TRANSFERABILITY OF CORPORATE SOCIAL RESPONSIBILITY INITIATIVES: TOWARD A MIDRANGE THEORY

by

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ABSTRACT

The growing importance of non-market considerations has led multinational corporations to globalize not just production and commercialization but also their corporate social responsibility (CSR) initiatives as nonmarket strategies. Scholars have shown that CSR can create intangible assets that help companies reduce their foreignness and gain competitive advantages over local rivals. To what extent multinational enterprises (MNEs) can transfer CSR initiatives to other locations is an important question. Prior research, focusing on the transfer of operational initiative, is silent on the transfer of practices that extend beyond the boundaries of the firm to influence the welfare of external stakeholders. This study builds a theory about the conditions that influence success and failure in the transfer of CSR initiatives from headquarters to overseas subsidiaries. Through a case study of an Indian multinational, qualitative data is combined with the formal logic of fuzzy set analysis. The findings reveal that it is the combination of practice characteristics and local contexts that influence the success of practice transfer. Specifically, I explore two characteristics of CSR initiatives that facilitate practice transfer: *stakeholder multiplicity* and *ambiguity*. The former denotes the degree to which a CSR initiative can serve more than one stakeholder and the latter denotes the degree to which a CSR initiative can be applied to multiple contexts in different ways. The analysis suggests that stakeholder multiplicity is a predictor of transfer success to countries where coordination among diverse social actors is easy to achieve. In contrast, in high-context culture locations where rapid coordination is less easy to achieve, the ambiguity of CSR initiatives is a more important predictor of transfer success.

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ACRONYMS

CC: Campus Connect

CEO: Chief Executive Officer

CSR: Corporate Social Responsibility

fsQCA: Fuzzy-set Qualitative Comparative Analysis

GDM: Global Delivery Model

GRI: Global Reporting Initiative

HR: Human Resources

HQ: Headquarters

IT: Information Technology

IWIN: Infosys Women's Inclusivity Network

KM: Knowledge Management

MNE: Multinational Enterprise

R&D: Research and Development

TCS: Tata Consultancy Services

UNGC: United Nations Global Compact

VOY: Voice of Youth

CHAPTER 1: INTRODUCTION

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C.1. Operational initiative

C.2. CSR initiative

A. Background

The long-term trend towards the globalization of markets and production processes imposes on companies the imperative of international expansion. In entering foreign markets, MNEs can strengthen their competitive position by transferring assets or capabilities from their home market (Kogut and Zander, 1993). The growing importance of nonmarket considerations has led MNEs to globalize not just production and commercialization but also their CSR initiatives as nonmarket strategies. Scholars have shown that CSR initiatives can create intangible assets that help companies reduce their foreignness and gain competitive advantages over local rivals (Gardberg and Fombrun, 2006; Hymer, 1976; Zaheer, 1995). To what extent MNEs can transfer CSR initiatives to other locations is an important question.

The existing literature provides conflicting views on the transferability of CSR initiatives. To some, social initiatives are transferable. A firm's CSR reputation, once established, can be transferable and leveraged across markets, with low marginal costs (Bouquet and Deutsch, 2009; Robertson and Crittenden, 2003). To the institutional theorists, CSR initiatives are locale-specific (Marquis, Glynn and Davis, 2007). Domestic stakeholders recontextualize the meaning of companies' CSR actions, as filtered through their socially-constructed outlook and thus lack transferability and sustainability (Brannen, 2004). Transferring intangible assets is also often costly and uncertain (Nelson and Winter, 1982; Teece, 1977).

While both views provide useful insights into the determinants of transferability, they do not differentiate between different types of CSR, which may also affect transfer. CSR is commonly viewed as a multidimensional concept (Carroll, 1979) presenting heterogeneous attributes across initiatives. The literature on transfers of operational initiatives also suggests that transferability is determined not only by national and organizational factors, but also by the type of practice being transferred (e.g. 'tacitness' (Zander and Kogut, 1995; Szulanski,

1996); 'articulability' (Bresman, Birkinshaw and Nobel, 1999 and 'unprovenness' (Szulanski, 1996)). Given this multiplicity, treating CSR as a single construct may be insufficient to understand the transfer of CSR initiatives.

In order to fill this gap in the literature, I investigate the conditions for transfer success of different CSR initiatives. The aim is to build a midrange theory of CSR transfer linking conventional explanations with the attributes of CSR initiatives in order to predict transfer success, from a case study of an Indian multinational. As a first order effect, for explaining heterogeneity or why some initiatives are successfully transferred, I find that two characteristics of CSR initiatives facilitate practice transfer: *stakeholder multiplicity* and *ambiguity*. The former denotes the degree to which a CSR initiative can serve more than one stakeholder group, whereas the latter denotes the degree to which a CSR initiative can be applied to multiple contexts in different ways. There is surely a second-order effect in how the type of a CSR initiative, coupled with the cultural context of a host country, predicts success. The analysis suggests that stakeholder multiplicity is a predictor of success of transfer to countries where coordination among diverse social actors is easy to achieve. In contrast, in high-context culture locations, where rapid coordination is less easy to achieve, the ambiguity of CSR initiatives is a more important predictor of transfer success. For strategic implications, the empirical data suggest that when firms consider the different attributes of CSR initiatives in making decisions on transfer, they can generate economies of scale and scope.

B. Research questions and significance of the study

Although the transfer of operational initiatives has been studied extensively, not much research has focused on: 1) the phenomenon of CSR transfer 2) generalizable attributes of CSR initiatives at a disaggregate level that may be salient in the transfer of CSR; and 3) the

causal relationships between the attributes and transferability. This research seeks to build a theory about the conditions in which successful transfers of CSR initiatives occur, and to examine if the determinants of successful CSR transfer match empirical predictions from theories of the transfer of operational initiative.

This study is significant for several reasons. First, it attempts to develop a broad perspective on transfer studies by investigating initiatives that are more complex and ambiguous than those to be found in operational practice. Scholars in this area have typically conducted studies in the context of internal operating practices, such as technology (Teece, 1977), innovation (Ghoshal and Bartlett, 1988), manufacturing capability (Zander and Kogut, 1995), or knowledge (Szulanski, 1996). Once the social component is considered as a part of organizational decisions, conditions for successful transfers may require broader considerations and invite more complexities. Unidimensional approaches may be insufficient to explain complex practices, such as CSR, which is considered as a multidimensional construct (Carroll, 1979). With this complexity involving multiple stakeholders and multiple dimensions, some scholars suggest that the next stage in examining corporate citizenship should address the content of the activities companies undertake (Gardberg and Fombrun, 2006: 329), whilst others call on researchers to focus on "how best to manage corporate social initiatives" (Margolis and Walsh, 2001: 13).

Second, this research aims to expand scholarly and management understanding of the global management of CSR beyond institutional and organizational explanations. I provide configurational explanations in which practice type, context and a business unit's capability are combined in ways that influence transfer success and affect a firm's global management of social initiatives. While substantial attention has been devoted to the global management of CSR, scholars have focused on firm-level factors that influence a firm's decisions at the cross-country level. There is little consideration of factors that operate on multiple levels of

analysis, such as initiative type and business unit. This study may help explain the link between a firm's efforts to engage in social activities outside their home country and their performance, which still remains unexplained.

This dissertation[1] consists of seven chapters. Chapter 1 serves as an introduction to the subject of CSR transfer and offers terminologies. Chapter 2 reviews the literature and identifies gaps. Chapter 3 illustrates methodologies adopted in this study followed by the empirical findings in Chapter 4, 5 and 6. Chapter 7 discusses strategic implications and thereafter I conclude with a summary and a discussion.

C. Terminologies

For purposes of clarity, I juxtapose CSR against operational initiatives which have been more often of interest in previous studies. I use the following terms in the way described below:

C.1. Operational initiative

I refer to an operational initiative as an initiative that is a proactive undertaking related to the design and improvement of the production systems that create the firm's primary products or services. This definition is drawn from the literature on general management and operations management, in particular Birkinshaw (1997), Chase and Aquilano (1995), Kanter (1982) and Miller (1983).

C.2. CSR initiative

The definition of CSR initiatives adopted in this study refers to a set of value-based, process-based and relational-based corporate activities that appear to benefit society, beyond the interests of a firm and what is required by law (e.g. McWilliams and Siegel, 2001; Wood and

[1] Parts of this study are based on unpublished joint working papers by Lee, Crilly and Barnett and Lee and Barnett.

Jones, 1995). The CSR initiatives discussed in this study include those that were thought of as CSR at the company of investigation. This is in part a way to overcome the fuzziness around the definition of CSR. Wood (1991) recognizes the subjective element in defining CSR. The principles of CSR are filled with the content of explicit value preferences that exist within a given organizational context and that are operationalized through the political and symbolic processes of that context (Wood, 1991: 700). For simplicity, CSR initiatives are interchangeably bracketed with sustainability initiatives in this study.

CHAPTER 2: CSR TRANSFER IN THE LITERATURE

This chapter begins with a review of different perspectives on the transferability of practice, focusing on CSR initiatives. Previous research has studied the issue extensively in the context of operational initiatives such as technology and knowledge. In order to examine whether the previous findings are entirely applicable to the transfer of social initiatives, the chapter first reviews the definitions of CSR initiatives. Two distinct features of CSR initiatives that are not to be found in operational practice emerge: stakeholder multiplicity (Freeman, 1984) and multidimensionality (Carroll, 1979). These features are unique to CSR initiatives. Drawing upon the findings in the literature, the subsequent section investigates the dominant thinking regarding the effects of such distinct features on transferability. The multiplicity of stakeholders potentially influences contingent returns to CSR, in what is referred to as output ambiguity, while multidimensionality in the scope of areas that constitute CSR leads to input ambiguity. Previous research finds that both kinds of ambiguity are hindrances to transfer. The chapter questions this finding and suggests further study by identifying gaps in the literature.

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A. Research into transfer

Research into the transfer of CSR initiatives within an MNE is not very common, although there are comparative studies across countries that examine the impact of culture or national identity on specific forms of corporate social behavior (e.g. Williams and Aguilera, 2008, see Appendix I for more examples). While management theory has investigated the transfer of operational initiatives within MNEs (Zander and Kogut, 1995, see Appendix II for more studies), less attention has been paid to research on the transfer of CSR initiatives within MNEs (Christmann, 2004; Watson and Weaver, 2003). Studies often interchangeably use the terms *CSR transfer, diffusion,* and *adoption* (e.g. Hoffman, 2001) or *CSR adoption* (e.g. Delmas and Toffel, 2005). Some label CSR transfer processes in alternative, but related, ways – forward diffusion, reverse diffusion, and multi-directional flow diffusion (Tempel, 2001). Scholars compare initiatives implemented in different contexts and examine the effects of institutional and organizational variables and the consequences of transfer or transfer strategies. The interplay between contextual and organizational variables is seen as key.

Much of the literature tends to focus on one part of CSR initiative rather than the whole range of CSR elements (i.e. social, environmental, ethical factors) altogether. Most studies compare companies from different industries rather than focusing on dynamics within one company. Recurring topics include the diffusion of environmental management (Delmas and Toffel, 2005; Hansen, 1999; Hoffman, 2001; Lenox and Toffel, 2008) and HR functions (Rosenzweig and Nohria, 1994). In the supply chain literature, much research work also focuses on particular issues. Examples include the treatment of environmental issues in terms of supply (e.g. Bowen, Cousins, Lamming, R.C. and Faruk, 2001), retail, and reverse logistics (e.g. Harwood and Humby, 2008). [2] A great deal of attention has also been focused

[2] see Harwood and Humby, 2008 for a more review on this.

on codes (Murray, 1998). Examples of codes abound, ranging from child labor, wages and benefits, disciplinary practices, the right to freedom of association, health and safety, and environmental practices. Some researchers investigate transfers of socially irresponsible operations by MNEs in their search for lower costs (Mani and Wheeler, 1998). Similarly, others support the pollution-haven hypothesis, and MNEs' inclination to select countries with lax social and environmental regulations (Korten, 1995; Low and Yeats, 1992).

Below I discuss at length the works that explicitly or implicitly address the transferability of CSR initiatives. I then review the CSR literature and identify the characteristics of CSR initiatives that distinguish them from operational initiatives. I review the empirical predictions in the literature about the transferability of CSR initiatives. Thereafter, I examine some of the limitations and shortcomings in the literature in order to explain the transfer of CSR initiative better.

B. Classical view

B.1. Non-transferable: an institutional theory lens

Institutional theorists are pessimistic about the transferability of CSR initiatives. A major reason for the skepticism is the contradictory pressures in the host country from the home country. The lack of fit between the values of the home market and the host market devalues the CSR-based advantages. As Brannen (2004) puts it, "More often than not there are shifts in meaning as the transferred offerings are interpreted and even appropriated by various stakeholders with distinct agendas in the new cultural contexts" (2004: 599). This *cultural distance* (Jensen and Szulanski, 2004; Kedia and Bhagat, 1988) or *norm distance* (Cummings and Teng, 2003) adds to the foreignness of MNEs. More broadly, the difference in specific institutional contexts between two national environments is termed as *institutional distance* (Kostova, 1999). The larger the institutional distance, the less fit there will be

(Kostova, 1999; Zaheer, 1995). Management scholars argue that the heterogeneity across nations in terms of organizing principles, learning capabilities (Kogut, 1991) and the level of technological development (Dunning, 1981) affects transferability, which suggests that social initiatives that are local-specific may be difficult to transfer to other countries.

These different contexts imply different demands on MNEs. In order to respond to them and gain legitimacy or reduce foreignness, institutional theorists often hypothesize firms often engage in citizenship programs (Gardberg and Fombrun, 2006). This includes a desire by a corporation to ensure a continued societal license to operate by creating trust, legitimacy and credibility with its stakeholder groups (Sethi, 1979). The perspective of institutional theorists recognizes individual institutional environments that make different demands on firms, and allows them to gain varying levels of legitimacy and performance (Kostova and Zaheer, 1999; Rosenzweig and Singh, 1991).

According to this institutional perspective, local engagement in host countries is seen as the optimal form of proactive CSR. Conformity to a local context, therefore, is often seen as an important strategy in the global management of citizenship programs. Some call this *strategic conformity* or *strategic similarity* (Chen and Heambrick, 1995; Deephouse, 1999). If citizenship programs are poorly conceived in the eyes of local stakeholders, they may also increase the liability of foreignness. Customizing the local content of citizenship activities mitigates perceptions of foreignness and facilitates assimilation (Gardberg and Fombrun, 2006). Companies may adopt specific local citizenship programs through the interaction of local stakeholders, which is consistent with DiMaggio and Powell's (1983) institutional isomorphism through coercion, mimicry or normative pressure. In other words, companies respond to the expectations of corporate citizenship in host countries, which are often called institutional forces.

Some scholars empirically show that MNEs place greater importance on local CSR responding to institutional pressures, consistent with the predictions of the institutional theory. Husted and Allen (2006), for example, argue that institutional pressures rather than strategic analysis of social issues and stakeholders can explain the behaviours of MNEs. All of these studies imply the difficulty in transferring social initiatives to other countries as they are embedded in local and institutional contexts.

B.2. Transferable: a normative lens

In contrast to the institutional perspective, to some, CSR initiatives are transferable. This stream of research provides reasons from a normative lens and thus they tend to be theoretical and prescriptive (e.g. Donaldson and Dunfee, 1994; Kytle and Ruggie, 2005). There are few empirical studies. For example, based on the social and financial data of a large sample of US companies, Bouquet and Deutsch (2007) argue that a firm's CSR reputation, once established, can be transferable and leveraged across markets, with low marginal costs (Robertson and Crittenden, 2003). Bouquet et al (2009) find that a company with average social performance achieves some limited recognition at home but is unable to transfer such domestic recognition to foreign markets. They argue that companies need either to realign their social program from a business case to a moral one emphasizing "doing the right thing" (below the average social investment) or to move up to a leadership position investing more in social activities than the average in order to enjoy some competitive advantage from their CSR. Though they provide useful empirical evidence that reputations for CSR can be transferable, they are ambivalent about the mechanisms that make them transferable.

Other scholars explicitly offer normative perspectives to explain why MNEs' CSR can be transferable. Because of potential reputational consequences, they argue that MNEs tend to implement CSR consistently in locations characterized by greater levels of social and

environmental responsibility elsewhere (Zyglidopoulos, 2002). In other words, international corporate reputation can serve as an enforcement mechanism for MNEs to replicate from one place to another their high standards for the environment and for social responsibility. Similarly, in an effort to mitigate social risks, MNEs may attempt to manage CSR in a consistent manner that helps deal with nonmarket actors who are increasingly playing a role as an international enforcement mechanism (Kytle and Ruggie, 2005). For example, the subsidiaries of a US-based MNE have to operate abroad under the restrictions of the Foreign Corrupt Practices Act, prohibiting bribery and other corrupt business practices by US citizens and companies conducting business overseas (Kaikati et al., 2000). In this vein, some predict that MNEs may begin to function as mechanisms for upward harmonization of CSR standards internationally (e.g. Tsai and Child, 1997). In a similar vein, using the resource-based view, Zaheer (1995) finds that importing home country organizational capabilities is a more efficient way to overcome the liability of foreignness than copying the local practices of successful local firms.

At the firm level, some scholars also offer normative mechanisms to predict transferability. They highlight the importance of normative integration in multi-unit organizations in gaining competitive advantage through sharing an inclusive goal among members of the organization (Edstorm and Galbraith, 1977; Ouchi, 1980). According to this view, the normative integration – such as the control of a parent company over its subsidiaries' decisions – is an important internal driver of the global standardization of various MNE activities (Christmann, 2004; Prahalad and Doz, 1981). Some provide particular prescriptions. Using CSR (e.g. code of conducts) is a way of guiding or controlling the behaviors of some stakeholders such as employees or suppliers as they relate to day-to-day operational concerns and/or stakeholder groups (Kolk et al. 1999). CSR is understood as an internal control system that maintains standards along the supply chain (Diller, 1999).

At a more global level, some business ethicists imply that MNEs can transfer their CSR because of the global, universal nature of many social and environmental issues. Donaldson and Dunfee (1994) propose the integrative social contracts theory (ISCT), which predicts convergence across countries in terms of a set of "principles regarding economic morality to which contractors would agree" (1994: 265) that they call a hypernorm or a category of universal ethical behaviour. Employing the ISCT, Spicer, Dunfee, and Bailey (2004) show empirical analyses that compare responses on an ethics survey of Americans working in Russia and in the US. They show that location has little effect on managers' attitudes towards hypernorms, but it has a significant effect on their attitudes towards local norms and how expatriates address ethical dilemmas outside the US.

