have a sustainability lead in every subsidiary (FI sustainability lead), the task is taken and the amount of work is chosen voluntarily in many of the subsidiaries.

On the contrary, Microsoft India was chosen by the corporate headquarters among the first nine subsidiaries to focus on sustainability issues due to the desired positive impact on the large company’s business and similarly on the society of the large country of India. Also the subsidiary considered that it can advance the environmental awareness in the local society since the issue was not yet among the main priorities of the government due to the level of the country’s development: issues such as poverty alleviation and skills development were considered more relevant. Furthermore, since the importance of sustainability is yet constantly growing and also the local customers are being more and more interested about it, Microsoft India considered it a way for the company to be a forerunner and having a competitive advantage in the local market. Thus, sustainability not being yet among the highest priorities of India, Microsoft India saw an opportunity to increase the awareness and standards of the local society by implementing the company’s global sustainability practices there, which was not the case in the developed country contexts where the environmental awareness already existed. Instead, the Finnish and Irish subsidiaries promoted the local schemes or concepts developed by the local governments or NGOs.

However, the level of commitment to Microsoft’s global sustainability strategy seemed rather similar among all the interviewed sustainability leaders, and the carbon neutral strategy was mentioned by all of them as a main priority. Yet again the implementation
of it varied depending on the operations of the subsidiaries: in India, where the subsidiary has large presence covering for instance huge IT labs and offices across the country, the importance of being carbon neutral is on a different level than in Finland, where the subsidiary has one single office. The difference in the local impacts was reflected also in the way in which the interviewees spoke; the Finnish sustainability lead referred to the whole Microsoft Corporation as “we” when talking about the sustainability strategy, whereas the Indian citizenship lead referred only to the Indian subsidiary.

4.6.5. Global decision-making and diffusion of local best practices

In addition to implementing the global CSR themes, all the studied subsidiaries were found to cooperate with local NGOs and/or governments in participating, promoting or developing new local CSR practices and projects. Often these practices were related to the global themes, but some derived purely from the local needs, e.g. the projects dealing with elderly people in Finland. The local best practices concerning both citizenship and sustainability were constantly shared between the subsidiaries by electronic means and in the regularly organized global summits. For instance, the Irish subsidiary had contacted the Indian subsidiary electronically to ask for experiences about the work that the company had done in cooperation with one of the Indian state governments in the area of accessibility. All the interviewed citizenship and sustainability leaders considered that they had an opportunity to impact the global decision-making and strategy formulation by sharing local best practices and giving feedback to the global leaders in the annual global summits and in the mid-year reviews.

Yet only few of the local best practices and initiatives had spread globally across the multinational company, and from the studied subsidiaries interestingly only Microsoft Finland, the smallest one, had developed or promoted local concepts that had spread to other subsidiaries. The Safer Internet Day (SID) initiative that became a global concept was originally developed by Microsoft Finland in cooperation with all the local operators, data security companies, and other actors in the electronics industry, as a solution to the local problem of data security. Since online safety was also one of the CSR priorities in all the studied subsidiaries, the problem of data security was and can still presumably be considered a global problem, which supposedly contributed to the popularity of the concept across the world. Another concept that had spread from
Finland to other subsidiaries was the Green Office Program developed by WWF Finland and promoted by Microsoft Finland. Thus in this case the Finnish subsidiary contributed to the global diffusion of a concept developed by a local partner by sharing it with other parts of the multinational company.
5 DISCUSSION

The previous research about local adaptation of MNCs’ CSR strategies has focused on the controversies between developed home countries and developing host countries, thus ignoring the cases where subsidiaries are located in developed countries. Moreover, CSR in the IT industry has received little attention in the previous academic literature. Consequently, the purpose of this study was to address these gaps by exploring how a global CSR strategy of a multinational company gets adapted in the subsidiaries of two developed countries as compared and contrasted with one in a developing country (research question 1). The purpose was also to investigate which aspects influence this local adaptation in each subsidiary and how (research question 2), and if there were opportunities for the home company to learn from the local adaptation in the subsidiaries (research question 3).

In order to answer these research questions, the Finnish, Indian and Irish subsidiaries of a multinational IT company, Microsoft, were studied. First some basic information about the company and the studied subsidiaries was presented based on the company’s website and the interviews with the local citizenship and sustainability leaders (sections 4.1 and 4.2). Then Microsoft’s global CSR strategy and the global CSR governance structure were described based on the company’s latest citizenship report (2013) and the information gained from the interviews (sections 4.3 and 4.4). The subsidiaries’ local CSR priorities were presented in section 4.5, mainly based on the interviews and on information provided on the subsidiaries’ websites. Section 4.5 covered also the bases on which the subsidiaries decided to adapt the global strategy, and the reasons were further analyzed in section 4.6. In this chapter the research questions are answered condensed and the findings are compared and confronted with relevant insights from the previous literature. In the end of this chapter, contributions are presented and some implications for management of multinational IT companies and suggestions for future research are given.

5.1. Answers to research questions and confrontation with previous literature

RQ1: How is the company’s global CSR strategy adapted locally in the subsidiaries of two developed countries as compared and contrasted with one in a developing country?
In this study both differences and similarities were found among the CSR priorities of the subsidiaries in the two developed and one developing country. Similarly to the multinational company of Jamali’s (2010) study, Microsoft had developed global CSR themes into which the local practices could fall, and the practices often varied even though they were related to the same theme. For example, there were different local programs and projects related to the global Microsoft Youthspark program, usually including projects with local partners focusing on educating and increasing employment among youth. The differences among the priorities of the countries resulted in interesting differences also among the whole CSR themes and the reasons why they were implemented in the subsidiaries. For example, humanitarian response was found only in the Indian subsidiary, and human rights only in Finland and Ireland. Furthermore, sometimes only a specific part of a global theme was implemented in all the subsidiaries, such as online safety, yet classified locally under a different theme than in the global CSR strategy: in India, online safety was considered as a part of an overall security focus, whereas in the global strategy it was a part of the theme covering human rights.

Even though the above-mentioned differences were found, interestingly the most important CSR focus in all the subsidiaries was the same: work related to the education and employment of youth, which also was a high priority in the company’s global CSR strategy. It has been previously found that improvement of education is the most important societal challenge in the U.S., Indonesia and Turkey (Galbreath, 2006), and in this study it was found to rank among the highest priorities also in the societies of Finland, Ireland and India. Namely, all the interviewees emphasized that the CSR priority derived from the local societal challenge and, in India, from the priority of the local government. Even though the developing country of India has a remarkable number of societal challenges different from those of the developed countries, educating youth is similarly a priority perhaps due to the extremely fast-growing population and emerging aspect of the country.

Another reason for focusing on the development of education in all the subsidiaries might derive from the nature of the industry. Namely, as mentioned by the Finnish citizenship lead, “IT gap”, referring to the IT knowledge and skills of youth and in the labor market overall, is a challenge in Finland and presumably also in other host countries, and by responding to this challenge the subsidiaries supposedly see a win-win situation: education and development of (IT) skills can be seen to have a positive
impact both on the company's business and on the society. Similarly to education, the
t Question of protecting customers’ privacy and online safety was a CSR priority in all the
studied subsidiaries of Microsoft. As claimed by Weber (2012), companies operating in
the IT industry are particularly exposed to privacy risks and consumer protection
concerns; and due to the industry-specific nature, the issues related to risk design can
be considered global and thus relevant in all the countries of Microsoft’s operations,
regardless of the countries’ societal contexts. Privacy can be considered a global CSR
issue also since it is listed in the renewed EU strategy 2011-14 for Corporate Social
Responsibility (European Commission, 2011) among the issues that are advised to be
included in companies’ CSR agendas globally.

RQ2: Which aspects influence this local adaptation in each subsidiary and how?

In line with Jamali’s (2010) and Mohan’s (2006) findings, the interviewees from all the
three subsidiaries that participated in this study considered that responding to the
needs of the local society and considering what is relevant in the host countries was the
key issue when CSR operations were planned in the subsidiaries. However, the level of
the perceived autonomy in choosing the CSR operations differed between the
subsidiaries in developed and developing country contexts. In the two developed
countries, the local leaders considered that it would be nearly impossible for the
subsidiary to ignore a globally prioritized CSR theme, whereas the Indian subsidiary
did not focus on human rights, including questions such as equality, justice and
rightness to all, since these were not among the priorities of the Indian government.
The following remark of the Indian citizenship lead is in line with the claim that the
wealth of a country has an influence on the country’s societal and CSR expectations –
wealthy societies have more resources and thus tend to have more demanding
expectations due to the greater options that the wealth brings (Werther and Chandler,
2011): “I think what you look at is the evolution of the market; the market here in India
is not as evolved as in, say, Western Europe, so which is why it [human rights] is not a
very high priority [in India]”. Consequently, even though the local leaders of the two
developed country subsidiaries did not separately mention human rights as a priority
either, one can assume that issues related to human rights were considered so obvious
in these developed countries that the interviewees did not even consider them as being
a part of the CSR agenda but more as a self-evident part of the company’s practices.

However, human rights can be considered to be included in the international corporate
(ICR) regime presented by van Tulder and van der Zwart (2006) since, as mentioned,
the renewed EU strategy 2011-14 and particular guidelines and principles provided by several international organizations, such as the United Nations Global Compact (UNGC) and OECD Guidelines for Multinational Enterprises, suggest that human rights are among the questions that should be integrated into companies’ business operations and core strategies if they wish to fully meet their corporate social responsibility (European Commission, 2011). Thus even though matters of priorities are known to vary especially between rich and poor countries (Werther and Chandler, 2011), it is interesting that human rights are not considered relevant in the CSR regime of India even though they are considered important in the ICR regime which includes a set of global CSR issues relevant for all the societies and which usually influences and is influenced also by the host country regime (see figure 2). Furthermore, one could assume that practices related to human rights should yet be implemented also in India since they are included both in the ICR regime, Microsoft’s home country CSR regime and in Microsoft’s global CSR strategy.

Even though assumptions about society, business and government can vary remarkably even between the U.S. and Europe (Matten and Moon, 2008), in this study the possible differences were not found to impact the willingness to adopt the global CSR themes and priorities in the two European subsidiaries. Even though in addition to the level of the host country’s development, also the national culture, local regulations and local stakeholders are known to impact subsidiaries’ decisions about whether to engage in global or local CSR practices, in this study these were not found to result in differences in the main CSR priorities between the home country and the two developed host countries, Finland and Ireland. However, the subsidiaries’ local CSR practices, falling into the global themes, varied according to the host countries’ societal systems. Following the local legislation was considered to be the basis for developing the local CSR operations, and similarly to Jamali’s (2010) findings, additional local CSR practices and projects were developed in the subsidiaries based on the particular challenges in the local society. Also the host countries’ governments are known to influence subsidiaries’ CSR practice adoption (Yang and Rivers, 2009), and in this study the cooperation with the local central government and also with the state governments was emphasized most by the Indian subsidiary.

Unlike in Mohan’s (2006) study, any of the local citizenship or sustainability leads did not mention that the local CSR practices would need to be similar to the practices of other local firms in order to “fit in” to the local market. On the contrary, the finding
that Microsoft India saw an opportunity to be a forerunner and a leader as a responsible company in the local market by implementing Microsoft’s global sustainability practices and carbon neutral strategy in India supports Gupta and Govindarajan’s (2000) theory about the impact of the difference in economic levels of the host and the home country: the lower the level of economic development in the host country vis-à-vis the home country, the more eager the subsidiary is to learn from the parent company and to adopt the parent company’s practice in order to create a competitive advantage against other players in the local market. This also gives a new perspective to Yang and Rivers’ (2009) finding that the more power the local customers have in terms of requiring responsible behavior, the more likely the subsidiary would adapt to local CSR practices, since in this case Microsoft India adopted the global sustainability strategy in order to respond to the increasing demands of the local customers related to environmental sustainability. Thus the subsidiary saw an opportunity to respond to the local demands by not imitating the local firms and practices but by implementing the home company’s more developed practices. In addition to the desired competitive advantage and the role of a responsible leader, in this case the subsidiary wanted to also foster the awareness of the local society and to raise the importance of sustainability in the government’s Five Year Plan.