B.3. Contingent: a strategic lens

A number of scholars imply that transferability is contingent upon factors that occur at the organizational level. The underlying argument of contingent views on transferability is that diverse stakeholders and conflicting value systems require complex CSR strategy responses (Husted and Allen, 2006; Logsdon and Wood, 2005). Levy and Kolk (2002) also argue that MNEs generally need to respond with coordinated global market and non-market strategies to issues relating to climate change.

This stream of research has delineated various factors that may affect transfer success. Some focus on the absorptive capacity of the recipient (Cohen and Levinthal, 1989) and the level of communication between the source and the recipient (e.g. *trust*, Levin and Cross (2004); *strength of the tie*, Hansen (1999), *intimacy*, Szulanski (1996)). This view considers CSR as a social process and finds various antecedents in the spectrum of headquarters – subsidiaries relationships. Subsidiaries that rely heavily on their parent company for resources and internal legitimacy are less likely to adopt local CSR practices (Yang and

Rivers, 2009). Edwards (1998) examines the use of coercive comparisons to pressurize subsidiary management to introduce best practices.

A firm's organizational structures, such as ownership structure (Goodrick and Salancik, 1996) or dispersion of knowledge across subsidiaries, play a role in shaping managerial strategies for diffusing technologies and initiatives within a firm (Lenox and Toffel, 2008). Lack of integration between departments can be a major obstacle to effective management of corporate environmental issues, which Hoffman attributes in part to communication failure between environmental managers and general business managers (Hoffman, 2000; Lenox and King, 2004). Fuller et al (2000) also underscore the formalization of a legal structure within organizations as a way to diffuse corporate codes within MNEs and to assure a company's legitimacy and license to operate. As organizational strategies that facilitate transfers, more traditional approaches incentivizing individuals–such as staff transfers and the effectiveness of pay –have been suggested (Edstrom and Galbraith, 1977; Russo and Harrison, 2005).

There is a growing number of works on the global management of CSR. Some theoretical papers hypothesize that MNEs transfer CSR initiatives only when they have global strategies. Building on the organizational strategy typology of MNEs developed by Bartlett and Ghoshal (1989), scholars have proposed typologies for the configuration of cross-border management of responsibility in MNEs that shape the governance mode of implementing a transfer (e.g. decentralized, international compliance, centralized, and globally integrated) (Hansen, 2002; Harwood and Humby, 2008; Maignan et al, 2002). With a sample of MNEs in Mexico, Husted and Allen (2006) find the empirical evidence that global MNEs place less importance on country-specific CSR than do multidomestic MNEs. Although these studies are useful to formulate global strategies, the traditional categorization

of global strategies may hide a substantial degree of hybridized strategies. These may be particularly important when MNEs deal with different types of initiatives simultaneously.

C. Characteristics: a cognitive lens

Paying greater attention to initiatives that are being transferred, some scholars find that transferability depends on certain cognitive elements of what is being transferred, such as codifiability or teachability. Rogers's (1980) research on transfer of innovation suggests that transfer success is influenced by certain attributes of innovation such as communicability, observability and complexity of the innovation. Drawing on the work of Rogers (1980) and Winter (1987), Zander and Kogut (1995) also find that the codifiability, teachability, complexity and product observability of a technology affect transfer success. Different types of knowledge, therefore, vary in their transferability. Codifiable knowledge can be articulated and easily communicated between individuals and organizations while tacit knowledge (e.g. know-how) is manifest only in its application – transferring knowledge from one individual to another is costly and slow (Kogut and Zander, 1992; Nonaka, 1994). Knowledge characteristics combined with the lack of absorptive capacity of a recipient are the most significant predictors of 'stickiness' according to Szulanski (1996).

In summary, previous research has studied transfer extensively in the context of operational initiatives such as technology and knowledge. While this previous research provides a foundation for the study of the transfer of CSR initiatives, it is an open question whether the findings are applicable to a social initiative. Below I first review the definition of CSR initiative, laying out various conceptualizations and discerning some of the distinct features of CSR initiatives. I then investigate predictions of the transferability of CSR initiatives based on the features of CSR examined in conjunction with earlier studies.

D. Distinguishing social initiative from operational initiative

D.1. Multidimensionality of CSR initiative

CSR is a notoriously ambiguous concept and some refer to it as an essentially contested concept (McWilliams et al., 2006; Moon et al, 2005). To a great extent, the definitional imprecision over CSR in the literature is on two fronts: the scope of CSR (narrow vs. broad) and the nature of CSR (normative vs. strategic) (e.g. motivations that guide CSR actions of business). The well-known neoclassical economic view of CSR by Friedman (1962: 133) states that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits." Friedman's famous assertion on CSR was against much broader conceptions of the social role of business, which Friedman viewed as fundamentally subversive. Preston and Post (1975: 52) argue that social responsibility is "vague and ill-defined," and propose public responsibility – broader than law and regulation, but narrower than the universe of social problems –as a replacement for social responsibility. Their work is seen as one of the early works implying interdependence between business and society. As the replacement for social responsibility, some argue for social responsiveness. Advocates see this line of thought as "a genuine replacement of the idea of 'responsibility' and … not simply one of those fashionable changes in phraseology that takes the scholarly community by storm" (Frederick, 1978: 6). However, critics point out that focusing on one dimension can lead to eliminating or deemphasizing considerations of other dimensions, such as business ethics (Wartick and Cochran, 1985).

Davis's (1973) commonly-cited definition of CSR is "the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm… to accomplish social benefits along with the traditional economic gains which the firm seeks"(1973: 312). One of the important contributions of Davis is that he explicitly states 'legitimacy' as a reason for businesses to be involved in solving social problems. He states:

"Society grants legitimacy and power to business. In the long run, those who do not use power in a manner that society considers responsible will tend to lose it" (1973:314).

Dimensions of CSR have become more specific as scholars have begun to place an emphasis on achieving results rather than conceptualizing the ambiguous meaning of CSR. Frederick (1978)[3] observes a shift in the scholarship of business and society from a moral focus on social responsibility (CSR_1) to a focus on social responsiveness (CSR_2). He describes the change in scholarly attention from defining responsibilities to investigating how companies respond to social claims. Carroll (1979) contends that corporate social performance(CSP) is a more pragmatic concept than corporate responsibilities, which is un-measurable. His well-cited conceptualization of CSP includes three dimensions. One aspect encompasses economic, legal, ethical and discretionary expectations that society has of organization at any point in time. The second is related to a range of social issues (e.g. consumerism, environment, discrimination, product safety and occupational safety) that management must address. The third concerns a social responsiveness continuum (i.e. reaction, defense, accommodation, and proaction). He places the economic responsibilities as primary responsibilities and lays out three more domains. But, he notes, "The different domain proportion reflects simply 'relative magnitude'; these four categories are not mutually exclusive nor cumulative, additive. They suggest what might be termed their fundamental role in the evolution of importance" (1979: 499). His model has gained popularity as it reflects the definitions offered in the earlier work and categorizes responsibilities in a more comprehensive manner. Consistent with Carroll's (1979) model, Wartick and Cochran (1985) add social issue management as a third dimension of the CSP model, which is based on two dimensions: principles of corporate social responsibility and the processes of corporate social responsiveness.

[3] In a paper subsequently published in 1994

In conjunction with earlier research (Carroll, 1979; Davis, 1973), a number of studies affirm that CSR encompasses multidimensional social issues in addition to traditional economic responsibilities. Scholars in the field of social issues in management tend to emphasize the interdependencies between society and business (e.g. Fredrick, 1994; Wood, 1991) and to broaden its parameters (Wood and Jones, 1995). In the early 2000s, the notion of sustainability or sustainable development became a central part of CSR discussions (Carroll and Shabana, 2010). A widely-used definition for sustainable development is "the development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development,1987), with a strong emphasis on the environment. Carroll suggests an additional responsibility: "The expectation that firms will be good corporate citizens in the global sphere is one of the latest mandates for CSR" (Carroll, 2004:116).

On the empirical side, since the concept of CSR is broad and ambiguous, studies have spawned a variety of CSR activities by categories such as beneficiary group and scope. They indicate that companies engage in different dimensions of social programs, policies, and projects, depending on the nature of their industry and their business exposure (Preston and Post, 1975; Wood and Jones, 1995). As early as 1979, Abbott and Monsen (1979) conducted content analyses of the annual reports of Fortune 500 companies and identified five primary categories that firms typically disclose: environment, equal opportunity, personnel, community involvement and products. Although the emphasis differs, the central concern of empirical studies appears to be value-oriented, process/product-oriented or stakeholder-oriented. For example, some empirical studies focus on companies' adherence or adoption to principles of responsibility; "CSR is often embedded within the legal and regulatory environment, particularly when adherence to (often unenforced) legal minima is treated as a baseline for good practice" (Fox, 2004: 3). Others view CSR as the principles motivating

CSR (e.g. Maignan and Ralston, 2002) and implementation of code commitments (e.g. Frenkel, 2001). Waddock et al. (2002) propose a total responsibility management framework that includes value-based practices and recognizes responsibility as built into the corporate vision and associated values. They note that the UN's Global Compact represents an example to promote value-based practices in global corporations. Some organizations have also begun using the term, *best CSR practice*, to refer to what are in fact merely rules of how certain organizational functions should be conducted and an accompanying set of cognitive elements (such as the concepts and categories by which these rules are described) (Kostova, 1999). The rules of a practice reflect a set of underlying values and beliefs (Hofstede, 1991). Concepts such as social responsibility and corporate giving are often instrumental for explaining the rules that reflect a set of underlying values and beliefs (e.g., beliefs about what ethical business conduct is). For instance, the Co-operative Bank, Ben & Jerry's, and the Body Shop have made their name by adopting CSR-style ethical principles (Hopkins, 2010).

CSR practices can also be inferred from processes that companies take. Jones argues that it is very difficult to reach consensus as to what constitutes socially-responsible behaviour, and posits that CSR ought to be seen not as a set of outcomes but as a process (Jones, 1980: 65). Poist (1989) provides early consideration of social responsibility in the supply chain, suggesting a total responsibility approach that adds societal issues to traditional economic drivers of supply chain management. Other researchers highlight the importance of CSR in various dimensions of supply chain management: logistics social responsibility (Carter and Jennings, 2000), procurement (Haynes and Helms, 1991), affirmative action purchasing (Carter et al, 1999; Giunipero, 1981; Sprtlen, 1978) and purchasing social responsibility (Carter and Jennings, 2002). Others also provide CSR value-embedded manufacturing processes including CSR-consistent process (Husted, 2003), integration of ethical principles into strategic decision-making (Carroll, 2004) and environmentally-friendly

process (Shrivastava, 1995). In a similar vein, McWilliam and Siegel (2001) note that CSR is embedded in the production process when firms produce products in a socially-responsible manner (such as naturally-occurring insect inhibitors and organic fertilizers). They further argue that a firm can create a certain level of CSR by embodying its products with CSR attributes (such as pesticide-free fruit) (McWilliam and Siegel, 2001:119).

Some international indexes for corporate social performance also are based upon multiple dimensions of social areas. The KLD (Kinder, Lydenberg, Domini) indicators, widely accepted as social screens among investors and analysts (Wood and Jones, 1995), include various subjects such as product liability, community relations, employee relations, environmental protection, and women's and minority issues. The GRI (Global Reporting Initiative) framework, an internationally-recognized standard adopted by more than 1,000 companies in 2008 (IFA, 2008) provides six categories of nonfinancial indicators as areas of CSR activities. The six classifications include economic, environment, labor, human rights, product responsibility and society (see Appendix III for a detailed list of indicators).

D.2. Stakeholder Multiplicity

With respect to another dimension of CSR, relational context, researchers take the stakeholder management approach as a springboard to go beyond or to integrate economic and social typologies and develop an alternative scholarly agenda. Preston and Sapienza (1990) trace the term, *stakeholder*, back to the classic formal statement by Harvard Law professor E. Merrick Dodd in 1932. Dodd quoted the views of General Electric executives and others who identified four major stakeholder groups: shareholders, employees, customers, and the general public. A more formal appearance in print was in 1947 when Robert Wood Johnson's list of "strictly business" stakeholders – customers, employees, managers and shareholders –was published (Preston and Sapienza, 1990). Carroll (1991: 42)

links CSR and stakeholder theory, observing, “There is a natural fit between the idea of corporate social responsibility and an organization’s stakeholders.” He argues that the stakeholder concept, popularized by Freeman (1984), personalizes social responsibility by delineating specific groups or persons that business should consider in its CSR orientation and activities.

Researchers have proposed various taxonomies of stakeholder theory (e.g. Donaldson and Preston’s [1995] tripartite division: descriptive, normative, and instrumental). Freeman and Reed (1983) make a distinction between broad versus narrow definitions of stakeholders. According to the broad conceptualization of Freeman’s classic definition, external stakeholders are defined as "any group or individual [in the company's environment] who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984: 46). In contrast, some stakeholder theorists have introduced narrow definitions considering that in reality managers cannot meet all actual or potential claims. Clarkson offers one of the narrower definitions, using risk to denote stake: “Voluntary stakeholders bear some form of risk as a result of having invested some form of capital, human or financial, something of value, in a firm. Involuntary stakeholders are placed at risk as a result of a firm’s activities. But without the element of risk, there is no stake” (Clarkson, 1995: 5). The core difference between the two views lies in the treatment of those stakeholders who may not have legitimate claims, but are nonetheless able to affect or are affected by the firm (Mitchell, Agle and Wood, 1997). Nonetheless, both views appear to point out the extended concept of stakeholders other than shareholders who may affect a firm’s performance.

Studies by proponents of stakeholder theory typically address beneficial consequences of engaging a range of stakeholders and reiterate the importance of paying attention to various stakeholder groups (Jones and Wicks, 1999). Institutional theorists recognize that powerful stakeholders controlling resources can influence companies’ corporate citizenship

behaviors (DiMaggio and Powell, 1983; Pfeffer and Salancik, 1978). Consistent with this view, employing the resource dependence theory, Mitchell et al (1997) elaborate on the importance of stakeholders to a firm especially when the stakeholders control resources needed by the firm. They further specify factors that identify important stakeholders, i.e. relative power, legitimacy and urgency. Drawing upon multiple theories (agency theory, transaction-cost economics, and team production theory), Jones places a firm in contracts with its stakeholders and argues that firms that contract on the basis of trust and cooperation can gain competitive advantages by reducing costs of opportunism: "Firms that contract (through their managers) with their stakeholders on the basis of mutual trust and cooperation will have a competitive advantage over firms that do not" (Jones, 1995: 422).To reiterate the importance of stakeholders, Wood and Jones (1995) theorize the four potential roles that stakeholders play, i.e. sources of expectations, recipients of corporate actions, evaluators of the firm's behaviors, and proactive agents promoting their interests.

Some empirical studies also show that stakeholders can exert some influence over the firm. Using the contexts of selected stakeholder groups, some scholars show how stakeholder relations can mediate or moderate the potential link between corporate social performance (CSP) and corporate financial performance. Wood and Jones (1995), for example, show that product recalls are expensive, and negatively affect profitability, and cause a decrease in consumer confidence. Turban and Greening (1997) find a positive link between CSP and corporate reputation, which subsequently has a positive effect on employee recruitment. Bhattacharya and Sen (2004) specify certain conditions under which consumers respond to a firm's social activities. They find that a positive relationship between purchase behaviour and CSR exists only when the consumers support the issue central to the firm's social responsibility effort, when there is a high firm-to-issue fit, when the product itself is of high quality, and when consumers are not asked to pay a premium for social responsibility

(Bhattacharya and Sen, 2004:18). This may point out further complexity. In other words, there are differences in the sensitivities of stakeholders on CSR issues, which may add complexity to the already-complicated relationships between firms and stakeholders. With the recognition of the growing presence of global stakeholders, Carroll (2004) proposes a "Pyramid of Global Corporate Social Responsibility and Performance" that incorporates global business stakeholders. The core idea is largely consistent with his prior model, but is refined for global companies by incorporating issues, such as meeting the host country's expectations, obeying international laws, and global standards.

Taken together, these studies suggest a growing attention to stakeholder management rather than a limited shareholder-centric approach. In a similar vein, reputation scholars tend to conceptualize corporate reputations as a reflection of a firm's relative success in fulfilling the expectations of multiple stakeholders (e.g. Fombrun and Shanley, 1990: 235). In sum, the existence of complexities and multiplicities in the area of business and society has been reinforced rather than relieved in the parallel conceptual work on stakeholder theory.

E. The effects of characteristics of CSR on transferability

As implied above, scholars have given little consideration to the characteristics of CSR initiatives in a burgeoning field of CSR scholarship. In the remainder of this chapter, I review predictions about the effects of the characteristics of CSR on transferability, drawing upon the findings in the literature on the transfer of operational initiatives. More specifically, I make a distinction between input ambiguity associated with the multidimensionality of CSR and output ambiguity that partly results from stakeholder multiplicity. I examine what the literature predicts about the transferability of CSR initiatives that involve causal ambiguity or outcome ambiguity.

E.1. Multidimensionality and transferability

As noted earlier, CSR is no longer limited to uni-dimensional concerns over financial returns. Multidimensionality may result in some ambiguities regarding what constitutes a firm's CSR reputation. Jones (1980) also contends that it is very difficult to reach consensus as to what constitutes socially-responsible behavior. There are uncertainties as to precisely what the inputs of CSR are and how they interact. Therefore, it is difficult to list different future outcomes (ex-ante) and hence hard to measure the contribution of each input. In practice, companies often get involved in multiple CSR initiatives ranging from HR-related ones to those involving environmental issues. Some firms enjoy a good reputation for their corporate social performance – more favorable than what they deserve – but the factors that make them successful are often not decipherable. This observation is echoed by Jones (1995) who assets that the cumulative reputation acquired by a firm is ambiguous with multiple sub-corporate moralities that are often inconsistent and changing.

Uncertainties relating to inputs that constitute CSR are reflected in the plural measures available to evaluate CSP. CSP is often defined as "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships" (Wood, 1991: 693). In line with the typologies, much research has employed different proxies for social performance. Examples include disclosure (social/environmental reports) (e.g. Stanwick and Stanwick, 2006); stakeholder-specific measures such as employer attractiveness (Greening and Turban, 2000), employee satisfaction with management and board (Waddock and Graves, 1997), customer attitude (Paul et al, 1997), charitable giving (Fombrun and Shanley, 1990); or governance-related issues such as institutional ownership (Graves and Waddock, 1994) and board structure (Jones, 1986) (See Appendix IV for more examples).