Consequently, it is interesting that Microsoft India decided to implement the global sustainability practices but not practices related to human rights even though none of these were among the priorities of the local government, i.e. priorities in the host country CSR regime. Figure 5 illustrates the interesting difference in how the different regimes and Microsoft’s global CSR strategy influenced the adoption of sustainability versus human rights practices at Microsoft India: only sustainability was adopted of these two themes. According to the Indian citizenship lead, the reason for this is that sustainability was considered a growing issue that will be among the priorities of the emerging market of India within the next few years and by “stepping in” early the company would be considered a forerunner in the local market. However, similarly one could assume that Microsoft India could contribute to the society and gain positive publicity possibly for the whole multinational company by focusing on human rights and thus raising the existing Indian standards that have evoked discussion globally and that are often criticized to be too low from a Western perspective.

An aspect that has not been mentioned in the previous CSR literature but which was found to some extent influence the local adaptation of the global CSR strategy in this
study was the type of the subsidiary’s business operations and the expertise of the staff. For instance, in this study the Irish subsidiary, having IT and software development and testing departments and employing technology experts such as software engineers and administrators, emphasized the subsidiary’s technical contributions to charities as a part of the CSR agenda more than the two other subsidiaries. These contributions were made for instance in the form of employees providing training and helping set up infrastructures, software and IT, in different charities. Also regarding sustainability, Microsoft Ireland had a small team instead of only one person working actively to improve sustainability issues, which was enabled by the staff that had the interest and specific expertise around the area.

Furthermore, there was a fair correlation between the size of the subsidiary and the size of its CSR operations since, firstly, bigger subsidiaries tended to have more resources for CSR than smaller ones. Secondly, the impact of the subsidiary, for instance on the

Figure 5 The difference between the adoption of sustainability versus human rights practices at Microsoft India (based on IN citizenship lead; Microsoft, 2013; van Tulder and van der Zwart, 2006)
environment, varied naturally according to the size of the operations: in India, where the subsidiary had large presence covering for instance huge IT labs and offices across the country, the implementation of the environmental sustainability and carbon neutral strategy was on a different level than in Finland where the subsidiary had one single office.

**RQ3: What kind of (learning) opportunities, if any, are there for the company regarding the adaptation of the CSR strategy in these subsidiaries?**

Microsoft’s global CSR governance enabled the sharing of local best practices and bottom-up knowledge transfer from subsidiaries to other parts of the multinational company. The members of the worldwide citizenship and corporate sustainability teams, i.e. the local citizenship and sustainability leaders, participated in global summits which included the involvement of top management and local leaders from different subsidiaries, representing also different functional areas. The citizenship and sustainability leaders also communicated constantly with each other and with the top level management by electronic means. This finding gives empirical support to many previous arguments (e.g. Gupta and Govindarajan, 2000; Björkman et al., 2004; Cruz and Boehe, 2010; Cruz et al., 2010) by indicating that knowledge transfer was increased and the locally developed capabilities were shared through socialization mechanisms such as direct managerial contact and informal communication.

The global CSR governance of Microsoft was thus similar to the transverse CSR management structure suggested by Cruz and Pedrozo (2009), Cruz and Boehe (2010) and Cruz et al. (2010), and as suggested by Cruz et al. (2010), the structure enabled the consideration of both local and global CSR issues at the subsidiary and headquarters level. Also external stakeholders, such as investors and local NGOs and governments, were involved in the CSR, and the global CSR strategy was guided by several global principles and guidelines. As found in many previous studies (e.g. Cruz and Pedrozo, 2009; Cruz and Boehe, 2010; Mohan, 2006; Sobczak and Martins, 2010), also in the case of Microsoft the cooperation with local governments and NGOs was considered important since it helped the subsidiaries to understand and address the issues that were relevant for the local societies.

Subsidiaries’ collaboration with local NGOs is known to help the development of local solutions for local problems (Cruz and Boehe, 2010) which can renew the whole MNC’s competences (Tippmann et al., 2012). In this study, the Finnish subsidiary had
developed the Safer Internet Day concept not only in cooperation with local NGOs but by creating a consortium with all the local operators, data security companies, and other actors in the electronics industry. The concept was developed as a solution to the problem of data security; a problem that was perceived local, yet “to some extent” global, by the subsidiary. According to Tippmann et al. (2012), approaching solution finding from a local perspective may be biased towards a local focus, however in this case the concept that started from the Finnish subsidiary grew and became a global practice across the multinational company. Presumably the technological know-how that existed in Finland enabled the development and diffusion of the initiative without the involvement of Microsoft’s senior management and other expert units throughout the global company, even though these have been found to be the prerequisites for finding a global solution in a multinational company (Tippmann et al., 2012).

5.2. Contributions

In conclusion, the findings of this study contribute to the existing research about CSR in multinational companies with the unique comparison between the local CSR strategy adaptation in developed and developing country contexts. Two interesting similarities and three differences were found in the local CSR priorities and the bases on which the global strategy was adapted between these two different contexts. Moreover, the amount of locally developed and promoted practices that had diffused to other parts of the multinational company varied between the subsidiaries. Firstly, supporting the findings of many previous studies about developing country subsidiaries (e.g. Jamali, 2010; Mohan, 2006), it was found in this study that the main determining factor in planning the local CSR operations also in the developed country subsidiaries was the consideration of the local societal challenges and what was expected from the subsidiary in the local society. All the subsidiaries were allowed to have particular, own CSR practices developed on the basis of 1) the local societal challenges, such as projects dealing with pensioners and elderly people in Finland, or 2) the local government’s initiatives, such as promoting the “tax free bike scheme” in Ireland. Interestingly, even though responding to the needs of the local society was the key and the local contexts differed between the host countries, the second similarity was found in that the most important CSR priority, education and employment of youth, was the same in all the studied subsidiaries. Also online safety was found to be one of the priorities in all the subsidiaries.
One of the differences between the developed and developing contexts was found in the perceived autonomy in adapting the global CSR strategy: in India, the subsidiary perceived itself to be strongly responsible to consider the local government’s priorities and being empowered by the headquarters to modify its CSR operations according to those priorities, whereas in Finland and Ireland, the subsidiaries were considered being before all a part of one multinational company sharing the same priorities and largely being responsible to implement the same CSR themes as the home company. The fact that Microsoft Finland, being a small subsidiary, perceived itself to be strongly responsible to implement the global CSR themes, could support the theory and findings suggested by Kostova (1999) and Yang and Rivers (2009) that subsidiaries that are heavily dependent on their parent company are less likely to develop local CSR practices than independent subsidiaries. However, interestingly the higher autonomy level of the Irish subsidiary did not lead to a higher perceived autonomy in adapting the global CSR strategy – even though Microsoft Ireland was considered a large and independent subsidiary, it perceived itself being before anything a part of one multinational company with the same priorities and thus being responsible to implement the global CSR themes. Consequently, one can assume that the determining aspect influencing the level of the local adaptation was the degree to which the subsidiary identified with and shared the home company’s values, including those related to CSR. This supports Kostova’s (1999) theory that the smaller the institutional distance between the host and the home country, the more likely the home company’s practice is internalized and implemented in the subsidiary. In conclusion, in this study the similarity of the home and host countries’ levels of development resulting in more similar societal priorities seemed to weight more than the level of the subsidiary’s general autonomy when the global CSR strategy was adapted.

Linked to the difference between the perceived autonomy in the subsidiaries, the second difference was found in the adoption of work related to human rights. Since human rights are not prioritized in the Indian society, Microsoft India did not consider them relevant and thus did not work with them, even though the theme was part of Microsoft’s global CSR strategy. Human rights were not separately emphasized by the leaders of the two developed country subsidiaries either, yet ignoring a global CSR theme was considered very unlikely and nearly impossible – thus one can assume that human rights could not have been ignored in these two subsidiaries.
The third difference was found in the reasons for focusing on environmental sustainability between the developed and developing country contexts: sustainability was chosen voluntarily as one of the focus areas in the two developed countries but imposed by the headquarters in the developing country. This is interesting in the light of the finding about the perceived autonomy levels since Microsoft India perceived itself the most empowered of the studied subsidiaries. This finding yet gives support to Mohan’s (2006) claim that MNCs tend to implement globally especially environmental practices in countries where the minimum legal requirements are not seen high enough compared to the home country. However, the area was considered important also by the Indian subsidiary management: the subsidiary believed that it could advance the environmental awareness in the local society since the issue was not yet among the main priorities of the government and also create a competitive advantage against other companies in the local market.

Even though all the studied subsidiaries had developed projects and practices in cooperation with local partners, interestingly only Microsoft Finland, the smallest one, had developed and promoted local concepts that had spread to other subsidiaries. The global diffusion of the Finnish Safer Internet Day initiative supports the theory by Gupta and Govindarajan (2000) that countries that are economically more advanced tend to serve as sources of, for example, technological know-how to a greater extent than less advanced countries and thus tend to transfer more knowledge to other parts of the MNC. On the contrary, even though claimed by Gupta and Govindarajan (2000), subsidiary size was not found to be positively correlated with the amount of knowledge transfer in this study. Thus, in conclusion, in the case of Microsoft the aspect that mostly determined the amount of the subsidiary’s strategic contribution to the global company was the amount of technological know-how that existed in the host country, rather than, for instance, the subsidiary’s size. One can assume that this derives from the specific nature of the industry: technological know-how is relevant in improving issues such as data security and customers’ privacy, which are characteristic for CSR in the IT industry (Weber, 2012).

5.3. **Implications for management in multinational IT companies**

Even though IT companies have not been the focus of CSR research so far, it is acknowledged that implementing CSR practices in the IT industry gains particular importance since the industry is global by its nature (Weber, 2012). Supporting the fact
that companies operating in the IT industry are particularly exposed to privacy risks and consumer protection concerns (Weber, 2012), one of the focus areas in Microsoft’s global CSR strategy was customers’ online safety, as a part of human rights. Data security, online safety and protection of privacy were considered important also in all the studied subsidiaries. Similarly, in addition to the U.S., Indonesia and Turkey (Galbreath, 2006), in this study education was found to be among the most important local challenges also in Finland, Ireland and India, which might indicate an increased centrality of education as a social challenge in different parts of the world. Furthermore, it might be especially relevant for the IT industry since developing education can be seen beneficial both to the IT business and to the society. Thus, an implication can be drawn that these industry-specific CSR issues are relevant for IT companies around the world and can be assumed to be prioritized and adopted in MNCs’ subsidiaries even in varying societal contexts.

Technology played a crucial role in the CSR of Microsoft, and it was utilized somehow in all of the company’s CSR operations. The company gave technology donations, such as software and services, to non-profit organizations around the world, and this can be considered an area that IT companies globally are able to contribute to and thus are advised to include in their CSR. Supporting the claim by Cruz and Boehe (2010), partnering with local NGOs and other local partners in the host countries was found to help the development of local solutions also in this study. In line with Gupta and Govindarajan’s (2000) theory, an implication can be drawn from this study that multinational IT companies can and are encouraged to take advantage of the technological know-how that exists especially in those host countries that are economically advanced. This can be facilitated through socialization mechanisms such as direct managerial contact and informal communication within the multinational company, as also previously suggested by many authors (e.g. Gupta and Govindarajan, 2000; Björkman et al., 2004; Cruz and Boehe, 2010; Cruz et al., 2010).

5.4. Suggestions for future research

Due to the exploratory nature of this study, more research is still needed about the CSR strategy adaptation in MNCs’ subsidiaries located in developed countries, particularly within the IT industry that has received little attention in the CSR research. As claimed by Weber (2012), IT industry requires special attention with regard to CSR due to the industry’s global nature, and also this study showed that particular industry-specific
CSR issues were relevant globally. More multinational IT companies must be studied in order to gain a broader understanding of the industry-specific implications on the global CSR strategy formulation and local adaptation in the subsidiaries.

Due to the limited resources and access in this study, further and more extensive research must be carried out across different industries in order to get support to the empirical findings of this study about the differences between subsidiaries in developed and developing country contexts. The subsidiary’s size and degree of autonomy have been found to have an impact on the CSR strategy adaptation in developing countries in many previous studies, yet in this study the similarity of the home and host countries’ level of development and societal priorities were found to be crucial. Thus, the relationship between these aspects must be further investigated by studying subsidiaries in countries with different levels of economic development. On the other hand, as discussed in this thesis, societal priorities derive from not only the level of the country’s economic development but also for instance from the national culture. Thus, more research is needed that will focus on countries with divergent cultures, for instance due to a long geographical distance, yet with relatively similar degree of economic development. Furthermore, the impact of the subsidiary’s type of operations and staff, which were found to have a certain influence on the formulation of the local CSR practices in this study, must be further examined by studying subsidiaries of different size and with different operations but being part of the same multinational company.