Researchers recognize the uncertainty about what specific actions should constitute the behaviours of good corporate citizens. Wood and Jones (1995) point out the mismatch between what is measured for social performance. They state that, "many of these measures have no underlying logic that explains why the variables being measured and correlated are supposed to produce meaningful results" (1995: 238). Porter and Kramer (2006) also argue that the choice of criteria for various CSR ratings does not always accurately reflect corporate social impact. For example, the Dow Jones Sustainability Indexes weigh aspects of economic performance in the evaluation of a company more heavily than corporate citizenship. By contrast, the FTSE4Good Indexes, managed by FT, contain no measures of economic performance to measure social performance (see Chatterji et al., 2009 for more examples). Wartick and Mahon (2009) point out the limitation of KLD and similar ratings used as aggregate measures of overall CSP and label them unsound both theoretically and methodologically. Wood (2010) specifies this view and argues that even a highly ranked company could perform abysmally on some key dimensions and a poorly ranked company could do better on other unobserved dimensions. In sum, outcomes –such as a reputation for being socially-responsible – can be known, but the causes or inputs of an outcome are ambiguous, or, to put it another way, causally ambiguous.

Causal ambiguity (i.e. the basic ambiguity concerning the nature of the causal connections between actions and results) (Lippman and Rumelt, 1982: 420) has long been employed by scholars in strategic management and organizational theorists. Examples include inter-firm differences in profitability (Lippman and Rumelt, 1982), knowledge transfer (Simonin, 1999; Szulanski, 1996), and speed of the diversification event (Mosakowski, 1997). Causal ambiguity is often understood as a continuum that describes the degree to which decision-makers understand the relationships between organizational inputs and results (Lippman and Rumelt, 1982; King, 2007). Lippman and Rumelt (1982) argue that

replicating a capability is difficult when there is ambiguity about what the factors of production are and how they interact among production. Szulanski et al. (2004) explain that causal ambiguity exists when the factors explaining the practice's performance cannot be precisely determined (not even *ex post*), and refer it to as "irreducible causal ambiguity." Rumelt elaborates on the conditions under which ambiguity exists: "When the precise reasons for success or failure cannot be determined, even *ex post*, causal ambiguity is present and it is impossible to produce an unambiguous list of the factors of production" (Rumelt, 1984: 562). King and Zeithaml (2001) identify the tacitness of the knowledge in question as an indicator of causal ambiguity and find that the more tacit the knowledge in question, the greater the associated causal ambiguity.

Causal ambiguity is typically associated as an obstacle that hinders the transfer of practices. Rogers's (1980) work on the transfer of innovations is one of the earliest pieces pointing out that the characteristics of what is being transferred, such as communicability and observability, affect the success of transfer. Following Rogers (1980), Kogut and Zander (1993, 1995) argue that transfer success is largely influenced by certain attributes specific to what is being transferred (technology in this case), such as the codifiability and teachability of a technology. Others also contend that complex and causally-ambiguous knowledge could be inert, in which case its transfer will require re-construction and adaptation at the receiving end of the transfer (e.g., Attewell, 1992). Applying the framework of communication theory (Arrow, 1969), Szulanski (1996) – who has theorized significantly on the barriers to knowledge transfer – argues that causal ambiguity is one of the most significant predictors of stickiness (or transfer difficulty). Simonin (1999) finds that when the degree of ambiguity is high, the difficulties associated with "repatriating and absorbing competencies" are increased (c.f. tacit-articulated dimension of knowledge: Zander, 1991). Priestley and Samaddr (2003) make an analogy between transfers with substantial causal ambiguity and asset specificity

that lacks transferability. In other words, when knowledge is causally ambiguous, it is unlikely to be specified to the source and so impedes transfer.

In summary, the existing literature predicts that the degree of causal ambiguity of operational initiatives is inversely correlated with the transferability of the practices.

E.2. Stakeholder multiplicity –transferability

As discussed above, it has become apparent that CSR is no longer reduced to attention alone, or to the concerns for one stakeholder group over another. In practice, companies often define stakeholders more broadly and implement CSR-type values without a clearly-defined program. Many CSR programs are designed to benefit multiple stakeholders. MNEs, in particular, often have to cope with various stakeholders in different countries. Managers need to find ways to develop programs, policies, strategies, products and services that satisfy multiple stakeholders simultaneously (Freeman et al, 2006).

The multiplicity of stakeholders often leads to difficulties in assessing outcomes of CSR in objective ways, either *ex ante* or *ex post*. A growing body of research has reported that the real-world impact of CSR is multifaceted (e.g. Sen et al, 2006) as stakeholders have varying expectations, which also vary across industries (Gardberg and Fombrun, 2006). According to the stakeholder-driven perspective on the returns to CSR (e.g. Donaldson and Preston, 1995; Maignan and Ferrell, 2004), one individual stakeholder could maintain multiple simultaneous stakeholder relationships with several companies (e.g. prospective employees and prospective investors) and thus stakeholders' reactions to CSR in the marketplace are not limited to buying more products, but are "multifaceted" – e.g. seeking employment (Greening and Turban, 2000) or investing in the company (Sen et al, 2006: 159). For instance, Maignan et al (2005) note that while the organization may display exemplary behaviour with respect to one stakeholder issue, it may fail to properly address another

stakeholder concern. By contrast, Preston and Sapienza (1990) find that benefits to one stakeholder group can be benefits to another group (i.e. not a zero-sum game) based on their analysis of the *Fortune* corporate reputation survey. Tichy et al. (1997) provide examples of poorly conceived or implemented corporate citizenship activities that have actually diminished stakeholder perceptions and, ultimately, the performance of a firm (quoted in Gardberg and Fombrun, 2006).

Some empirical studies show how a firm's relationships with stakeholders can mediate or moderate returns to CSR. There is a great deal of research demonstrating the links between the quality of a company's stakeholder relationships and its wider economic, social and environmental performance (Griffin and Mahon, 1997; Ullmann, 1985). Wood and Jones (1995) highlight the complex causal link between CSP and financial performance.

Researchers have found that favorable stakeholder relationships help strengthen the link between CSR and corporate financial performance (Barnett, 2007). With a case study, Berman et al. (1999) show that a company's commitment to multiple stakeholders mediates the relationship between strategy and performance, which implies that stakeholders affect the performance of a firm, as stakeholder theorists argue (Freeman, 1984; Freeman and Gilbert, 1988). Russo and Fouts (1997) also show that enhanced relationships with key stakeholders yield cost savings as well as increase revenues while others identify some HR-related benefits from favorable relationships with stakeholders (e.g. high retention rates in Greening and Turban, 2000). Simply partnering with highly recognizable partners, such as Amnesty International, can reduce uncertainty and increase reputational gains for the firm (Margolis and Walsh, 2003).

Much of the empirical research tends to relate stakeholder issues in terms of the bottom line to shareholders (Harrison and Freeman, 1999; Hilman and Keim, 2001). It takes an "instrumental approach" (Jones, 1995) in which the enlightened self-interest of a

shareholder embraces concern for other stakeholders. This stream of research implies that the quality of stakeholder relationships can affect ultimate outcomes from CSR initiatives, and acknowledges that some uncertainties rest with those outcomes.

Another problem causing uncertainty regarding outcomes is that the ethical behavior of a company, especially with an average social performance, is typically not rewarded or even noticed (e.g. Bouquet et al, 2009; Wood, 2010). Wood (2010) elaborates: "Ethical, responsible conduct often results in nothing more than a lack of visible harmful outcomes, but such a lack might be attributable instead to luck, clever manipulation or even suppression of the voices of the injured" (2010: 62).

The research discussed above indicates the existence of uncertainties related to the assessment of outputs. Some scholars term this as unintended consequences of CSR (Lantos, 2001) or contingent returns to CSR (Margolis and Walsh, 2003; Rowley and Berman, 2000; Ullmann, 1985).

The contingent returns to CSR are, rather, like the outcome ambiguity discussed in the literature on transfer. Outcome ambiguity is defined as "the degree of uncertainty related to the assessment of the outcomes consequent to a given decision or to the execution of a given task" (Zollo, 2006: 6). Priestley (2003) specifies potential conditions for outcome ambiguity: i.e.1) when the knowledge in question has no record of past usefulness – neither the source nor the recipient can know the outcomes associated with its application (i.e. the outcomes are unknowable) or 2) uncertainty is embedded within the relationship between the knowledge source and the knowledge recipient(s). The basic premise is that the knowledge recipient can put the received knowledge to more than one use. That is, multiple possible actions could be followed once the knowledge has been received (Priestley, 2003). Similarly, Leonard-Barton (1990) identifies a situation wherein the recipient usurps some of the roles of the source

partly due to poor coordination between the source and the recipient, which hampers the transfer process.

Outcome ambiguity is found to inversely affect the transferability of operational initiatives. In the context of knowledge transfer, Szulanski (1996) finds that knowledge without a proven record of past usefulness is difficult to transfer. It is less likely to induce attention from recipients unless they see potential values from transferring the initiative in question. On the other hand, Rice and Rogers (1980) attribute the existence of outcome ambiguity to the quality of relationships between the source and the recipient, or specifically to the predisposition of the recipient who might ignore the source's recommendations and thereby create ambiguities in the outcome. This in turn, discourages the source from getting involved in transfers or makes the transfer process difficult. These findings may have some implications in the context of CSR transfers. If a firm is uncertain whether it can achieve its intended objectives from transferring CSR, especially given that CSR initiatives are typically multifaceted and outcomes are difficult to assess objectively, the firm may be unlikely to get involved with CSR transfer.

F. Missing view: further research

The transfer of operational initiatives has been well-documented and has emerged as an important management issue for continuous organizational performance improvement (Szulanski, 1996). Scholars have extensively studied it in the context of knowledge-based or other operational activities, such as particular HR initiatives and technologies. Though these insights on operational initiative transfer are important, this body of research largely examines operating initiatives that involve a dyadic relationship between corporate headquarters and subsidiaries. The primary concern of these transfers is to improve internal operational performance. In contrast, CSR, as a multidimensional construct (Carroll, 1979),

denotes a broad range of organizational initiatives that deal with the role of a firm in society. Though some CSR initiatives concern internal changes, CSR extends to externally focused activities such as identifying socially-responsible partners (Mackey, Mackey and Barney, 2007), and engaging in community programs and volunteer efforts (Marquis, Glynn and Davis, 2007). This may point to a need to validate our prior understanding concerning the conditions for successful transfers. More specifically, the following gaps in the literature deserve more attention.

First, despite the large volume of studies on conceptualizing distinct characteristics of CSR, such as multidimensionality and stakeholder multiplicity, the literature is largely silent on how such attributes may affect transferability. However, studies on practice transfer suggest that the characteristics of what is being transferred affect the success of a transfer (e.g. Kogut and Zander, 1993). Lippman and Rumelt (1982) observe that ambiguity acts as a significant barrier both to imitation and to factor mobility. Coinciding with a resurgence of interest (Baden-Fuller and Winter, 2005; Kogut and Zander, 2003; Szulanski, 1996, 2004, 2008), researchers have encouraged a greater attention to formal accounts of ambiguity in future research (Simonin, 2004: 421). CSR associated with a more-than-usual level of ambiguity may present an interesting context in which to study transfer.

Second, some previous research implicitly assumes that firms engage in transfers of rather unitary practices, such as knowledge (e.g. Kognut and Zander, 2003) and innovation (Ghoshal and Bartlett, 1988). CSR initiatives largely address social issues and are rarely singular or simplistic. There is a broad consensus in the literature that CSR is a multidimensional construct (Carroll, 1979). In practice, a company's social performance is also evaluated in a variety of dimensions, such as philanthropic activities, reduction of adverse environmental impacts, and the good treatment of employees (e.g. Orlitzky and Benjamin, 2001; Turban and Greening, 1997; Wood, 1991). Prior research finds that the

characteristics of what is being transferred affect transferability (e.g. Winter, 1987; Zander and Kogut, 1995). One would expect that different types of CSR may differ in their transferability. We have little knowledge about transfers that involve a bundle of initiatives that are not homogeneous.

Another underlying assumption in previous studies, which may not hold in the context of CSR transfer – is that the exact replication of an original initiative – including both structural and cognitive components, is a significant predictor of transfer success. Scholars single out certain attributes, such as 'codifiability' (Rogers, 1980; Winter, 1987) and 'communicability' (Rogers, 1980) as central to the smooth realization of transferred programs (Grant, 1996; Nonaka, 1994). Some advance further the replication strategy further by emphasizing accurate, template-based replication that refrains from modifying proven knowledge and systems (Szulanski and Jensen, 2008; Winter and Szulanski, 2001), often referred to as 'copy exactly'. Szulanski, Winter and Cappetta (2002) imply that inaccurate replication of a template leads to unsatisfactory performance.

However, CSP is often judged not only by a result but also by a process. More formally, CSP is defined as "a business organization's configuration of principles of social responsibility, processes of social responsiveness, and policies, programs, and observable outcomes as they relate to the firm's societal relationships" (Wood, 1991: 693). This means that 'copy exactly' may not be feasible in the context of CSR or may not be a crucial condition for transfer success. MNEs engage in CSR programs primarily to create intangible assets (Gardberg and Fombrun, 2006). Despite an inaccurate replication, if the transfer in question has created some values between the source and the recipient, such as trust, firms may consider the transfer a success.

This study aims to address some of the identified gaps. Building upon prior research, subsequent chapters address the issue of CSR transfer and investigate the factors that influence transfer success.

Appendix I. Selected literature on cross-country studies on CSR

Author	Research design	Main findings
Baughn et al. (2006)	Analyzing differences in social and environmental CSR in 15 Asian countries compared to 104 other countries	A significant relationship between GNP and company behaviour toward CSR
Bondy et al. (2004)	Comparing the content and the intent of UK, Canadian, and German companies' codes of conduct	Canadian companies focused on workplace issues; German companies on triple bottom line and sustainability issues, and UK companies on all the three issues
Brammer et al. (2005)	An individual attitudes survey with a sample of 1000 individual respondents in 20 countries	Investigated the relationship between religious denomination and individual attitudes to CSR; Religious individuals hold broader conceptions of social responsibility
Cruz and Pedrozo (2009)	2 inductive case studies of French MNEs in the retail sector.	Identified challenges that MNEs face in managing their CSR programmes; the governance structure; corporate ethics and organizational learning (awareness and information exchanges about CSR).
Gladwin and Walter (1976)	Surveys of pollution-intensive MNEs in Western Europe and North America	Compared pollution-control practices; varying from firm to firm and country to country
Langlois and Schiege lmilch (1990)	Survey and content analysis of the corporate codes of ethics from 189 European companies (French, British and West German), compared with American firms	1) European firms were significantly less likely to adopt codes of ethics; 2) While ethical issues transcended national boundaries, code content still reflected distinct national emphases.
Mohan (2006)	A case study of CSR management in the two MNEs	Global CSR strategies were determined by the interplay of firms' strategic choices, internal design processes and the influences of regulatory, normative and cognitive environments
Naeem and Welford (2009)	A comparative study of CSR of companies in Bangladesh and Pakistan	Using Global Compact's CSR categories, 130 firms are surveyed; little difference between Bangladesh and Pakistan in terms of the sensitivity of businesses to CSR
Quazi and	A survey of CEOs in the food and	1) CSR is two-dimensional and

O'Brien (2000)	textile companies operating in Australia (n=102) and Bangladesh (n=218)	universal in nature; 2) Differing cultural and market environments had little impact on their ethical perceptions
Rondinelli and Berry (2000)	Content analysis of 38 MNEs (more than $1 billion in sales across industries and groups) environmental performance reports	Similar sustainable development programs were found across industries and firms of different sizes.
Williams and Pei (1999)	Content analysis of annual reports and web sites of 172 companies from Australia, Singapore, Malaysia, and Hong Kong	Firms from Australia and Singapore provided more social disclosure information on their web sites than in their annual reports.
Baughn et al. (2007)	A survey of 8,700 firms in 104 countries	Found positive relationships between CSR and economic development, economic freedom, political freedom and clean government
Sholtens (2009)	A survey of 32 banks in 15 countries from North America and Europe	Assessed the banks' reporting, adopting international codes, the availability of financial products and social conduct; found no significant effects of country
Welford (2005)	Large companies' written policies on CSR in 15 countries across Europe, Asia, and North America,	Found fewer companies in Asia had CSR policies on HR than those in Europe or North America.
Naeem and Welford (2009)	Local companies vs MNEs in Bangladesh and Pakistan	A comparative study between local companies and MNEs based on written policies
Kurokawa and Macer (2008)	20 largest companies in 8 Asian countries	CSR web-content comparisons from 20 largest companies in 8 Asian countries
Lam (2009)	CEOs in China (Local vs MNEs)	Examined the perceptions of Chinese executives concerning CSR in the Chinese subsidiaries of 11 US MNEs; identified key challenges that prevent Chinese subsidiaries from becoming corporate citizens in China
Muller (2006)	Mexican subsidiaries of 7 European MNEs in the automotive industry	In a 'lower CSR context' such as Mexico, decentralized decision-making is associated with higher local CSR performance.