This study focused on the local CSR strategy adaptation from the viewpoint of the subsidiaries instead of the headquarters, and further research can be undertaken in order to examine the implications of the host countries’ level of development on the global decision making and CSR strategy formulation in MNCs. The aspects that in this study were found to influence the local adaptation in the subsidiaries can be linked to the different motives for and different types of CSR in MNCs, which are much discussed in today’s literature.
SVENSK SAMMANFATTNING

Lokal anpassning av en global CSR-strategi i kontexter utvecklade länder och utvecklingsländer. En fallstudie av tre dotterbolag till Microsoft

Inledning

Diskussionen om hållbar utveckling har varit livlig under de senaste åren (Cruz, Pedrozo, Barros Estivalete och Hoff, 2010), och företagens samhällsansvar (på engelska corporate social responsibility, CSR) har blivit mer och mer populär. Företagen ställs inför allt större krav när det gäller att agera ansvarsfullt mot samhället i sin verksamhet, och CSR har under detta sekel blivit ett av de viktigaste områdena i forskningen om företagsledning (Cruz och Pedrozo, 2009; Mohan, 2006; van Liemt, 2007). Idag fokuserar forskningen mer och mer på den strategiska synen på CSR; forskarna anser att företagen ska inkorporera sin CSR-praxis i sina affärsstrategier för att kunna lyckas med ledning av praxisen (Cruz och Boehe, 2010; De Chiara och Spena, 2011; Galbreath, 2006; Husted och Allen, 2006). I själva verket är en sådan inkorporering ett krav för användningen av termen CSR enligt dagens definition av Europeiska unionen (European Commission, 2011:6).

Forskningen fokuserar speciellt på multinationella företag på grund av deras stora sociala och miljömässiga inverkan på många länder (Cruz och Pedrozo, 2009). En stor del av studierna fokuserar på multinationella företag som har dotterbolag i utvecklingsländer där koncepten ansvarsfullt beteende och CSR och förståelsen av dem ofta avviker från antagandena i företagens hemland (Galbreath, 2006; Matten och Moon, 2008; Mohan, 2006; Tan, 2009; Werther och Chandler, 2011). Mycket uppmärksamhet har fästs vid textilindustrin och arbetsrättigheter, och det välkända fallet där Nike utlocaliserade sin produktion till Asien illustrerar vad som kan följa om dessa aspekter inte beaktas ordentligt.

Problemområde och syfte

Idag finns det redan mycket forskning om CSR i multinationella företag, och den fokuserar huvudsakligen på utmaningar som företagen har när de planerar sina CSR-strategier och är verksamma i utvecklingsländer och på framväxande marknader (Galbreath, 2006; Husten och Allen, 2006; Jamali, 2010; Mohan, 2006; Tan, 2009).
Det har forskats i hur de multinationella företagens dotterbolag anpassar sig till huvudkontorets praxis generellt (Kostova och Roth, 2002) och när det gäller CSR-praxis (Yang och Rivers, 2009). Det finns även forskning om vilka omständigheter multinationella företag ska beakta i världsländerna när de planerar sina CSR-strategier (Galbreath, 2006). Kulturen, normerna, uppfattningarna av samhället samt den regulativa miljön har visat sig ha en inverkan på världsländernas syner på CSR och således på CSR-strategiformuleringen i multinationella företag (Cruz och Boehe, 2010; Galbreath, 2006; Helin och Sandström, 2008; Matten och Moon, 2008; Mohan, 2006). Den regulativa miljön anses ofta omfatta regeringen, men dessutom alla lagar, regler och lagliga krav som samhället ställer på företag, till exempel krav som handlar om rapporteringen av finansiella, samhälleliga och miljömässiga uppgifter (van Tulder och van der Zwart, 2006).

Medan forskarna har fokuserat sig på skillnader mellan kontexterna i utvecklade länder och utvecklingsländer, har de nästan ignorerat CSR i de multinationella företag där både huvudkontoret och dotterbolagen är verksamma i utvecklade länder. Dessutom har IT-industrin fått relativt lite uppmärksamhet i CSR-forskningen. För att fylla i dessa luckor på detta forskningsområde, är syftet med denna avhandling att undersöka hur ett multinationellt företags globala CSR-strategi anpassas lokalt i två dotterbolag som är verksamma i utvecklade länder kontra i ett dotterbolag som befinner sig i ett utvecklingsland. Syftet är att genom en fallstudie av ett multinationellt IT-företag, Microsoft, besvara följande forskningsfrågor:

1. Hur anpassas företagets globala CSR-strategi i dotterbolagen i två utvecklade länder kontra i ett utvecklingsland?

2. Vilka aspekter påverkar denna lokala anpassning i respektive dotterbolag och hur?

3. Finns det (inlärnings-)möjligheter för företaget angående anpassningen av CSR-strategin i dessa dotterbolag och ifall, hurdana?

**Litteraturgenomgång**

De traditionella utmaningarna som multinationella företag möter när de strävar efter att balansera mellan global integrering och lokal anpassning på produktmarknaden motsvarar inte alltid utmaningarna vid integreringen av CSR-praxis (Cruz och Boehe, 2010; Husted och Allen, 2006). Dock har vissa av de element som påverkar hur
"traditionell" affärspraxis anpassas i dotterbolagen till multinationella företag bevisats ha en inverkan även på anpassningen av CSR-praxis. Såsom i en stor del av forskningen om CSR i multinationella företag (t.ex. Jamali, 2010; Muller, 2006; Yang och Rivers, 2009), används således vissa traditionella teorier om internationell affärssverksamhet som en utgångspunkt även i denna studie.

**Global integrering kontra lokal anpassning i litteraturen om internationell affärssverksamhet**

Utmaningen som multinationella företag möter är att de ska bevara legitimiteten i alla omgivningar där de är verksamma, det vill säga anpassa sig till de institutionella omgivningarna och den lokala praxisen i världerna, men samtidigt integrera organisationens praxis globalt (Kostova och Roth, 2002). Dessutom ingriper världernas regeringar i de multinationella företagens operationer och begränsar deras strategiutvecklingsprocesser (Doz och Prahalad, 1980; Prahalad och Doz, 1987). Från dotterbolagens perspektiv är de tvungna att balansera mellan att vara lojala både mot moderbolaget och mot världlands kulturella värden (Amba-Rao, 1993).


kunskap än de små eftersom de har flera resurser som kan användas för kunskapsutvecklingen och således en bättre möjlighet att erbjuda unik kunskap för andra delar av företaget. Å andra sidan påverkar även värdlandets utvecklingsnivå mängden av kunskap som överförs från det givna dotterbolaget. Ofta finns det mera bl.a. teknologisk kunskap i ekonomiskt utvecklade länder, och ju högre utvecklingsnivå värdlandet har gentemot hemlandet, desto mera kunskap överförs från det givna dotterbolaget till huvudkontoret (Gupta och Govindarajan, 2000). Även socialiseringen inom organisationen (eng. corporate socialization) har bevisats öka mängden av en viss typ av kunskap som överförs inom det multinationella företaget (Björkman, Barner-Rasmussen och Li, 2004; Gupta och Govindarajan, 2000). Med socialiseringsmetoder avses bland annat resor mellan olika organisationsenheter, internationella kommittéer, grupper samt utbildning för personal från olika enheter. Ju mera dotterbolagens ledare samverkar med ledarna från andra delar av företaget, desto mera kunskap överförs mellan de olika delarna (Björkman et al., 2004).

**CSR-strategi i en multinationell kontext**

Eftersom kulturen, institutionerna, den regulativa miljön, värdena samt samhällsklimatet varierar mellan olika länder, är det inte enkelt att planera internationella CSR-strategier (van Tulder och van der Zwart, 2006). Speciellt kulturen, normerna, uppfattningarna av samhället samt den regulativa miljön har bevisats ha en inverkan på världländernas syner på CSR och således på formuleringen av CSR-strategier i multinationella företag (Cruz och Boehe, 2010; Galbreath, 2006; Matten och Moon, 2008; Mohan, 2006; Tan, 2009). CSR-strategier i multinationella företag som är verksamma inom IT-industrin har inte undersöks mycket i den akademiska världen. Det har dock konstaterats att implementeringen av CSR-praxis inom IT-industrin är viktig på grund av industrins globala karaktär och vissa industrispecifika omständigheter, bland annat konsumenternas datasekretess (Weber, 2012).

normerna, nivån av den ekonomiska utvecklingen, den regulativa miljön samt de lokala intressenterna.

I kärnan av den nationella kulturen finns samhälleliga normer (Hofstede, 1980) som definierar vad som är passande och hur saker ska göras i en viss kontext (Scott, 1995). Eftersom det finns nationella skillnader i dessa normer, är det naturligt att även antagandena om samhället varierar mellan olika länder och kulturer (Galbreath, 2006; Matten och Moon, 2008). Det finns skillnader mellan samhällen i fråga om vad som anses vara godkänt och ansvarfullt beteende (Matten och Moon, 2008), och prioriteringarna avviker speciellt mellan rika och fattiga länder: rika länder har flera resurser och således tenderar de att ha mera krävande förväntningar på grund av de större möjligheter som välståndet erbjuder (Werther och Chandler, 2011). De så kallade CSR-standarderna ligger således ofta på lägre nivå i utvecklingsländerna (Muller, 2006).

Den regulativa miljön påverkar hur förhållandet mellan affärsverksamhet och samhället definieras i det givna landet samt hur aktivt dotterbolaget arbetar för CSR-frågor generellt (Jamali, 2010). Eftersom multinationella företag är verksamma i olika länder, är de även tvungna att balansera mellan olika intressenters behov – ett multinationellt företags förmåga att implementera CSR-praxis globalt påverkas å ena sidan av hur mycket de olika intressenterna kräver i respektive världslända, å andra sidan av vilka intressenters krav företaget prioriterar (Bustamante, 2011; Yang och Rivers, 2009). De lokala konsumenternas, arbetstagarnas och ideella organisationernas förmåga att kräva ansvarfullt beteende har en inverkan på dotterbolagets attityder mot CSR och dess benägenhet att implementera lokala respektive globala CSR-praxiser (Yang och Rivers, 2009).


Ett sätt för multinationella företag att hantera de ovannämnda utmaningarna är att skapa en så kallad transversell ledningsstruktur (eng. transverse CSR management structure) för styrningen av CSR-praxis (Cruz & Pedrozo, 2009). Detta betyder att det finns en internationell kommitté i organisationen som ansvarar för CSR. Den internationella kommittén presenterad av Cruz & Pedrozo (2009) och vidare utvecklad av Cruz & Boehe (2010) kan bestå av följande medlemmar: en ansvarig person från varje dotterbolag, personer som är ansvariga för olika områden i företaget, medlemmar från företagets högsta ledning samt företagets sekundära intressenter; till exempel regeringen och ideella organisationer. Målet med den transversella ledningsstrukturen är att ingjuta CSR i organisationen så att den blir en del av organisationskulturen och rutinerna (Cruz och Boehe, 2010). Den anses således vara till hjälp då både huvudkontorets globala och dotterbolagens lokala anspråk beaktas (Cruz et al., 2010).