Appendix II: Selected studies on transfer

Authors	Unit of analysis	Method	Initiative
Arrow (1969)	Firm	Case study	World-wide diffusion of technology
Teece (1977)	Firm	Case study	Technology transfer
Nelson & Winter (1982)	Firm	Case study	Knowledge transfer – replication
Ghoshal & Bartlett (1988)	Subsidiary	Survey	Creation, adoption and diffusion of innovations by subsidiaries
Zander & Kogut (1995)	Firm	Survey	Transfer of knowledge (manufacturing capabilities)
Szulanski (1996)	Firm	Survey	Transfer of best practice
Kostova (1999)	Firm	Survey	Transfer of strategic practice
Winter & Szulanski (2001)	Firm	Case study	Transfer of knowledge
Kostova & Roth (2002)	Subsidiary	Survey	Adoption of organizational practice by subsidiaries
Szulanski & Jensen (2004)	Firm	Single case study	Transfer of knowledge (e.g. template)
Szulanski & Jensen (2006)	Firm	Case study	Transfer of knowledge

Appendix 1II: Multidimensional CSR issues

Economic Responsibility	Environmental Responsibility	Social Responsibility			Product Responsibility
		Labor practices	Human rights	Society	
Economic performance	Materials	Employment	Investment & Procurement	Community	Customer health & safety
Market presence	Energy	Labor/Management Relations	Non-discrimination	Corruption	Product & service labeling
Indirect economic impacts	Water	Occupational Health & safety	Freedom of association & collective bargaining	Public policy	Marketing communication
	Biodiversity	Training & education	Child labor	Anti-competitive behavior	Customer privacy
	Emissions, effluents & waste	Diversity & Equal opportunity	Forced labor		
	Products & services		Security practices		
	Transport		Indigenous rights		

Source: GRI (Global Reporting Initiative)

Appendix IV. Proxies used for social activities in the literature

Proxies used for social activities	Examples
Multiple stakeholder management practices	Morris, 1997; Papasolomous-Doukakis et al, 2005
Multiple stakeholder communication strategies	Starik, 1990
Stakeholder practices: employees	Longo et al. 2005; Abreu et al. 2005
Stakeholder practices: customers	Kedia and Kuntz 1981
Stakeholder practices: suppliers	Mamic 2005; Maloni and Brown 2006
	Pedersen and Andersen 2006
Charitable giving	Ingram 1978; Keim 1978; Levy and Shatto 1980
	Fombrun and Shanley 1990; Brammer and Millington 2004, 2008
Social reports	Epstein et al. 1976; Rey 1980; Antal 1985
	Dierkes and Antal 1986
KLD ratings	Graves and Waddock 1994
	Sharfman 1996; Waddock and Graves 1997
	Griffin and Mahon 1997; Turban and Greening 1997
	Berman et al. 1999; Johnson and Greening 1999
	Greening and Turban 2000; Waddock et al. 2000
	Hillman and Keim 2001; Waddock and Graves 2006
Governance: institutional ownership	Coffey and Fryxell 1991; Graves and Waddock 1994
	Kumar et al. 2002; Neubaum and Zahra 2006
	Cox et al. 2004, 2008
Governance: board structure and shareholder law	Jones 1985, 1986
Social reporting	Dierkes 1980
	Kolk et al. 2001; Kolk 1999, 2005
Stakeholder expectations	Longo et al. 2005; Abreu et al. 2005
Ethics policy adopted or agreed to	Boyle et al. 1997
Affirmative action and/or diversity practices	Lerner and Fryxell 1988
	Waddock and Graves 2006
Product safety and quality practices	Chen et al. 2008; Pivato et al. 2008
Political contributions	Lerner and Fryxell 1988
Lobbying and corporate PAC activity	Masters and Keim 1986
Issues Management Association membership	Wartick 1988
Settlement of discrimination lawsuit or charge	Wright et al. 1995
	McWilliams and Siegel 1997
Irresponsible behaviors towards stakeholders	Wagner et al. 2008
Reputation: Fortune 'Most Admired' rankings	Spencer and Taylor 1987; McGuire et al. 1988
	Preston and Sapienza 1990; Brown and Perry 1994, 1995
	Sharfman 1996; Brown 1997, 1998
	Preston and O'Bannon 1997
	Griffin and Mahon 1997
	Szwajkowski and Figlewicz 1997
Impacts of stakeholder dialogue practices	Burchell and Cook 2006
Impacts of CSP practices on company innovation	Pavelin and Porter 2008

Source: Extracted from Wood's (2010)

CHAPTER 3. METHOD – STUDYING THE TRANSFER OF INITIATIVE

As discussed in the previous chapter, CSR initiatives differ in the extent to which they involve stakeholders, and they are applied in different contexts. These variations may determine the success, or failure, of each transfer. Each CSR initiative is, thus, a unit of analysis for investigation in this study. I analyze 30 different CSR initiatives – 15 transferred from India to China, and 15 to the UK. Holding constant other factors relating to a firm by focusing on a single Indian MNE, Infosys, I vary locations: India, China and the UK. The objective is to examine the effects of initiative characteristics and contexts or - a combination of the two - in the success, or failure, of transfer. I use qualitative data collection together with the formal logic of fuzzy-set analysis. The initial data were gathered through participant observation at the Bangalore headquarters from January to April, 2009. Other data sources include 70 interviews carried out in India, the UK and China, and archival data (see Appendix II). The chapter first discusses the premises that underlie the choice of research method. There follows the data sources and the process of collecting, reducing and analyzing the data. The chapter closes with the methodological issues arising from the field work, and suggestions for future study.

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A. Five research premises

The following five premises underlie the choice of research methodology:

A.1. Studying the transfer of CSR initiative requires both explorative and confirmatory => inductive + deductive

Research into the transfer of operational initiatives has been studied extensively (e.g., Ghoshal and Bartlett, 1988; Rogers, 1980). CSR initiatives, as organizational practices, share some similarities with the findings that underlie in the international business literature. This may suggest a deductive approach that works from general to specific. Yet, as discussed above, CSR initiatives also differ from operational initiatives in that they involve society and encompass various kinds of activities. This complexity may point to a need for an inductive approach (Glaser and Strauss, 1967) wherein insights are induced through interpretive means. Thus, in order to gain a full understanding of CSR transfer, I coupled an inductive and deductive methodology (e.g., Hoffman and Ocasio, 2001; Miles and Huberman, 1984), following the suggestion by Cyert and March (1963: 3) in coupling "detailed observation of the ways in which business organizations make decisions" with "a commitment to theoretical generality."

This research, therefore, proceeded in two phases. First, I began with a set of research questions and causal conditions derived from my observation in the field, as well as theories on the transfer of operational initiatives. In the first phase, data collection was primarily through participant observation and semi-structured interviews, combined with archival data,[4] which produced contextual accounts and insights into the micro-processes occurring within Infosys. This process aimed to identify cases of transfer and to explore potential causalities between attributes of each CSR case and transferability. The informal and formal interviews were conducted to understand the rationale and underlying relationships between potential

[4] see p. 64 for more details

factors and transfers. In the second phase, using a fuzzy-set analysis, I deduced the theoretical propositions about the conditions for the success or failure of transfer. The deductive analysis helped move beyond the cases to derive general theoretical propositions about CSR transfer. Combining inductive methods with the validated constructs in the literature yields a frame of reference for investigating CSR transfer.

This approach is also consistent with some of the research in international business. In their study of identifying determinants for the successful diffusion of innovations, Ghoshal and Bartlett (1988) conducted case research in nine companies in the first phase to identify and document specific cases of innovations. In the subsequent phases, surveys were conducted to test hypotheses derived from the qualitative data. The two-phase research design in this study also helps enhance internal and external validities. Researchers highlight the importance of combining the hard quantitative data with qualitative data – some refer to this hybrid, which ranges from 'fine grained' to relatively 'coarse grained' (Harrigan, 1983). Mintzberg (1979) emphasizes the importance of soft data in theory building as follows:

> For while systematic data create the foundation for our theories, it is the anecdotal data that enable us to do the building. Theory building seems to require rich description, the richness that comes from anecdote. We uncover all kinds of relationships in our hard data, but it is only through the use of this soft data that we are able to explain them (1979: 587).

A.2. The implementation of CSR may differ between internal and external initiatives. CSR includes external initiatives => participant observation

One of the distinct features of CSR initiatives is that they include initiatives implemented both externally and internally. For example, some of eco-awareness initiatives, such as 'No Plastic Cups At Work', were internally implemented, while programs like the

'Say No To Disposable Chopsticks' campaign were externally promoted. A large number of activities were designed to benefit internal stakeholders like employees. Understanding the implementation and outcome of internal initiatives may be hard to grasp as companies may not disclose all information. Stated objectives may differ in actual implementation, and CSR may generate unintended consequences. Gaining insight and understanding of the actors involved in CSR programs is crucial to select the scope of CSR in this study. If CSR initiatives include certain routines and values that emerge from myriad interactions amongst organizational members, it is important to comprehend the internal dynamics of these initiatives, such as inter-departmental conflicts that cannot be observed from outside. Melhuus et al (2009: 58) also suggested that the field of CSR may be studied by the anthropologist positioning herself at the crossroads or interface: "It is at the very interfaces of organizations that one may come to understand what corporate social responsibility is all about, where one can get a sense of the different versions that are played out and the temporary consensus that may emerge, following negotiations."

Given this consideration, participant observation seemed a logical method by which to pursue the study. I took up the opportunity to work for the company for a three-month long stretch in February to April 2009, at Infosys headquarters in Bangalore. I stayed at the corporate accommodations on campus during this period. Infosys Bangalore Campus has 2,084,836 sq ft of space (Rediff, 2005), which is 208 times bigger than the space of the Blackwell bookstore in Oxford (10,000 sq ft). My primary responsibilities included producing its annual sustainability report with the team of the Infosys Sustainability Executive Council. My role in the company somewhat varied in the widely used fourfold typology of participant observation: complete observer, observer as participant, participant as observer, and complete participant (Gold, 1958; Junker, 1960), over the course of my stay in India. As a complete participant, I found myself involved in the inter-departmental tensions

between the sustainability-related business units and established functional departments. I was deeply engaged in meetings with Infosys employees from different departments to collect input data and analyze them to produce its annual sustainability report; and I also presented my analysis on Infosys' CSR efforts globally to the top management, and made recommendations on its corporate strategies for CSR. To them, I was one of their colleagues. I was even asked to be a model for its promotional videos as an employee. In other cases, I was a complete observer, and watched Infosys' employees discussing issues in corporate events, and organizing volunteer programs on its campus. I was seen as a researcher, and reached out to the key informants of each CSR project for my research data collection.

These experiences helped me gain insights into how CSR initiatives were seen by some of the employees at the company. Ethnographic studies of workplace practices have shown that actual practice is often different from the ways organizations describe it in documents (e.g., Orr, 1990). Learning about what a particular CSR initiative meant was best understood, and achieved, in the context of the community in which the CSR initiatives were implemented. For example, I learned that the IWIN initiative, a gender-equity initiative, was in fact an effort to attract and retain female employees, rather than its stated objective of promoting a gender sensitive environment. Some describe the advantages of participant observation as a "process of learning through involvement in the day-to-day activities" (Marshall and Rossman, 1989), and as a "written photograph" (Erlandson et al, 1993). The participant observation approach is not without shortcomings. The main limitation of this method was that it required my constant conscious efforts to remain objective, which was difficult as I had become an insider. The difficulties of remaining balanced between being empathetic and keeping one's distance is known amongst ethnographers. Benjamin Paul (1953: 441) noted "participation implies emotional involvement; observation requires detachment. It is a strain to try to sympathetic with others and at the same time strives for

scientific objectivity." I had to check with multiple sources to have a fuller understanding of what they do. For instance, after I learned from the top management about certain community programs, I needed to interview the external beneficiaries again and see how the meanings of the program could be interpreted in a different way.

A.3. The implementation of CSR is different according to functional area: HR, corporate governance, the environment, community => a single case design

As mentioned earlier, CSR refers to a variety of activities. This study faced a difficult challenge to research design because it theorized about transfers of organizational initiatives that were multidimensional, and often involved exchanges among multiple stakeholders beyond the dyad between the headquarters and subsidiaries. Each initiative was often organized by experts in the company relating to the functional area of the initiative. Some refer to a group of employees working on the transfer of a particular initiative as the '*transfer coalition'* (Kostova, 1999). For example, more technical business units were involved in developing an eco-friendly product, while the marketing team led to an eco-awareness campaign. My preliminary studies also affirmed this variation across initiatives in terms of the locus of control. The heterogeneity of business units in their ability to execute projects may also affect the outcome of a transfer. Given this complexity concerning CSR transfer, I adopted a single-case method rather than relying on aggregate corporate data across companies. More specifically, a single case study was appropriate for this study on the basis of the following considerations:

First, a single case design in one sense imposed an implicit control for variables at the organizational level (e.g., organizational culture), or for industry-specific variables, further enhancing internal validity by eliminating confounding factors that could cloud the effect of other key variables for transferability. In addition to the already complicated complexity (e.g.,

multi-dimensionality and multiple stakeholders), examining various firms may make it more difficult to investigate the dynamics within the firm. Furthermore, the investigation of CSR transfer in an aggregated manner may not be appropriate, because interactions among stakeholders and social institutions are difficult to analyze in precise quantitative terms (Sethi, 1979). Instead of looking at multiple firms, I took a single-case study, which consisted of sub-case studies using Eisenhardt's (1989) method of within and cross-case analysis. Eisenhardt (1989) suggests a number between 4 and 10 cases as an appropriate number for a case study approach. Mintzberg and McHugh (1985) also conduct a single-case study of the National Film Board of Canada with sub-cases, which generated theory on strategy formulation with much complexity. In their study examining determinants for the adoption of an initiative by subsidiaries, Kostova and Roth (2002) also suggest using a single case study, which provides for measuring constructs in a precise and company-specific manner, especially when a cross-country analysis (HQ-subsidiaries) is involved.

Second, relating to the previous point of lessening complexities, taking a single case approach may help gain a fuller understanding of dynamics that exist across levels (i.e., national, organizational, individuals). A single case study is superior when an in-depth understanding and explanation is required (Pettigrew, 1988; Yin, 1994). Especially when an international dimension is introduced, an addition of a vertical dimension of both sub-national and supranational is considered. This responds to calls the for a multilevel, theoretical framework of CSR (Margolis & Walsh, 2001; Waddock et al, 2002).

Third, the orientation of this study is explorative rather than hypothesis-testing. A single case seems appropriate to validate seemingly sensible causalities, and explore counter examples and determinants of transferability that could affect an important segment of the relevant population. Although this study benefits from the existing literature on the transfer of operational initiatives, little research examines CSR transfer within an MNE, and also

discusses the types of CSR initiatives that affect the transferability. CSR scholars have also supported the merits of case study research (e.g., Antal, 1992; Sonnenfeld, 1981). Harrison and Freeman (1999: 482) noted that "since no widely accepted integrating framework exists in the field of business and society (Jones, 1995), case research is especially critical."

A.4. Asymmetry causes between transfer success and transfer failure => Fuzzy-set analysis

As discussed above, there is a broad consensus in the literature that inputs, as well as outputs, for CSR is contingent (e.g., Ullmann, 1985). Unlike other operational initiatives, implementing a CSR initiative requires a high degree of discretion, and is also subject to where the initiative takes place (Gardberg and Fombrun, 2006). Therefore, it may be too simplistic to assume that the conditions of success in one context apply to other contexts. Furthermore, the conditions of success are asymmetric to the conditions of failure. The CSR context questions these two assumptions which undergird most regression analysis. I employed a fuzzy-set analysis that allows for equifinality and asymmetric assumptions. The former indicates that there are multiple ways to achieve the same outcome, while the latter assumes that conditions of success and failure can be asymmetric.

After I analyzed the contextual data collected in the first stage, I supplemented the analysis with fuzzy-set analysis to provide a fuller explanation about how causes combine to lead to successful or unsuccessful transfers. Fuzzy-set Qualitative Comparative Analysis (fsQCA) is particularly useful for the study of complex causal relationships and multiple interactions (Crilly, 2011; Fiss, 2011), such as the complex organizational phenomena involved in the cross-national transfers with multifaceted causalities (see Appendix I for the case of R&D contributions to the Australian community, which shows complicated circumstances). Fuzzy-sets are one proposed method for managing vagueness (Zadeh, 1965), and meant to approach vagueness in a rigorous fashion (Verkuilen, 2005). The underlying

assumption for this analysis is that there are many causal paths to explain the observed phenomena. In a study of understanding determinants for adoption of stakeholder orientation (shareholder vs stakeholder) by subsidiaries, Crilly (2011) employed a fuzzy-set analysis to allow greater generalizability of the findings drawn from interviews and documentary evidence.

Previous research provides conflicting sets of antecedents for transfers, and has not demonstrated many contextual consequences that would have implications for other contexts (e.g., Bouquet and Deutsch, 2007). A fuzzy-set analysis may aid in providing richer explanations given its nature of considering all possible configurations (Fiss, 2011), especially for an intermediate size of samples (some suggested fifteen cases, which present sufficient degrees of freedom) (Marx, 2006). The analysis provides configurations for transfer success and failure (e.g., how the causal conditions (e.g., ambiguity, stakeholder multiplicity, the level of the unit's interactions with external stakeholders, partnership) combined influence the outcome, and explore potential substitution effects among causal conditions).

A.5. A high degree of subjective definitions of constructions => middle-range theorizing

As discussed above, there is yet little consensus on the concepts defining CSR. Thus, operational definitions of constructs used in the research on CSR transfer may raise concerns.

A definition of transfer success, for example, requires subjective constructions. While the literature on the transfer of operational initiatives implies that MNEs engage in transfers to achieve operational efficiency (Ghoshal and Bartlett, 1988; Kogut and Zander, 1992, 1993), MNEs often engage in CSR, not just to achieve operational efficiency, but to improve relations with stakeholders (Barnett, 2007). The objective of transferring CSR initiatives may extend to encompassing the achievement of legitimacy in host countries (Gardberg and

Fombrun, 2006; Zaheer, 1995). MNEs may also use CSR as a differentiation strategy to impress stakeholders by distinguishing themselves from others. In this vein, some treat investment in CSR the same way a firm invests in R&D or advertising (McWilliams & Siegel, 2000).

This is an important distinction to note because different objectives lead to different causal conditions for success. For example, when achieving operational efficiency is a primary objective, replicating the original initiative may be the way to achieve success; the closer to the original initiative, the more likely to be a success. Yet, when firms transfer CSRs to engage with local stakeholders, precision may not be a significant predictor of success. Thus, indicators of success may be different. This also points to a need for multiple sources to construct success and combine objective data with subjective data based on the perceptions of stakeholders. I explain the constructs of success in Chapter 4.

I, therefore, adopt the sociological definition of transfer success: the success of a transfer is determined by the transferability of meaning and value, in addition to the transferability of knowledge (Kostova, 1999: 311). A transfer success is based on not only the implementation, but also the internalization of an initiative by recipients. Internalization means that employees "infuse a practice with value" (Selznck, 1957). In other words, employees accept an initiative transferred and go beyond automatic implementation, and can involve changes in values of the initiative.