**Metod**

Syftet med denna undersökning är att undersöka hur ett multinationellt företags globala CSR-strategi anpassas lokalt i två dotterbolag som är verksamma i utvecklade länder kontra i ett dotterbolag som befinner sig i ett utvecklingsland. Syftet är *explorativt*; målet är att förstå ett visst fenomen genom att undersöka ett företag på djupet. Vetenskapsfilosofin bakom denna studie är realism, som kan anses vara en slags kombination av positivism och interpretivism, och som är typisk för fallstudier. Angreppssättet är abduktivt, vilket betyder att forskaren går fram och tillbaka mellan den teoretiska referensramen och empirin under forskningsprocessen – forskningsfrågorna och referensramen omformuleras på basis av det empiriska materialet (Dubois och Gadde, 2002). En fallstudie är en lämplig forskningsstrategi i studier vars syfte är att undersöka ett visst, nuvarande fenomen, och den används ofta
när målet är att svara på frågor "varför" och "hur" (Yin, 2003). När en fallstudie planeras, ska det först beslutas om ett singulärt eller flera fall kommer att undersökas (Yin, 2003). I denna studie undersöks det ett multinationellt företag, dock med flera fall, det vill säga dotterbolag, som befinner sig i olika kontexter.


respondenter från andra dotterbolag. Reliabiliteten kan ökas genom att minimalisera olika typer av fördomar (eng. biases) mellan respondenter och forskaren (Saunders et al., 2003). Dessa kan förekomma till exempel i situationer där respondenten strävar efter att ge svar som han/hon anser vara ”korrekt” eller socialt acceptabla i stället för svar som reflekterar hans/hennes riktiga känslor (Fisher, 1993). Atmosfären i alla intervjuer i denna studie var dock mycket öppen och alla respondenter tillåt användningen av sitt och företagets namn, vilket också indikerar att frågorna som behandlades inte var särskilt känsliga. Alla intervjuer bandades och transkriberades noggrant, och anteckningar gjordes under intervjuerna och sparades för senare användning, vilket även är ett sätt att öka undersökningens reliabilitet (Yin, 2003).

**Resultat**

**CSR på Microsoft Finland**

Microsoft Finland är ett litet dotterbolag som sysselsätter ungefär 300 arbetstagare\(^2\) i Esbo, Finland (Diesen). Bolaget har två typer av verksamhet: försäljning och marknadsföring, samt service, vilken även innehåller konsultering och stöd (Diesen). Bolaget har skilt en lokal CSR-ledare och en person som är ansvarig för hållbarhet. Enligt Mickelson, den lokala CSR-ledaren, är det klart att dotterbolaget bedömer CSR-frågor ur ett lokalt perspektiv och alltid börjar med att göra en analys över var de stora utmaningarna ligger i Finland för tillfälle. Sådana utmaningar är bland annat ungdomsarbetslöshet och "IT-gapet", vilket betyder "IT-kunnande bland ungdomar och på arbetsmarknaden överlag" (Mickelson). Dessutom lyfter Mickelson upp den snabba förändringen i åldersstrukturen: förändringen kommer tidigare i Finland än i många andra länder. En av de lokala CSR-prioriteterna är även datasäkerhet (eng. online safety), kring vilken Microsoft Finland har arbetat avsevärt. Bolaget utvecklade bland annat Safer Internet Day-konceptet i samarbete med lokala partner för nio år sedan, vilket blev ett globalt fenomen som firas i nästan alla länder i dag (Mickelson). Fastän Microsoft Finland bedömer CSR-frågor ur ett lokalt perspektiv, betonar Mickelson dock att det är viktigt att ta huvudkontorets globala riktlinjer på allvar. Enligt honom skulle det vara mycket osannolikt att bolaget skulle låta bli att implementera ett globalt CSR-program, även om det inte skulle anses vara relevant i Finland.

**CSR på Microsoft India**

Microsoft India är ett stort dotterbolag som sysselsätter 6 500 arbetstagare runtom Indien och har verksamhet på alla Microsopts sex affärsområden (Arora). Den lokala CSR-ledaren, Gauri Arora, är ansvarig även för hållbarhet på Microsoft India. Såsom på Microsoft Finland, anses det även på det indiska dotterbolaget att bolaget ska prioritera de CSR-frågor som är relevanta i det lokala samhället, och bolaget samarbetar tätt med den lokala regeringen (Arora). Bolaget prioriterar områden som är inkluderade i regeringens femårsplan (Five Year Plan): bland annat utbildning, utveckling av färdigheter (eng. skills development), lindrande av fattigdom och hållbarhet (Arora). Således formar utbildningen och utvecklingen av färdigheter för ungdomar den största tyngdpunkten i bolagets CSR-agenda för tillfälle (Arora). Enligt Arora är det indiska dotterbolaget mycket självständigt och har en möjlighet att välja endast de globala program som det anser vara viktiga. Eftersom mänskliga rättigheter inte prioriteras i

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\(^2\) Antalet arbetstagare i mars 2014, dvs. innan Microsoft köpte Nokias mobiltelefonenhet
det indiska samhället, har bolaget således beslutat att inte inkludera dem i sin CSR-agenda. Bolaget arbetar dock kring datasäkerhet fastän den är inkluderad under temat "mänskliga rättigheter" i den globala CSR-strategin; på Microsoft India anses den som en del av en generell säkerhetsfokus, medan med mänskliga rättigheter avser Arora frågor såsom till exempel jämlighet och rättvisa för alla.

**CSR på Microsoft Ireland**

Microsoft Ireland kan definieras som ett stort dotterbolag; det sysselsätter ungefär 1 200 personer i Dublin, Irland (Kelly). Bolaget har flera olika verksamheter, därtill finns försäljningskanalerna för hela Europa, Asien och Mellanöstern där. Ansvaret för CSR är delegerat till ett lokalt CSR-team dit ungefär sex personer tillhör, och dessutom finns det även ett team som är ansvarigt för hållbarhet i Irland. Teamet leds av Conor Kelly och består av tre andra medlemmar. Såsom i de två andra dotterbolagen, är utbildningen och sysselsättningen av ungdomar prioritetsområden även på Microsoft Ireland (Kelly). Enligt Kelly är sysselsättningen av ungdomar en lokal prioritet framför allt eftersom det är relevant i det lokala samhället, inte för att det är en befallning från huvudkontoret. Ett annat lokalt prioritetsområde som Microsoft Ireland arbetar med är att ge, i huvudsak tekniska, bidrag till den lokala välgörenheten på Irland. Trots att det irländska dotterbolaget kan anses vara självständigt, kan Kelly inte tänka sig en situation där bolaget skulle låta bli att implementera ett globalt CSR-tema: "vi är framför allt en del av ett multinationellt företag med samma prioriteringar" (översättning).

**Sammanfattning av resultat – skillnader och likheter**

I denna studie hittades såväl skillnader som likheter i den lokala anpassningen av den globala CSR-strategin mellan dotterbolagen i de två utvecklade länderna och ett utvecklingsland. En märkbar skillnad hittades i hur hög grad dotterbolagen kände att de var förpliktade att följa huvudkontorets globala riktlinjer: i Indien ansågs bolaget vara självständigt och berättigat att välja endast de lämpliga teman av den globala strategin, medan i de två utvecklade länderna ansågs det mycket osannolikt att ett globalt tema inte skulle implementeras. Dessutom placerades datasäkerheten under ett annat tema i Indien än i den globala strategin: i Indien arbetade dotterbolaget med datasäkerhet men betraktade den inte som en del av mänskliga rättigheter utan en del av en generell säkerhetsfokus.
Det fanns en tydlig skillnad även angående hur och varför hållbarheten hade börjat implementeras i de olika dotterbolagens verksamhet. Microsoft India var bland de första nio dotterbolag där huvudkontoret ansåg att hållbarheten ska implementeras, och fastän temat inte ännu fanns bland de högsta prioriteringarna i regeringens femårsplan, såg bolaget detta som en möjlighet att vara en föregångare och en förebild för andra företag på den lokala marknaden (Arora). I de två utvecklade länderna hade de intervjuade personerna helt enkelt anmält sig som frivilliga att bära ansvaret för hållbarhet och på detta sätt blivit medlemmar av det globala hållbarhetsteamet (Diesen; Kelly). På Microsoft Ireland fanns det dessutom flera personer som var intresserade av och experter på detta område, och därför formades även det lokala hållbarhetsteamet (Kelly).

Å andra sidan betonade de intervjuade ledarna från alla dotterbolag att det viktigaste är att den globala CSR-strategin anpassas till den realitet som bolaget befinner sig i. Således är det intressant att den största prioriteten, utbildning och sysselsättning av ungdomar, var samma på alla dotterbolag, oberoende av värdlandets utvecklingsnivå. Även datasäkerhet var ett prioritetsområde i alla tre dotterbolag.

**Diskussion**

Medan forskarna hittills har fokuserat sig på skillnader mellan kontexter i utvecklade länder och utvecklingsländer, har de nästan ignorerat CSR i de multinationella företag där både huvudkontoret och dotterbolagen är verksamma i utvecklade länder. Dessutom har IT-industrin fått relativt lite uppmärksamhet i den akademiska CSR-litteraturen hittills. Således var huvudsyftet med denna avhandling att undersöka hur ett multinationellt IT-företags globala CSR-strategi anpassas lokalt i två dotterbolag som är verksamma i utvecklade länder kontra i ett dotterbolag som befinner sig i ett utvecklingsland. För att svara på den första forskningsfrågan undersökt es lokala CSR-prioritetområden i tre dotterbolag till ett multinationellt IT-företag, Microsoft. Fastän det tidigare har konstaterats att prioritererna ofta varierar speciellt mellan rika och fattiga länder (Werther och Chandler, 2011), var det största prioritetsområdet angående CSR samma i alla de tre undersökta dotterbolagen i denna studie – oberoende av landets utvecklingsnivå ansågs utbildningen och sysselsättningen av ungdomar vara den viktigaste CSR-fokuset. Även datasäkerhet var en gemensam prioritet i alla dotterbolag, vilket kan antas bero på att frågor angående konsumenternas datasekretess är speciellt relevanta för företag inom IT-industrin (Weber, 2012) och således kan dessa anses beröra alla länder. Såsom tidigare nämnts,
hittades det dock en märkbar skillnad i prioriteringen av mänskliga rättigheter, vilket kan antas bero på bland annat skillnaderna i ländernas utvecklingsnivå. Dotterbolagen hade dessutom även utvecklat lokala projekt utgående från utmaningarna i den lokala kontexten, och såsom i Jamalis (2010) studie, hade vissa globala CSR-teman ibland implementerats på olika sätt och i form av olika projekt i de olika bolagen.


Den tredje forskningsfrågan handlade om möjliga inlärningsmöjligheter inom det multinationella företaget. Det kan konstateras att Microsofts globala CSR-ledningsstruktur möjliggjorde spridningen av lokal kunskap och information nerifrån uppåt, det vill säga från olika dotterbolag till huvudkontoret och till andra delar av organisationen. De lokala CSR-ledarna deltog i globala möten och kommunicerade med varandra via elektroniska kommunikationsmedel, vilket stöder flera tidigare argument (t.ex. av Gupta och Govindarajan, 2000; Björkman et al., 2004; Cruz och Boehe, 2010) om att överförandet av kunskap inom organisationen kan ökas med
socialiseringsmetoder, såsom direkt kontakt och informell kommunikation mellan ledarna. Således liknade Microsofts globala CSR-ledningsstruktur den transversella ledningsstrukturen presenterad av Cruz och Pedrozo (2009), och såsom konstaterats av Cruz et al. (2010), möjliggjorde denna struktur beaktandet av CSR-frågor såväl på den globala som lokala nivån.

**Förslag till fortsatt forskning**

På grund av denna studies explorativa karaktär behövs det ännu vidare forskning om den lokala anpassningen av globala CSR-strategier i dotterbolag som finns i utvecklade länder, speciellt inom IT-industrin som inte hittills har varit föremål för mycket forskning. Flera multinationella IT-företag bör undersökas för att kunna få en bredare förståelse av industrispecifika implikationer för den globala CSR-strategiformuleringen samt den lokala anpassningen i dotterbolag. På grund av de begränsade resurserna och tillgången i denna studie behövs det vidare forskning även inom olika industrier för att få stöd för de skillnader och likheter mellan de två utvecklade länderna och ett utvecklingsland som hittades i denna studie. Förhållandet mellan dotterbolagets storlek och självständighet och värdlandets utvecklingsnivå, som i denna studie konstaterades att vara avgörande, bör undersökas vidare genom att studera dotterbolag i länder med olika utvecklingsnivåer. Å andra sidan är det viktigt att komma ihåg att de samhälleliga prioriteringarna även påverkas av bland annat den nationella kulturen, och därför bör även skillnader mellan dotterbolag i länder med avvikande nationella kulturer men med relativt jämn utvecklingsnivå undersökas.
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