Though this derived operational definition helps capture actual observations, this is distant from the comprehensive definition required in theory building in the "hard" sciences such as physics. In such fields, theory is defined as "a system of interrelations among highly abstract concepts which serves to organize a very large number of laws that were previously unrelated" (Farber, 1965: 439). The possible unifying empirical laws – theory building – in the field of CSR are difficult because many empirical relations are unknown. Scholars

suggest that researchers in an immature field join, instead of the quest for theories of the middle range (Bourgeois, 1979; Eisenhard and Bourgeois, 1988; Merton, 1968).

Merton defines theories of the middle range as those "that lie between the minor but necessary working hypotheses that evolve… in.. day-to-day research and all-inclusive systematic efforts to develop a unified theory" (1968: 39). Adopting this approach, as will be shown in the ensuing discussion, I follow useful guidelines, such as theory building, through comparative analysis (Glaser, 1968) that social scientists can use in constructing specific theories, and moving in some systematic way towards explanations of a more general nature (Blalock, 1970: 85).

B. Choosing Infosys

B.1. Infosys

This study purposely chose Infosys as the subject for a case study on the transfer of CSR initiatives. When selecting a case, I used an information-oriented sampling rather than a random sampling, because extreme cases may provide more insights to be drawn. In a sense, Infosys is an atypical case which would reveal more information since it activates more basic mechanisms, and more actors in the situation studied, than other companies in similar markets. This is consistent with what Pettigrew (1988) noted, unlike hypothesis-testing studies relying on statistical sampling, given the limited number of cases, it makes sense to select cases such as extreme situations. Unlike reputations of its home country, India, which ranked as the second most corrupt country in Asia (Transparency International, 2008), Infosys was recognized as one of the best corporate citizens by many organizations, including recent recognition by the Reputation Institute as the No. 5 in citizenship out of 600 global companies. The popular press frequently cites Infosys as a model for sound corporate, social responsibility and corporate governance in Asia, in particular (Khanna and Palepu, 2001).

Besides its efforts to build intangible assets in the home country, Infosys seemed likely to engage in cross-country transfers of strategic CSR initiatives. The US and Europe were the largest markets, in terms of revenues, for Infosys, although India remained largest in terms of physical market presence. Considering that 95 percent of its revenue comes from outside India (Infosys, 2010), foreign customers and foreign governments in multiple locations were important stakeholders to Infosys. In addition, employees in India were also considered an important stakeholder group given that most of Infosys' production was dependent on them. By leveraging its experience dealing with stakeholders in India, it may be good at responding to demands from stakeholders in other locations. The company often engaged in transfers of its existing CSR projects and its know-how in subsidiaries.

Second, Infosys seems to have developed strategies in transferring CSR initiatives, which may be a good strategic reference point for other MNEs. The company pioneered and built its success on what it called the Global Delivery Model. Infosys divided IT project work into two components: on-site and offshore. By leveraging the low cost of skilled labor in India, most of the manufacturing work was conducted offshore. On-site aspects of the project were limited to those such as sales or maintenance, which required proximity and interaction with customers. Similarly, some processes in the implementation of a CSR project were done offshore so as to maximize cost savings, and to enhance efficiency. For example, for a training initiative in China, the content was developed in India, and on-site staff in the China office implemented the program with minimal efforts. It also employed various transmission modes contingent upon institutional environments, which may be applicable to other MNEs.

Third, selecting an MNE from India, a fast-growing developing country, presents an opportunity to examine CSR in the developing country context; a topic that has repeatedly been the subject of calls for more research (e.g., Visser, 2008). Khanna and Palepu (2001) argue that MNEs with origins in developing countries are well-equipped to deal with

institutional voids in foreign markets because of their considerable familiarity in their home countries, so they can be more resilient and have a certain edge over established MNEs originating worldwide when they compete in other developing countries. The Infosys case may provide an opportunity to investigate the extent to which the Indian CSR initiatives, developed in relation to specific circumstances in India, can provide certain advantages for Infosys outside India.

Another reason for the choice of Infosys was that the company provided me with great access to the company, which is an indispensable, but rarely granted, requirement for "qualitative-contextual" research (Child & Smith, 1987). The three-month employment opportunity to work on the company's sustainability report guaranteed a number of chances to both formally and informally interact with different levels of employees, which turned into useful data.

B.2. Choice of subsidiary

I deliberately chose two locations (i.e., China and the UK) to compare and contrast with the contexts of implementing CSR in India. To examine potential institutional influence on CSR transfer, I selected China, where institutional environments (e.g., level of development) are similar to India, while the UK context seemed to be substantially different from India. Furthermore, the company appeared to attach strategic attention to both locations, which reduced any confounding factors, such as the strategic importance of a subsidiary that might have influenced the success of transfer. Infosys considered the China location as a No 2 production base after India, while its strategic intent for the UK location was significant as it was where many customers were based.

C. Data

C.1. Unit of analysis

To determine a unit of analysis, I first examined where the locus of control on the CSR projects was. Infosys' CSR was organized by individuals or teams, both at the individual and business unit levels, in different locations. Most projects were implemented by each functional department where specific specialties were a good fit for the projects of interest. Some individuals, such as a group of employees or directors, led their own projects. There is an anchor called Infosys Sustainability Executive Council in charge of producing a sustainability report, but it was on an ad-hoc basis rather than a dedicated unit. Moreover, CSR transfer decisions were involved with differing institutional contexts, which suggests a need for incorporating another level of analysis - macro level. These suggest cross-level influences on CSR, which affirms the premise of the structure – agency unification (Berger and Luckman, 1967) that this research adapted to.

Existing analysis has been done using a dyad, involving a local foreign subsidiary and its parent, or subsidiary (e.g., Ghoshal and Bartlett's (1988) study on the diffusion of innovations), or a firm, as a unit of analysis. This might cause the ecological fallacy (Robinson, 1950) drawing inferences at the business unit level based on subsidiary-level data. Suppose that a researcher finds that subsidiaries with more slack are more likely to engage in CSR. However, the cost factor might not always affect the transferability. Certain business units, such as a legal department dealing with corporate governance-related initiatives, can transfer at a low cost, while other departments, such as the facility department which was in charge with designing green buildings, might require substantial investments. A multilevel analysis has its own methodological and theoretical difficulties, but it seems more appropriate to reflect reality rather than a single level of analysis. A number of CSR scholars also have suggested developing a multilevel framework of understanding CSR (e.g., Wood, 1991;

Margolis and Walsh, 2001; Aguilera, et. al.,2007). In summary, I aimed to trace multilevel influences on CSR transfer in the first phase to identify potential causal conditions for transfers.

In a study on the adoption of innovations in organizations, Meyer and Goes (1988) suggest that researchers examine multiple antecedents of multiple innovations and avoid the aggregation of data across innovations unless theoretical justifications exist for doing so because of the heterogeneity across innovations. Using a survey, Szulanski (1996) treats each questionnaire filled out by the source, the recipient and the third party to the same transfer as a singular point. This is in part to examine different characteristics of knowledge transferring. Similarly, with an individual CSR initiative as the unit of analysis, I investigated how causes concerning each transfer combine to lead successful or unsuccessful transfer. The underlying assumption for the analysis is the heterogeneity across CSR initiatives, rather than the homogeneity that prior research implicitly assumes. For instance, ambiguous CSR initiatives (e.g., value-based CSR initiative) are thought to be more subject to translation (Kostova, 1999), while stakeholder multiplicity initiatives (e.g., company-specific initiatives) may be more explicit-information based wherein replication approach might lead to success (Winter and Szulanski, 2001). Therefore, considering CSR initiatives as an aggregate unit in investigating CSR transfers, we may ignore potentially heterogeneous antecedents for each transfer.

C.2. Sources of data

The data for this research were based on an extensive qualitative database of participation observation, interviews and included data on organizational structure, words, policies, programs, etc. that were embedded within the organization as primary data that had some influence on the organization's operations, consistent with the methods adapted in the

existing research on business and society (see Gephart, 2004 for more discussion on qualitative research). The semi-structured interviews were conducted between 2008 and 2010, with the majority completed in 2009-2010. In total, 70 formal interviews[5], 20 of which were tape-recorded and transcribed (see Appendix II for the list of interviewees). Each interview lasted for one hour on average, and questions asked included the implementation of CSR initiatives in multiple locations, the process and the antecedents of transfers.

Archival data from the inception of the company in 1981 through 2010 (e.g., annual reports and media resources) were also gathered, in addition to the real-time data such as discussion minutes from employee volunteers' meetings that I attended. Documents examined included Infosys' annual reports, founders' messages, and Infosys' official blogs, and its research magazines. Other materials consulted were internal to the company including the minutes of the internal meetings, slides of presentation files and briefing reports.

For verification purposes, keyword searches in a newspaper database (Factiva) were conducted. This process generated a number of relevant CEO speeches, interviews and newspaper articles, and case studies by business schools, which were then subjected to textual analysis in the same way as the interview transcripts. Field-level data (e.g., industry-level census/archival data) and the academic discourse about sustainability have been included to examine the potential influence of field-level variables. In addition, this research referred to resources in the host countries with consideration of regulatory, cognitive, and normative institutions (e.g., the UK immigration policy on intra-company transfers).

As discussed earlier, I took a semi-grounded approach (Fox-Wolfgramm, 1997) for data collection as the orientation of this research is explorative and inductive. Thus, the priori specification of constructs, such as outlined in initial steps, and guiding research questions like having a "roadmap" to follow (Eisenhardt, 1989), were developed to increase the

[5] Excludes a number of informal interviews during participant observation in India

efficiency of the research process. I also tried to maintain the spirit of the grounded approach that the theory-building exercise should be as close as possible to the ideal of no theory under consideration and no hypotheses to test.

D. Prioritizing the Data

D.1. Case Selection

The unit of analysis in this study is the individual CSR initiative, and 30 different CSR initiatives were analyzed. My objective in selecting these initiatives was to have initiatives that were considered strategic by the employees to Infosys' long-term performance. I therefore prioritized initiatives perceived as important by the informants. To define the scope of and identify strategic CSR initiatives, I relied on insights that I learned from the field, as well as corporate documents such as the sustainability report of the company. Strategic initiatives were defined as initiatives that reflected the core competencies and superior knowledge of the organization, and that were believed to be a source of competitive advantage (Kostova, 1998; Szulanski, 1999). Adapting to this notion, as a first step, I compiled what the company called CSR initiatives (see Appendix V). For simplicity, I used the two terms, CSR and sustainability, interchangeably. The term "sustainability" at Infosys seemed to have replaced the term, "CSR" over recent years. In the past, the company more often used CSR rather than sustainability. When asked, the CEO said about the distinction between the terms, "CSR is something we do for our community and sustainability is a broader concept than CSR incorporating environmental factors." Infosys provided no explicit explanations on the difference between CSR and sustainability. Similarly, Infosys Foundation more often used CSR while other business units such as facility and infrastructure units, which ran green-related projects that tend to use 'sustainability' rather than CSR.

I first examined Infosys' sustainability reports that disclosed information on the company's activities across the economic, social and environmental dimensions in accordance with the guidelines of the Global Reporting Initiative, and UN Global Compact (see Appendix III for a list of data by location (India vs global locations). I then directed key informants to search for transfers of strategic CSR activities or processes. Perception-based identification is common in the literature on transfer (for example, Kostova, 1999). Secondly, I used the following inclusion criteria for identifying strategic CSR initiatives: 1) the level of recognition; and 2) the level of investment and outcome. For the first criteria, I referred to various documents, such as media and industry reports, via Factiva research (see Appendix IV for a chronology of awards). For the latter, I used the corporate dash board in which the company compiled data on the costs of each project when available. The annual reports disclose information that addresses some aggregate categories, such as donations and staff welfare. As for exclusion criteria, interviewees were guided to rule out transfers that were performed by a small number of individuals. These guidelines were developed to select corporate activities that corresponded closely to theoretical considerations involved in transfer (Nelson & Winter, 1982; Szulanski, 1996).

A third criterion was that the initiatives should have substantial variance in the success of transfer, so that we could build theory about the antecedents of transfer success and failure. Consequently, my selection of initiatives proceeded in the course of discussions with Infosys managers in the headquarters and subsidiaries. This is in line with prior research in which the selection of cases was primarily conducted by organizational informants (King, 2007; Szulanski, 1996). I provide an overview of the initiatives in Appendix V. This study assessed CSR transfer across two distinct contexts. The first context, India to China, has a relatively small institutional distance based on the measure developed by Kogut and Singh (1988), whereas the second, India to the UK, has a larger institutional distance.

In summary, I grouped each micro-level initiative in a more aggregated category, based on the underlying values of each project. Initiatives highlighted in yellow were identified as strategic initiatives at Infosys under the inclusion criteria discussed above (see Appendix V).

D.2. Dimensions of CSR

In order to investigate CSR initiatives in a disaggregated form, a typology of CSR initiatives is introduced based upon the data and theories. Infosys reported its CSR initiatives following the Global Reporting Initiative's guidelines and thus, the initiatives were reported by stakeholder orientation (i.e., customers, employees, shareholders, social beneficiaries, vendor partners) (see Appendix V for a full list of Infosys' CSR initiatives). For simplicity, this study adopted two categories: external and internal, for stakeholder dimensions. Internal CSR initiatives often refer to the corporations' HR-related activities, while external CSR initiatives include projects aimed to serve multiple external stakeholders, such as consumers, suppliers, the community and the environment (Nae and Grigore, 2008). Researchers in the area of business and society employ this categorization (e.g., Husted, 2001). The horizontal axis indicates a continuum of the scope of CSR initiatives. CSR initiatives on the left side are relatively narrow in scope and specific to the firm's mission (e.g., IT, training competencies), while the ones on the right side are broad in scope.

Stakeholder orientation

	Narrow	Broad
External	Campus Connect PC Donation	Transparency
Internal	Global Buddy Infosys Women's Inclusivity Network	Promoting learning

Scope

D.3. CSR cases to be examined

Initiative	Description	Primary stakeholder
PC Donation	Donation of used computers to disadvantaged schools	Community
Finacle	A banking solution to the poor (low-cost financial services)	Community, customer
Code contest	A programming contest to encourage aspiration in young people	Community
Campus Connect	Promoting IT education in rural schools	Community
Say No To Disposable Chopsticks	Raising environmental awareness in local communities	Community
Transparency	Being ethical, sincere and open in all transactions	Investor, shareholder, employee
Promoting learning	Keeping employees well informed on technology and innovation; encouraging knowledge exchange	Employee, customer
Infosys Women's Inclusivity Network (IWIN)	Creating a gender-sensitive work environment	Employee
Spring, London PDC	Employee volunteering for various social causes	Employee, community
No Paper Cups At Work	Encouraging employees to participate in environmentally-friendly practices in the workplace	Employee
Global Buddy	Helping employees to be sensitive to different cultures	Employee
Green Building	Constructing environmentally friendly building and eco-friendly interior decorating	Shareholder, employee
Green Procurement	Procuring goods & services with a reduced environmental impact throughout their life cycle	Shareholder, employee, environment
Virtualization	Minimizing energy consumption by designing a process in a way to improve efficiency	Customer, shareholder
Green Product	Designing products that have minimal environmental impacts	Customer, environment

E. Data analysis

The analysis purports to identify the conditions under which a successful transfer occurs. The overall process was a synthetic process, consistent with the reflexive methodology (Alvesson and Skoldberg, 2000) whereby references for building up theoretical frameworks and empirical cases jointly become the result of the interpretations for a new framework of insights into the phenomenon of investigation. It also involved iterative processes (Eisenhardt, 1989). I moved from cross-case comparisons to within case analyses, and refined research questions during participant observations. Over time, some cases emerged as more important than others, as more information was revealed or because the unavailability of interviewees often necessitated re-selecting cases. For example, some initiatives, such as Eskills in the UK, were initially considered as potential cases of inclusion on the basis of the information revealed in the sustainability report. However, interviews with employees involved in the initiative revealed that the strategic importance and attention attached to the initiative appeared higher than initially assessed. The project was jointly implemented with its corporate clients and the UK government, and served as an opportunity for engaging customers, which was not stated in the document.

Some organization theorists contend that theory development is a synthetic process (e.g., Mintzberg, 1989) and an uncodified step that relies on the insight and imagination of the researcher (Weick, 1989). Questions were developed around the following two areas: 1) What is the stated or unstated objective of the CSR transfer? and 2) What problems or procedures prevent the agency from achieving its stated purpose or goal? With this in mind, I followed the following four processes.

E.1. Selecting cases transferred

To identify the initiatives that were transferred, I allowed some flexibility and included initiatives carrying different names, but ascribing the same value of the HQ's initiatives. Following the prior research (e.g., Szulanski, 1996), interviewees identified the strategic initiatives of the company, and a priority was given to the initiatives that the company considered important. Previous research suggests allowing flexibility and considering evaluations within the context. Sethi (1979) provides a rationale: "a specific action is more or less socially responsible only within the framework of time, environment and the nature of the parties involved" (1979: 64). In addition to the qualitative data, quantitative data collected from Infosys' dashboard (e.g., size of investment and number of beneficiaries) were employed. For comparisons across transfers, I excluded the transfers that did not reach an institutionalization stage. Leonard-Barton (1990: 259) argues that it is necessary to measure multi-item constructs at a "defined point" in time if meaningful comparisons are wanted, because the meaning of complex constructs depends on when, during a transfer, they are measured. I considered the year of a transfer in selecting cases of transfer, and an older project was preferred.

E.2. Within case analysis: categorize data by location

Based on the collected data, I then created a narrative that describes each transfer, including facts and other circumstantial evidences through Factiva. This procedure, aimed to identify leads for further investigation, and any recurring parameters in the case which would facilitate subsequent cross-case comparisons. This narrative provided a foundation and served as an important reference and analytical tool throughout the duration of the project. For example, common parameters included information on the objective of an initiative, the process of its transfer and the key players involved. Both the stated objectives and the perceived benefits articulated by different individuals systematically formed the basis of a

largely descriptive narrative. These transcribed interviews comprised the primary database for analysis and some approaches suggested by other researchers, such as compiling case histories (e.g., Abbott, 1988; McHugh, 1986), were followed.

E.3. Assess the success of a transfer

As noted earlier, the success of a transfer is determined by the transferability of meaning and value, in addition to the transferability of knowledge (Kostova, 1999: 311). Therefore, transfer success is based on not only the implementation, but also on the internalization of an initiative by recipients. To decide whether a transfer was a success or failure, I first explored potential motivations (including both stated and unstated objectives). As a second step, I examined the consequences of transferred CSR initiatives by internal and external initiatives. For the internally oriented initiatives such as HR, following the prior studies (Kostoa, 1998; Zander and Kognut, 1995), I relied upon both objective and perception-based data based on their definition of the degree of the institutionalization of the initiative and the institutionalization at the recipient unit (see Appendix VI for an example of interview protocols). The corporate dashboard provided information, such as the size of the investment for each initiative, and the number of beneficiaries (see Appendix VII for a sample dashboard). With regard to the externally oriented initiatives, the collected data included stakeholder responses (e.g., news coverage on the firm's social acts, and interviews with selected customers). In a more general sense, I followed the methods that some CSR researchers have used to measure corporate social performance such as content analyses of annual reports and expert evaluations (Zahra et al, 1993). External sources, such as the Factiva database for news coverage and CSR ratings evaluated by various institutions, were also included. If available, I also interviewed for their insights, the stakeholders that benefited from the projects, such as customers and communities.

E.4. Cross case analysis: develop a general framework of comparative case study analysis

Once the textual narrative was complete, the next step was to interpret the materials, using a process Gephart labeled "expansion analysis," describing it as "conceptual interpretation of the hidden meanings and features of texts." (1993:1468) To extract meaningful interpretations, commonalities across successful transfers were identified to investigate potential causal conditions that might have influenced the transfer's success or failure. Burgelman (2010: 5) also points out that grounded theorizing requires comparative case studies to begin developing novel insight in a class of phenomena.

E.5. Fuzzy-set analysis

Following the qualitative analysis of selected cases, a fuzzy-set analysis was conducted to see if the potential causal conditions are applicable to all of the 30 cases. Fuzzy-set methodology (Ragin, 2000) helps identify sufficient and necessary configurations that explain a given outcome. This methodology is based on the assumption that the same outcome can be achieved through different combinations of causes (i.e,. equifinality). Therefore, a richer analysis of transfer success can be analyzed through iteration between the fuzzy configurations and the qualitative data (MacDuffie, 1996, 1997). Chapter 6 will discuss fuzzy-set analysis in more detail.

Respondent Validation

To validate the measures, I conducted a respondent validation (Green & Thorogood, 2004; Yin, 1994) by sending the evaluations back to the organization to ensure agreement with the evaluations. The marketing manager was appropriate to provide assessments across projects as she was the most informed about CSR activities within different business units at Infosys China, and the main anchor to report their CSR activities to the headquarters. This

procedure also served as a check for comparing researchers' and insiders' accounts (Green and Thorogood, 2004).

F. Success of the field work

One of the challenges that I faced in the field was difficulty in assessing the reliability of interviewees' opinions. It took me some time to obtain useful insights into how a transferred initiative was actually implemented. In some cases, the interviewees at the subsidiaries were suspicious of me as if I were sent by HQ to audit them. "Of course, all of them were transferred. We are doing exactly the same what the HQ is doing" was the first reaction of most of my interviewees.

Another problem was the tendency of interviewees to provide only good answers. Some may call this the social desirability bias (Armascott et al, 1991; Fisher, 1993), which occurs when individuals misrepresent their true beliefs or preferences because they know their actions are being monitored or recorded (Crowne and Marlow, 1960). It is understandable that executives do not wish to publicize the instrumental use of CSR. Thus, managers may not be likely to reveal strategic motivations (e.g., product promotion and reputation building) in their corporate publications, such as annual reports. Many researchers have documented this problem. Siegel (2009) argues that this lack of transparency makes it difficult to identify and explain the numerous motivations for CSR, which could be private or social.

As a way to deal with this problem, I used data triangulation (the use of different data sources). For example, I cross-checked with external stakeholders, such as CSR rating agencies and the auditors of Infosys' sustainability report, who assessed Infosys' CSR programs. I verified with them some data and details, like the rationale for selecting Infosys as a winner of the best stakeholder management (e.g., customer) (see Appendix VIII for an

example). I also interviewed former employees who were likely to provide insights without any significant concerns for potential subsequent consequences. According to Brewer and Hunter (1989:17), "triangulated measurements pinpoint the values of a phenomenon more accurately by sighting in on the different methodological viewpoints". For each case, I interviewed employees from different positions and, if possible, one-on-one interviews, rather than a group interview, were conducted. Another point that helped this study was the informal social interaction I had with some of the employees. Infosys was a relatively young organization whose employees were 26 years old on average. I participated in a number of social gatherings, such as an event for former Infosys employees organized by Infosys UK, and kept in touch with many of them by Facebook. Though they were not my direct interviewees, they provided useful insights into the identification of key interviewees, and played an informal role as a third party for the interview. Organizational researchers also highlight the importance of informal social mechanisms as an effective medium for acquiring information (Edstrom and Galbraith, 1977; Tushman and Scanlan, 1981). Although I was officially working for the company, it was not easy to get the opportunities for one-on-one interviews with all the founding members. I utilized all of my contact outside Infosys to arrange interviews with the senior management. I followed up with key interviewees by e-mail, and by phone, even after I left the company. Overall, to my mind, persistence was one of the keys to success in the field work.

Threats to external validity

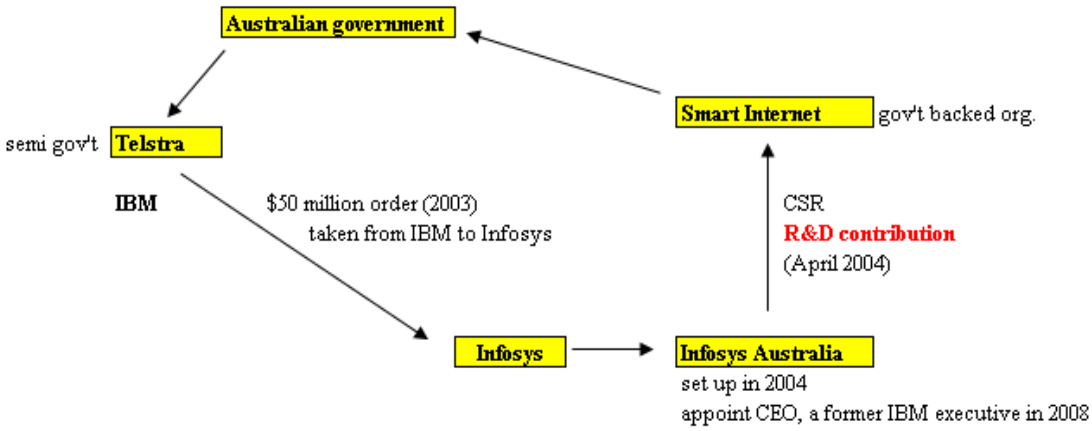
Even though this study involved three different countries, it occurred within a single firm. Inferring causal conditions necessitated a conscious effort to carefully consider alternative explanations of the observed phenomena. While not completely resolving the issue, as discussed above, I tried to improve validities by using multiple cases within a single context (Eisenhardt, 1989; Yin, 1984) and also collected data from other Indian companies.

They included Tata Consultancy Services (TCS) and Wipro. These three companies were the top three companies in the IT industry in India. I conducted ten interviews in total of which six interviews came from TCS and the rest from Wipro. TCS' flagship CSR initiatives included the Adult Literacy Programme, mKrishi and Green IT. The concept of using core corporate competency in solving social problems was similar among the three companies. For example, Infosys' Finacle was similar to TCS' mKrishi (a technology to help farmers make more informed decisions), and the Adult Literacy Programme (a software to help people learn to read). These programs were considered stakeholder multiplicity CSR initiatives in that they involved multiple stakeholder groups and were firm-specific. A manager at TCS UK indicated that TCS collaborated with the UK Department for International Development on the deployment of mKrishi to other developing countries. The example of mKrishi was strikingly similar to the case of Campus Connect of Infosys. mKrishi exhibited a high level of stakeholder multiplicity in that TCS was able to interact with a range of different stakeholder groups: farmers in India, and the UK government. Campus Connect also induced collaboration and coordination from a variety of stakeholder groups such as Indian schools and the Chinese government. Though the additional analyses were anecdotal, they provided some confidence that some of the findings in this study are generalizable, at least in the context of Indian businesses in the software industry.

APPENDIX

Appendix I. An example of complex stakeholder relations on a transfer from India to Australia (transfer of knowledge management)

1. Australian government expressed its support for Indian IT companies to invest in Australia (2002)
2. Infosys asked for a $50-million order from Australian telecom group, Telstra Corp in which the Australian Government has 50.1 per cent stake (Sept. 2003)
3. Telstra handed 180 Aussie IT jobs from IBM Australia to Infosys (Jan. 2004)
4. Infosys Australia was established after the acquisition of an existing Australian firm (Feb. 2004).
5. Infosys' made its biggest commitment to the local community, US $800,000 in R&D assistance to the Government backed organization, Smart Internet (April 2004)
6. Infosys appointed a former IBM executive as CEO of Infosys Australia (2008)



Appendix II. List of interviewees[6]

		Location	Expertise
1	Ben Xu	China	Head –community
2	Lilly Vasanthini	China	Head – IWIN
3	Rangarajan Vellamore	China	CEO
4	James Lin	China	Former CEO
5	Angela Ge	China	Corporate governance (Finance)
6	Cloris Zhu	China	Community
7	Jessy Hua	China	Community
8	Patrick Ogawa	USA	Head –community
9	poornima_prasad	USA	Head –community
10	Seshadri Parthasarathy	Canada	Head –community
11	Sohrab Kakalia, Infosys	USA	Head –community
12	Sudhir Singh	USA	Head –community
13	Venkateswaran Nagarajan	USA	Head –community
14	Padma Bhamidipati	India	Knowledge management
15	AMARJA KANDURI	India	Knowledge management
16	Coria Xu	China	Knowledge management
17	Gabriela Pedroza	Mexico	Knowledge management
18	Binaya K. Behera	India	Knowledge management
19	Patrick Guan	China	Knowledge management
20	Brianna_Dieter	HQ	CSR general
21	Dharaneeswari Vinnamur	Chennai	CSR
22	Srimathi S	Chennai	CSR head
23	Praveen Gupta	HQ	Green
24	Nagamani R. Aradhya	HQ	Communication head
25	Santosh Kamath	HQ	Green
26	Vinay Rao (Corporate Planning)	HQ	CSR head
27	PANKAJ_SHARMA	USA	Head of volunteers
28	Suja Warriar	HQ	Head of volunteers
29	Vinit Goswami	HQ	Head of volunteers

[6] Of which about 70 gave a formal interview; I included those whom I worked with at Infosys

30	soundararajan_s	HQ	Head of volunteers
31	Vikram_V	HQ	Head of volunteers
32	Antulika_Bhadoria	HQ	Head of volunteers
33	Carlos Diaz	HQ	Head of volunteers
34	Raj Kehal	HQ	Head of volunteers
35	Vijay Ramesh Jagirdar	HQ	Head of volunteers
36	Manjula M K	HQ	Head of volunteers
37	Vijay Ramesh Jagirdar	Chandigarh	Voice of Youth
38	Anna Jemmett	UK	LondonPDCCouncil
39	Carol McCarthy	UK	LondonPDCCouncil
40	Ganesh Kudva	UK	LondonPDCCouncil
41	Nivedita Krishnamurthy	UK	LondonPDCCouncil
42	Raj Kehal	UK	LondonPDCCouncil
43	RRVENKAT	UK	LondonPDCCouncil
44	Sanjay Dhawan	UK	LondonPDCCouncil
45	Srikanth Iyengar, Infosys	UK	LondonPDCCouncil
46	Tervinder Gupta	UK	LondonPDCCouncil
47	Yasmin Juhoor	UK	LondonPDCCouncil
48	Srikantan Moorthy, Infosys	India	Campus connect
49	RAMESHBABU S	India	Campus connect
50	R.N. Prasad	India	Campus connect
51	Sundar K S	India	Campus connect
52	KMurali	China	Campus connect
53	Pchandra	India	Campus connect
54	Janaki Murali	India	Campus connect
55	Ravindra M P	India	Campus connect
56	Martin Liu	China	Campus connect
57	Jessica Ding	China	Campus connect
58	Angela Amoateng	UK	Campus connect
59	Richard Lobo	India	HR (Infosys Subsidiaries)
60	Sonia_Edwards	Australia	HR (Infosys Subsidiaries)
61	superna_shanker	UK	HR (Infosys Subsidiaries)
62	Akshay_loomba	Mexico	HR (Infosys Subsidiaries)

63	Susan_Wang01	China	HR (Infosys Subsidiaries)
64	Fiona Zhou	China	HR (Infosys Subsidiaries)
65	Saravanan Muralidharan	China	HR (Infosys Subsidiaries)
66	Natalie_Woodward	USA	HR (Infosys Subsidiaries)
67	Jobit_George/Anna_Jemmett	Europe	HR (Infosys Subsidiaries)
68	Kiran Ragireddy	Japan	HR (Infosys Subsidiaries)
69	Peter McLaughlin	USA	Communications/ marketing
70	Bani Paintal Dhawan	Asia	Communications/ marketing
71	Shyam Deshpande	Australia	Communications/ marketing
72	Adelaide Lin	China	Communications/ marketing
73	Sarah Vanita Gideon	HQ	Communications/ marketing
74	Bani_Dhawan	India	Communications/ marketing
75	Prasita Kutty	UK	Communications/ marketing
76	Aditya Nath Jha (Corp Mktg)	HQ	Communications/ marketing
77	Kathy Gilmour	Australia	Green
78	Georgina Tovilovic	Australia	CSR head
79	Patricia Recki-Muzic	Australia	HR
80	Cristin Balog	Australia	Marketing
81	Tracey Newton	Australia	HR
82	Syeda Meher Taj	HQ	InfYi
83	Kannan Kndasamy	China	Finacle
84	Terry Sun	China	Finacle
85	Paul Chen	China	Finacle
86	Henry Lee	China	Finacle
87	Subhash Chandra Rastogi	HQ	Enterprise solution academy
88	Pradeep A.Rau	HQ	Leadership
89	Gurpreet Banerji	HQ	Marketing
90	Kirnusha Seesaran	Mauritus	IWIN
91	Sanjoy Paul	India	Green
92	Michael Anthony Leyva	US	Green
93	Wing Tao	China	Green
94	Karthik Gopal	China	Green
95	Kadirvel M	China	Green

96	Pavithra Krishnamurthy	HQ	Green
97	Rick Shu	China	Green
98	Vivek	India	Green
99	Somesh Gupta	US	Green
100	Rohan Parikh	HQ	Green initiative- head

Appendix III. Selected Infosys' CSR activities by location
(G: global locations; I: India)

AR: annual report; SR: Sustainability report

: based on the Global Reporting Initiative's index and the UN Global Compact's principles

Source: Infosys' sustainability report

Economic indicators		Section	Page	UNGC	Operation scope
	Disclosures on management approach	AR SR	55, 125, 127, 149 12, 32		G I
EC1	Direct economic value generated and distributed	AR SR	86 13, 27		G
EC2	Financial implications due to climate change	SR	9	⑦	G
EC3	Coverage of the organization's defined benefit plan	AR	94		G
EC4	Financial government assistance	AR	128		I
EC5	Entry level wage compared to local minimum wage	SR	22		G
EC6	Locally-based suppliers	AR SR	80, 100 38		I
EC7	Local hiring	SR	21	⑥	G

Environment		Section	Page	UNGC	Operational scope
	Disclosures on management approach	SR	3, 32-39		G I
EN1	Volume of materials used	SR	37	⑧	I
EN2	Recycled materials	SR	37	⑧, ⑨	I
EN3	Direct primary energy consumption	SR	33	⑧, ⑨	I
EN4	Indirect primary energy consumption	SR	33	⑧, ⑨	I
EN5	Energy conservation	SR	33	⑧, ⑨	I
EN6	Initiatives for energy efficiency and renewable energy	SR	34	⑧, ⑨	I
EN7	Initiatives for reducing indirect energy consumption	SR	34	⑧, ⑨	I
EN8	Total water withdrawal	SR	36	⑧	I
EN9	Effect of water	SR	36	⑧	I

Environment		Section	Page	UNGC	Operational scope
EN17	Other greenhouse gas emissions	SR	35	⑧	I
EN18	Initiatives to reduce greenhouse gas emissions	SR	34, 35	⑦, ⑧, ⑨	I
EN19	Emissions of ozone depleting substances	SR	35	⑧	I
EN20	NOx, SOx, and other air emissions	SR	35	⑧	I
EN21	Water discharge	SR	36	⑧	I
EN22	Waste by type and disposal method	SR	37	⑧	I
EN23	Significant spills	SR	37		I
EN24	Waste deemed hazardous under the terms of the Basel Convention	Not applicable	3		Not applicable
EN25	Impacts of discharges and runoff on biodiversity	SR	37		I

Labor practices and decent work		Section	Page	UNGC	Operationa scope
	Disclosures on management approach	SR	3, 20-25		G I
LA1	Workforce by employment type	AR SR	125 21		G
LA2	Employee turnover	AR	134, 135	⑥	G
LA3	Benefits to full-time employees	AR	94, 95		G
LA4*	Employees with collective bargaining agreements	Not applicable	3		Not applicable
LA5	Minimum notice period(s) regarding operational changes	SR	22	③	G
LA6	Workforce represented in joint health and safety committees	SR	24	①	I
LA7	Occupational diseases, lost days, and number of	SR	24	①	I

Society		Section	Page	UNGC	Operational scope
	Disclosures on management approach	SR	3, 7, 22, 26-31		G I
SO1	Impact on communities	SR	26, 27, 28		G
SO2	Corruption risks	AR	60	⑩	G
SO3	Anti-corruption training	SR	7	⑩	G
SO4	Actions taken in response to incidents of corruption	SR	7	⑩	G
SO5	Public policy positions and participation in public policy development	SR	9, 10		G
SO6*	Donations to political parties and politicians	Not applicable			Not applicable
SO7	Legal actions for anticompetitive behavior	SR	13		G
SO8	Sanctions for non-	SR	13		G

Human rights		Section	Page	UNGC	Operational scope
	Disclosures on Management Approach	SR	3, 7, 21, 22		G I
HR1	Investment agreements	SR	32, 38	① - ⑥	I
HR2	Supplier screening on human rights	SR	38	① - ⑥	I
HR3	Training on human rights	SR	40, 41	① - ⑥	I
HR4	Incidents of discrimination	SR	7, 22	①, ⑥	I
HR5*	Freedom of association and collective bargaining	Not applicable	3		Not applicable
HR6	Child labor	SR	21	①, ②, ⑤	G
HR7	Forced labor	SR	21	①, ②, ④	G
HR8	Training for security personnel	SR	40	①, ②	I

Appendix IV. Selected awards and recognitions of Infosys on sustainability

	Operation related	Sustainability related
2010		• Helen Keller award (Disabled people) • ASTD Excellence in Practice Award for diversity training • Special Outstanding Prize Best Ornamental Garden • 3M, Infosys, and Schlumberger were selected by the consortium of sponsoring organizations as the "best-practice partner" organizations in this research area.
2008-09	• The Global Dow – a new worldwide stock index made up of 150 leading blue-chip stocks • Named a Leader in **Global IT Infrastructure Outsourcing** by the Forrester • Infosys BPO received a positive rating in Gartner's Market Scope for Comprehensive Finance and Accounting Business Process Outsourcing, 2008	• Hitachi Data Systems' Diamond Award for **Best Virtualization Strategy** and Platinum Award for **Best Green Strategy** • NASSCOM award for excellence in **gender** inclusivity (p 14 AR) • Design new buildings to be in compliance with IGBC **LEED Gold** rating (minimum)
2007-08	• Award for best investor relations at IR Magazine US Awards 2008 • ICAI judged the **Infosys Annual Report 2007** as the best in the information technology, communication and entertainment enterprises category • Named **2008 Global Outsourcing 100** by the International Association of Outsourcing Professionals • **Best Investor Relations Website** and **Company with Best Corporate Governance Practices** in IR Global Rankings 2008 in APAC categories • No 14 on FInTEch 100, an international annual listing of the **top 100 global application and service providers** to the financial services industry • Named **Best Outsourcing Partner** in Waters Readers' Survey • Named a leader in **Global IT infrastructure** Outsourcing	• Named as a **globally respected company** by the Reputation Institute • **Global MAKE award** • NASSCOM-India Today **Woman Corporate Award** for excellence in gender inclusivity • Voted the New Age **Employer of Choice** in 2007 in a poll conducted by CNBC TV18, CNBC Awaaz and Moneycontrol.com • The 2007 **Boeing Performance Excellence** Award (BPEA) from the Boeing Company for a 12-month global-level performance • Named **Royal Bank of Scotland** Group's 2007 Best Technology Supplier • Two Partner in Progress awards from **Sears Holdings Corporation**

	• Fortune's Top 10 Companies for leaders • Named as a **Prospect-friendly website** by Bloom Group • Dun & Bradstreet's **Top Indian IT companies** 2007 • LACP Silver Award for **Infosys Annual Report** 2007 Optimas Award in the Global Outlook category	• **DaimerChrysler**'s IPS Supplier of the year 2006 • **Sainsbury's** 2006 IT supplier of the year
2004/05	• No 1 in its quarterly benchmark of the professional services industry by **Technology Business Research** (TBR) • selected as one of **the top 100 tech companies** in the world along with Accenture, IBM by Business Week • moved up to No 11 from No. 34 out of 40 companies that are masters of **innovation, technology and strategic vision** • Won **India's Best Managed Company Award** by Business Today • Won the Institute of Chartered Accountants of India **Award for excellence in financial reporting**	• **Most Respected Company Awards** – Most Respected Company in India, Most Respected Company in the IT sector, most ethical company and most globally competitive company by Businessworld • **No. 2 for Best Companies to Work for in India** by Business Today • India's **most respected company** by FT-PwC • Global Business Foundation School was selected for **American Society for Training & Development (ASTD) Excellence** in Practice Award under the workplace learning and development category • one of the winners for **Best Places to Work in IT** in the US by Computerworld • Topped for the **Corporate Governance** category in a poll conducted by Asiamoney • Won the **Golden Peacock National Quality Award**
1999-2000	• Silver Shield from the Institute of Chartered Accountants of India for the Best Presented Accounts • the Best in Management among the listed companies in India by the Asiamoney • One of the top 100 companies in the Software 500 rankings by the Software Magazine, US	• **National Award for Excellence** in Corporate Governance • **Most Admired Company** in India by a survey conducted by the Economic Times

Appendix V: CSR initiatives at Infosys
(in which best initiatives are highlighted in yellow)

Stakeholders	**Specific** initiative	**Underlying values**
Employee	Employee Satisfaction Survey (ESAT), Inclusivity survey, knowledge management survey	Employee satisfaction
	iSOP (Infosys Scaling Outstanding Performance) framework, Knowledge Management (keep employees informed on technology, innovation), LEAD INFY (Infosys Leadership Institute), Centers of Excellence, Enterprise Solutions Academy	Enhancing capabilities
	Employer dialog, Quality Town Hall (QTH), Sparsh, InfyTV, CEO-employee column, HRD Blog	Transparent communication
	Hearing Employee and Resolving (HEAR), Anti Sexual Harassment Initiative (ASHI), Grievance Redressal Board (GRB)	Employee grievances and complaints
	Strategic and Action Planning meet (STRAP), Voice of Youth (VOY), Infosys Women Inclusivity (IWIN), Management Council (MC)	Employee participation
	HALE Tool, HALE Hotline, HALE Health Week, HALE Safety week, HALE leisure and fun events, Health and Safety Committee (Health Assessment and Lifestyle Enrichment (HALE),Disaster Recovery and Business Continuity Plan (DRBCP), Health Safety Environment (HSE)	Employee health and wellness
	WithInfy, ConnectInfy, Infyability (physical disabilities)	Equal opportunities
	Family Matters Network, Petit Infoscion Day	Work-life balance
	Global Buddy	Counselling; mentoring
Vendor	Vendor Satisfaction Survey, Internal Partnership Satisfaction (IPSAT) survey	Partnership, trust
	Vendor review meetings and wareness sessions	Communication
Environment	Green Initiative	Minimize its environmental impact

	Eco Club (e.g. an inter-collegiate rock fest, A Bus Day), India Youth Climate Network (IYCN)	Employee-led eco practice
	LogO (Logistics Optimization Solution), INSTANT	Reduction in carbon footprint
	Green Building (e.g. Day lighting, Artificial lighting, Plug loads, Cooling technology)	Sustainability through design
	Green Utilities	Renewable energy
	Green procurement policy, Green Datacenters	Sustainable IT Infrastructure
	Deployment of technologies (optimized power management configuration); Initiatives for India's power distribution sector,	Power management
	Reduction in emission	Emission
	Managing water resources, Biodiversity park, Planting trees	Improving the natural environment
	Paper, plastic usage, Recycling	Waste management
Shareholder/ Investor	Enterprise Risk Management (ERM), Governance, risk and compliance	Risk management
	Adoption of international corporate governance, IFRS	Disclosure
	Information Security Management System (ISMS)	Information security
	Corporate governance philosophy; Corporate governance guidelines	Commitment to values and business conduct
	Investor portal, annual report, Annual General Meeting (AGM), Analyst Meets in India, Japan and the US	Communication
	Whistleblower Policy	Corrupt practices, unethical behavior
Community	Employee voluntary groups , Community Empathy Policy	Employee volunteering
	Beyond Business	trust of society, Connecting beyond India
	ECHO (Project Extension for Community Healthcare Outcomes), Sankara Eye Hospital	Affordable health care
	Labyrinth (a new e-learning tool for women in leadership), Jnanavikasa, A mid-day meal initiative, Infosys iProwe (web accessibility evaluation tool for the visual and hearing impaired)	Enabling under privileged communities
	Tanjore paintings	Nurturing Indian arts and heritage

	SPARK	Instilling career inspirations
	Flood relief	Disaster relief
	Finacle (rural banks), Notebook Donation Drive, Solar-powered lamps	Rural upliftment
	Campus Connect, Project Genesis, Industry Academia Partnership (IAP), Special Training Program (STP), Catch Them Young, Computers@classroom, Spark Guru (educate techers from rural areas), Faculty Enablement Program (FEP)	Enhancing human capital through education
Customer	Customer Satisfaction Survey, ShoppingTrip 360 (managed-information services), New engagement models (soultion-based offerings, platform-based BPO, Software as a Service (SaaS) platform),Shft from pricing to value-based conversations	Customer delight
	Annual customer leadership meet	Communication
	Infosys Sustainability Solution (energy accounting, water accounting, safety performance data)	Enabling customers
Government /NGO/Others	Membership in key public/government/trade councils and federations	Politically connected CEOs
	Media interactions	Media relations
	White paper on renewable energy	Policy influence
	Green Infrastructure Committee	Industry regulation
Learning and Research institutes	InStep -Infosys' Global Internship Program	Connecting beyond India
	Fellowships, Joint R&D projects	Engaging stakeholders through R&D activities
	Curriculum Enhancement Programs, Infosys Science Foundation, ACM-Infosys Foundation Award	Nurturing research beyond business

Appendix V1. Protocol for interviews to assess the degree of transfer success
(based on the level of institutionalization of the initiative and the degree of employees' internalization)

Institutionalization

- Are there any standards or guidelines to implement CASE? How similar are they to HQ's?
- Are the roles of personnel in implementing CASE well defined?
- At what stage of the transfer process, is CASE in?
- How would you determine whether this CASE has been institutionalized?
- What prevents this CASE from being institutionalized quicker?

Cognitive

- To what extent would you consider this CASE the same as the implementation of CASE at the HQs?
- Why do you think CASE has been transferred?
- How high is the awareness of CASE in your unit? Who are the key actors for implementing CASE and who is the recipient?
- Is CASE perceived important at the subsidiary? Can it be compared to other operational initiatives?
- What are the consequences of transferring 'CASE'? Have the intended objectives been achieved?
- How does implementing CASE help meet the demands of stakeholders?

* referred to some questions in Kostova and Roth's (2002) and Szulanski's (1996)

Appendix VII: Infosys' dashboard of selected social project

Location	Project Name	Area	Type	Partners (if any)	Brief description of the project	Beneficiaries	No of beneficiaries	Total Cost
China	**Infosys China says no to disposable chopsticks**	Environment	One time	Green Peace China	The event was inspired with the idea of putting into use reusable cutlery (chopsticks, spoon, fork), hoping to provide a healthier, hygienic and more environment-friendly way of eating at the DC. The Corporate Marketing team worked with Green Peace China on the issue. Several statistics on how this simple part of Chinese life was affecting the environment were brought to the fore during the campaign.	All staff in China		RMB 8000
China	**Infosys China helps conserve desertified grasslands**	Environment	One time	n/a	Infoscions at Shanghai DC collected signatures on hand painted t-shirts with slogans for environmental protection. Infosys China contributed RMB 2,207 for the 2,207 signatures collected and donated it to the Ruo er gai campaign. With this donation, Infosys China adopted 1.7 acres of desertified land at Ruo er gai. The government at Rou er gai will use the donation to treat the desertified land. The campaign will be sending donors images showing the progress of reclamation efforts every six months.	1.7 acres of desertified grassland at Ruo er gai in Sichuan province in China		RMB 2207

China	**MFG Reach**	Health	One time	Baobei Foundation (www.baobeifoundation.org)	Financial Support for the surgery of an orphan	Baby Joseph - an orphan	Children	11,000 RMB
China	**Sichuan Earth Quake Relief**	Other	One time	River of Hearts	Collected food, clothes and other items to be donated to the earth quake victims. The collected items are passed on to the vitcims through 'River of Hearts'		Community	No cost involved from SPRING but donated amount from Infosys China
China	**Retail Reach**	Programs for Physically Challenged	One time	Home Sweet Home	Introducing Home Sweet Home to Retail Department - supporting HSH and Retail for selling HSH items		Disability	No cost involved
China	**Yang Yuan School**	Education	Continuous		First Visit to Yang Yuan School to explore the needs		Students	400 RMB
China	**home sweet home**	Other	One time	no	In this project, we help the handicappeds by selling their handworks in Infosys. And they got 2000-3000 yuan income from this activity.	handicappeds in Ai-Zhi-Jia orphanage	Disability	This project cost 84 man-hours and about 100 yuan for taxi.
China	**Sichuan Earthquake Relief contribution**	Other	One time	no	The Company and the employees contributed generously to the Sichuan Earthquake Relief Fund and the same was handed over to RED Cross	Affected individuals / community due to the earthquake	others	The Company and the employees contribution was RMB206950 in total

Source: Infosys' internal document

Appendix VIII: an example of data triangulation

From: Ashley Branum [abranum@vantagepartners.com]
Sent: 17 December 2009 23:38
To: Sunyoung Lee
Subject: Following up on RMMY Award inquiry

Sunyoung,

Thank you for your inquiry about Infosys and their win in the 2009 RMMY awards. Please note that all winners were selected by a panel of judges (who you can learn more about by visiting the RMMY website: http://www.outsourcingintelligencenetwork.com/app/index.php?id=44).

Below is information about why Infosys was selected as this year's winner of the "Dynamic Duo" and "Best in Show" awards. I've also attached a Best-in-Class document, written by the 2008 RMMY judges, outlining lessons from the 2008 awards. This document may offer additional insight into Infosys' win, as they also won "Best in Show" last year. We'll also be creating a whitepaper about the 2009 awards that will be released early next year, and are launching a dedicated relationship management portal on OI's website that will have more information about the awards and interviews with this year's winners. If you'd like, I can add you to those distribution lists.

"Dynamic Duo":

Infosys and BT OpenReach were selected as winners of the "Dynamic Duo" award because the judges felt their application demonstrated a true partnership relationship, characterized by a strong working relationship and strategic alignment. The application noted the ways the organizations work to integrate their cultures and employees, investing in training and reward schemes. Their programs have experienced both growth and downturn and are jointly managed even in the face of adversity. The focus is beyond the delivery of core service provision, and ongoing savings and efficiencies are integral in the contract and relationship. They were awarded this year's award for Dynamic Duo for their commitment to true partnership and effective working relationship.

"Best in Show":

Infosys won "Best in Show" because the judges felt their application went above and beyond to demonstrate the structured, systematic, repeatable ways they manage relationships holistically. The judges noted that Infosys' application described their view of relationship management as a long term process integrated with their customers' business goals and Infosys' goal to move beyond being just a reliable provider of services. The judges thought that Infosys' application was outstanding across all categories - noting the role their leadership team plays in working with strategic clients, the account management structure they use to connect at multiple levels to fully understand the client's business and where Infosys can add value, the training the development in the relationship management domain, which seems to go beyond basic core competency skills, and a robust performance management and transition process.

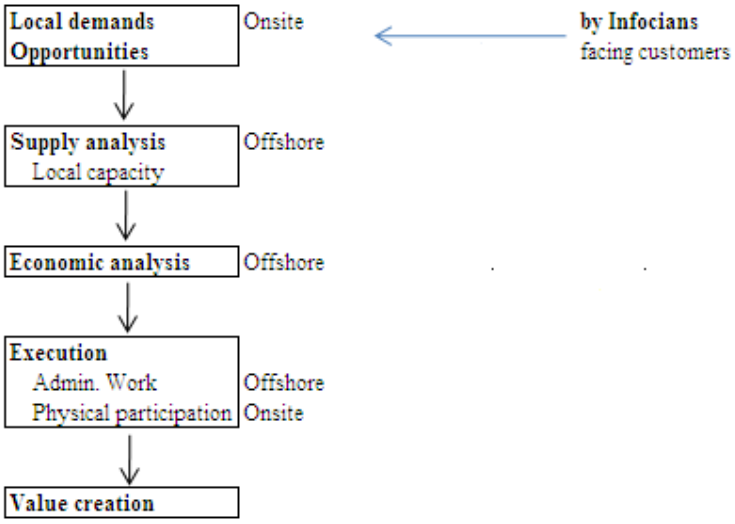
I hope this information is helpful and if you have any additional questions, please let me know.

Best,

Ashley

Ashley Branum
Senior Analyst
Vantage Partners
10 Guest Street
Boston, MA 02135
617-354-6090, x849

Appendix IX: A typical transfer process at Infosys
GDM (Global Delivery Model) at Infosys



Appendix X: Preliminary study

I conducted preliminary interviews in the summer of 2008 and engaged in participant observation at Infosys HQ from the period of February to April 2009 in Bangalore. The influence of the environment became a primary concern after I conducted the preliminary study that investigated whether there were any variations in CSR initiatives within Infosys. It was initially assumed that the degree of variation in CSR initiatives was correlated with institutional distance (Kostova and Zaheer, 1999) between India, where the headquarters was located, and subsidiary locations. Institutional theorists argue that corporate social action is shaped by institutional pressures; they highlight the role of the institutional environment in the emergence of social action by corporations and suggest an interplay between corporations and their communities which focuses and directs social change efforts (e.g. Marquis et al, 2007; Matten and Moon, 2008). These researchers did not examine whether the institutional effect would endure when companies transfer their home-based initiatives to another national environment or how a changing institutional environment influences the values derived from firm-specific resources used for CSR.

The findings from the preliminary study provide initial empirical predictive and normative support for the perspective that differences in host country institutional contexts influence corporate social actions as institutionalists and comparative political economists suggest. However, though the institutional environment influences CSR activities, the way of this influence plays out was somewhat different in the case of dynamic setting (i,e. transfer of CSR initiatives). In other words, in an international context, perceived values accrued from transferring CSR initiatives is context-specific and situational in nature and in some cases, a competitive advantage can be seen as a compound of multiple individual advantages that work together as an integrative whole. Certain CSR initiatives at Infosys appear to be highly fungible, meaning that CSR initiatives were used in ways not necessarily intended by the

original, explicit objectives in an international context. The Campus Connect program, for instance, was a worldwide program which focused on aligning the needs of IT and engineering colleges, faculty and students with the needs of the industry. It was initially developed in India to create industry-ready professionals, as there was a severe shortage in India. However, the program was instrumental in generating a wide range of advantages for Infosys, such as talent management and government relations in other locations (e.g. Mexico, Thailand, Malaysia, Indonesia, China, Bhutan, Spain).

More importantly, variations in the transferred CSR programs did not seem to be explained solely by institutional distance. In some cases, the isomorphism with the headquarters appeared not to be negatively correlated with institutional distances. For instance, even though China and Mauritus both had a similar distance within their respective institutional environments, the degree of similarity of the Campus Connect programs in both countries with the headquarters' was different. Altering the firm resource base for the Campus Connect program in Mauritus seemed to have diverted the project from the original program, which suggests that resource base might be a predictor for the level of isomorphism with the headquarters. For the case of Mauritus, one of the country resources, a local French speaking staff, reproduced teaching materials for the Campus Connect program and this resulted in a high degree of deviation from the Indian program. Similarly, the local staff in the US perceives the local needs in a different way and designed the Campus Connect program with a focus on mock job interview sessions rather than improving IT education in the US. The program in China, however, where the core Indian team of Campus Connect was relocated, demonstrated a high degree of similarity with the Indian program.

As suggested above, one of the key resources for CSR transfer is human resources in each business unit and the social competencies of a business unit involved in the transfer process, which seemed to explain part of the heterogeneity in the transfer of CSR initiatives

at Infosys (Bhattacharyat et al, 1991; Bowen, 2007; Marcus and Anderson, 2006). The awareness of employees about CSR seemed to vary greatly across cases partly depending on whether or not relevant incentive systems were in place. Business unit-level capabilities of engaging employees in CSR (i.e. increasing awareness about CSR and incentive systems) appeared important to explain the variations (see Appendix IX for a typical procedure of CSR transfer at Infosys). In Australia, for instance, systems such as salary sacrifice and various green incentives are available, which seemed to explain the significant participation of employees in CSR activities in Australia being higher than that in the subsidiary in China. The high level of employees' awareness appeared to help in maximizing opportunities and in perceiving local needs, which in turn, enabled high performance.

Although the factors above seemed to explain many of the variations in the Campus Connect program, it was unclear from the preliminary study how these different factors can simultaneously altered the outcomes in different subsidiaries: whether they were due to a "subsidiary" effect, a "country" effect (i.e. because of reactions to something indigenous to the host country's institutional environment) or to an altered resource base for CSR. To explore these questions, the study was designed to maximize variations by including subsidiaries in different locations so as to test the effects of institutions and organizational capabilities. The goal was to provide a nuanced understanding of CSR transfer.

CHAPTER 4: STAKEHOLDER MULTIPLICITY OF CSR AND TRANSFERABILITY

This chapter reviews fifteen CSR initiatives transferred to China and to the UK. The cases vary according to the orientation of stakeholders (i.e., initiatives for internal stakeholders or for external stakeholders). The empirical data reveals that the externally oriented initiatives often involve more partnerships than internally oriented initiatives. Having multiple external stakeholders in the process of transfers may create uncertainty and ambiguity about outcomes, or outcome ambiguity, defined as the degree of uncertainty related to the assessment of the outcomes (Zollo, 2006). Previous studies predict a negative relationship between outcome ambiguity and transferability. The case studies, however, suggest that the ability of a CSR initiative to engage with different stakeholders helps facilitate transfers rather than hindering them. I refer to this attribute as *stakeholder multiplicity* of CSR, and denote it as the extent to which a CSR initiative can be used for different stakeholders. A more stakeholder multiplicity CSR initiative appears more resilient, even when there is ambiguity. Managers pay greater attention, and deliberation, in transferring a stakeholder multiplicity CSR, because multiple external stakeholders are involved, and because potential benefits follow from attending to the range of stakeholders. Transfers of stakeholder multiplicity CSR initiatives may involve greater outcome ambiguity, but this may facilitate transfers.

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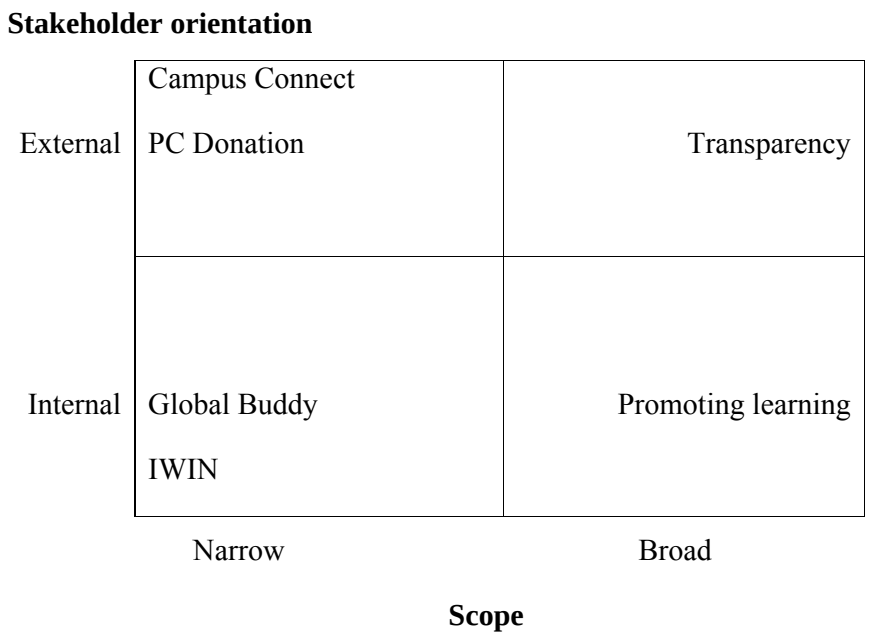
In the previous chapter, I introduced a typology of CSR initiative on the basis of stakeholder orientation and the scope of an initiative (see Figure 1). This chapter first examines if the different stakeholder orientations (internal vs external) affect the transferability of CSR initiatives. Holding the scope of a CSR initiative constant, I compared the upper left hand CSR initiatives with the lower left hand initiatives in terms of the extent to which those initiatives were transferred from India to China, and to the UK. In the following chapter, I examine the effect of the other axis, scope, on transferability.

Figure 1: A typology of CSR initiative



A. Empirical data

A.1. Case selections

Among the 30 total cases transferred, I selected fifteen cases, nine of which involved external stakeholder-oriented, and six of which involved internal stakeholders. As discussed in Chapter 3, I relied on a range of sources (e.g., functional departmental managers, CEOs,

employees, corporate/external documents) to select the fifteen cases for investigation. Note that employee volunteering, Spring and London PDC, were considered as internal CSR. Although their main activities were concerns for external stakeholders on various issues, such as health and education, the mission statement indicated that the primary beneficiary was its employees and the community was a secondary stakeholder. The mission statements of Spring, for instance were: 1) create a social awareness among the Infoscions[7] in Infosys China and 2) give back to the society where Infosys China operates from.[8] The cases of 'Say No to Disposable Chopsticks' and 'No Disposable Paper Cups At Work' were both designed to promote eco-awareness, but they differed in their stakeholder orientation. The former was implemented by the corporate marketing team with external stakeholders for the community ,while the facility unit, which mainly served internal stakeholders, led the latter project.

A.2. Data construction

A.2.1. Dependent variable: transfer success[9]

> *Success is not a function of investment. We measure success based on feedback from stakeholders, both our employees and participating schools. They appreciated the initiative tremendously and asked us to continue it. The participating students were very happy and so were the employees. Stakeholder engagement is more important for us than charity. We collaborate with various stakeholders like e-skills and IBM. [Srikanth Iyengar, associate vice president at Infosys UK]*

My preliminary interviews suggested that transfer success might have various degrees, ranging from symbolic implementation to complete internalization of an initiative. For some CSR initiatives, such as an employee diversity-related initiative, employees provided inconsistent answers to the question of whether the initiative existed. A key member of IWIN said "We female employees are members of IWIN by default." I asked another female employee who said, "Could you share with me an example of IWIN activities?" and

[7] Refer to employees at Infosys.
[8] Spark, Infosys' intranet, 2009
[9] For clarity, I repeat some parts of the definition, which is also outlined in other chapters.

"I'm not a member of IWIN." While the HR manager in China believed all of the diversity-related initiatives in India had been transferred, the diversity manager in India indicated that only selected initiatives were available in China. The inconsistent answers between the HR manager in China, and the diversity team manager in India, reconfirmed the need to classify the transferred initiatives in terms of the internalization and implementation of initiatives by participants. Prior studies on the transfer of initiatives also indicate that opinion bias in the context of transfers exists (e.g., Grabner, 2010; Kostova, 1996) (see Appendix I for an example of opinion bias).

As discussed above, the theoretical definition of transfer success is based on institutional theory, international management and the instrumental view of the stakeholder theory. As suggested by many institutional theorists (e.g., Selznick, 1957), organizational practices, including CSR initiatives, carry a number of meanings for organizational members. Successful transfer of organizational initiatives is not only based on symbolic implementation (Meyer and Rowan, 1977), but also "infused with value" (Selznick, 1957). In other words, recipients do not just adopt initiatives for symbolic reasons without implementation; they use the initiatives. In this line of thinking, Kostova (1999) defines the success of a transfer based on the degree of institutionalization of an initiative at the recipient unit, with respect to both implementation and internalization.

In addition to the conceptualization of transfer success, measured by the level of the implementation and the internalization of a transferred initiative, this study also includes the second-order effects such as benefits incurred to the company from engaging with stakeholders. Although achieving internal operational efficiency may be the primary objective in the context of transfers of operational practices (Kostova, 1999), objectives of transferring CSR initiatives may include other objectives because CSR transfers involve one-to-many exchanges (including external stakeholders) beyond the dyad relationships, HQ and

subsidiary. The literature implies that firms may attempt to create and transfer intangible assets to a host country in order to enjoy the multifaceted benefits accrued from attending to a range of local stakeholders in the host country. Some scholars argue that citizenship program firms that engage in host countries are strategic investments comparable to R&D and advertising (Fombrun, 1997; McWilliams and Siegel, 2001). CSR programs help create intangible assets through which global companies gain legitimacy, reputation, and competitive advantage (Fombrun, 1996; Gardberg and Fombrun, 2006). This in turn can help MNEs overcome the liability of their foreignness (Hymer, 1976; Zaheer, 1995). Some also argue that stakeholder engagement influences the effectiveness of CSR programs. The success of CSR initiatives is often linked to stakeholder dialogue and stakeholder engagement, ideas that occur repeatedly in discussions of the best CSR initiatives (Blowfield and Frynas, 2005: 507).

Based on the above theorizing, CSR transfer success can be defined as the degree of implementation and institutionalization of the transferred initiative. This also includes cases where values from engaging with recipients (stakeholders) through transferred CSR initiatives accrued. In other words, all else being equal, the more benefits accrued to the firm through a transferred initiative, the more successful the transfer. I operationalized the concept by using the interview protocol developed in previous studies (Leonard-Barton and Sinha, 1993). Kostova uses a survey for project managers and employees with proxies such as employee commitment to the initiative (Mowday et al, 1979), employee satisfaction (Locke, 1976) and employee psychological ownership (Pierce et al, 1992). With respect to externally oriented CSR initiatives, I asked questions about the user assessment of transferred initiative benefits, stakeholders' overall expectations and the fulfillment of objectives. This is consistent with the constructs developed by Leonard-Barton and Sinha (1993). Where access to informed and external stakeholders was not possible, I included third-parties as

interviewees. Although they were not direct project managers, they were informed actors who were nevertheless familiar with the transferred initiative (Szulanski, Cappetta and Jensen, 2004). For example, some of the key informants for the Campus Connect initiative acted as third parties for the IWIN initiative by answering questions about IWIN.

Taken together, I rated the transferred initiatives by the degree of transfer success, with a continuum from 'ceremonially' to 'institutionalization.' The ceremonial degree involves the symbolic transfer of an initiative, and carries the same content of the sources that are not internalized by recipients. On the other hand, the institutionalized degree involves a substantial transfer internalized by recipients. I developed an ordinal notation of the degree of transfer, ranging from 1: ceremonial to 7: institutionalized[10].

I next identify some indicative measures for assessing the degree of transfer success. I then rate each CSR initiative based on the collected indicators. Thereafter, I examine those transferred initiatives with a high degree of transfer (i.e., institutionalized) in detail, so as to delineate any commonalities among successful cases.

A.2.2. Measures of transfer success

I gathered both quantitative and qualitative indicators to assess the degree of success (see Appendix II for measures of transfer success). With respect to the quantitative measures, I used corporate indicators that Infosys used, such as the continuity of a project, number of beneficiaries and amount of investment involved (see Appendix VII Infosys' dashboard in Chapter 3). The company perceived the continuity of a project, which referred to a project implemented continuously rather than one time, as an indication of the importance of the project. Similarly, at the subsidiaries, the UK and China, those initiatives involving higher investment seemed to draw more attention from employees, and thus enhanced the

[10] This scale is employed only for the analysis in this chapter. In Chapter 6 on fuzzy-set analysis, I use the scale (0, 0.3, 0.6, 1), which is applied to all 30 cases in order to be aligned with codes for other variables.

employees' perception of the importance of an initiative. Some development economists also consider this type of quantitative data, such as the number of beneficiaries and participants, as indicators of successful implementation (e.g., Brown, 1991). I also conducted keyword searches using the Factiva database to capture evidence on the responses of stakeholders concerning the initiative in question.

For qualitative data, I primarily relied on interviews[11] regarding the level of internalization and implementation of initiatives by recipients. Following Kostova (1999), I focused on the extent to which recipients internalize an initiative, or the perceived importance of the initiative. Szulanski (1996) relied on the perceptions of informants to assess outcomes of transfer by asking if there was solid proof that the initiative was really helpful; contributed significantly to the competitive advantage of the company (see Appendix III for more measures employed in the literature).

A.2.3. Rating transferred CSRs by the degree of transfer success

Below is a list of 15 initiatives under investigation with an evaluated degree of transfer success.

CSRs with external stakeholder orientation	CSRs with internal stakeholder orientation
1. PC donation (China) 2. Finacle (China) 3. Infosys Code Master 2009 in Shanghai(China) 4. Campus Connect(China) 5. Say No to Disposable Chopsticks (China) 6. Finacle (UK) 7. Campus Connect (UK) 8. Green service (UK) 9. PC donation (UK)	10. Employee volunteering (SPRING) (China) 11. Infosys Women's Inclusivity Network (IWIN) (China) 12. No Paper Cups at Work(China) 13. Global Buddy (China) 14. Employee volunteering: London PDC (UK) 15. IWIN (UK)

[11] Sample interview questions are found in Appendix VI in Chapter 3.

Case 1:PC donation program (China) – degree of transfer success: 5

A relatively high degree of transfer success, 5 out of 7, was given to this initiative. The number of beneficiaries and staff time appeared to have drawn some attention from both internal and external stakeholders. At the launch event, government officials from the ministries in China were present with other representatives from different organizations.

Case 2: Finacle (China) – degree of transfer success: 4

In China, Finacle achieved partial success; it was given the degree of 4. The original objective of serving the unbanked in villages was not materialized yet, though it successfully served other corporate customers. This project was still considered as a CSR project by Infosys China (it was reported in its sustainability report as a sustainability initiative).

Case 3: Infosys Code Master in Shanghai (China) – degree of transfer success: 5

A relatively high degree of transfer success, 5, was given. It generated significant attention from beneficiaries, such as students in the seven participating universities, though the level of recognition was not as high as Campus Connect's or 'Say No to Disposable Chopsticks.' A relatively limited number of stakeholder groups were involved (students were the primary stakeholders).

Case 4: Campus Connect (China) – degree of transfer success: 7

Campus Connect was rated 7, the highest degree of success. This project involved substantial investment and staff time, which generated strong attention from the company, as well as external stakeholders. Other evidence included the level of institutionalization of the initiative (it had existed since the inception of the subsidiary in 2003). Some employees from India were relocated to China to oversee the project.

Case 5: Say No to Disposable Chopsticks (China) – degree of transfer success: 6

A high degree of transfer success, 6, was given. It drew more than 90 percent of its employees' participation. The beneficiary community also recognized these corporate green efforts, and bestowed a CSR award upon the company.

Case 6: Employee Volunteering, SPRING (China) – degree of transfer success: 4

A relatively low degree of transfer success, 4, was given. Though it was introduced in 2007, earlier than many other projects, the number of members didn't increase as fast as for other projects. The blood donation drive drew less than 5 percent of its employees. Other Spring activities included orphanage visits, old-age home visits and card sale fundraising events. The costs for implementing the projects were generally small – mostly just transportation (see Appendix VII for examples in Chapter 3). Some initiatives, such as the blood donation program, were implemented on a regular basis, and Infosys China participated in a campaign organized by the HQ. Other initiatives were local-specific, and not so consistent with the initiatives in India, which were largely rural-based for capacity building.

Case 7: IWIN (China) – degree of transfer success: 2

A low degree of transfer success, 2, was given. The core members acknowledged that the current activities were not substantial. There was little evidence that the initiative was institutionalized (e.g., the absence of a local charter, no regular meetings). Furthermore, the awareness among female employees was low.

Case 8: No Paper Disposable Cups At Work (China) – degree of transfer success: 1

The lowest degree of transfer, 1, was given. The core member of the facility team that led the project acknowledged that the project was not successful, and also provided explanations for the failure of the initiative.

Case 9: Global Buddy (China) – degree of transfer success: 1

The lowest degree of transfer success, 1, was given. A number of third party interviewees, including the CEO in China, acknowledged that the project was not active yet.

Case 10: Employee Volunteering - London PDC (UK) – degree of transfer success: 6

The initiative was rated as relatively successful because the level of internalization by stakeholders was high. The interview data revealed that the satisfaction from the primary stakeholder group, employees, was high, and so was satisfaction from beneficiaries. A relatively large number of employees participated in the initiatives (40 people for each event in the UK office and10 in China), especially when the total number of employees in China was a lot larger than in the UK.

Case 11: IWIN (UK) – degree of transfer success: 1

A low degree of transfer, 1, was given. Though the core members recognized the importance of the initiative, the level of awareness and the internalization by recipients was low. Some employees raised questions about the overall fit of the initiative with organizational needs at the subsidiary.

Case 12: Finacle (UK) – degree of transfer success: 5

The transfer of Finacle was perceived as successful in the UK. Quantitative evidence, such as an increase in investment, and in the number of customers, indicates that the transfer was institutionalized. The level of internalization from the employees was high in terms of the recognition of the importance of the project, and the overall stakeholder satisfaction measured from the interview questions (see Appendix VI for an example of interview protocols in Chapter 3).

Case 13: Campus Connect (UK) – degree of transfer success: 3

Interviewees perceived the transfer of Campus Connect to the UK as relatively unsuccessful. There was not much progress since the introduction of the initiative in 2007.

Under its so-called 'Global Talent Programme,' Infosys selected British students from tertiary institutions, including the University of Bath, Nottingham, Surrey, the University of College, Imperial College, and King's College in London in 2008, and sent them to the global education centre in India. There were few objective signs of formal implementation in the UK. Few members from the Campus Connect team were relocated from India to the UK. Previous studies provide some examples of formal signs (e.g., manuals, procedures, the proportion of employees using a certain time for activities (Kostova, 1999)). At the UK office, the HR team, headed by a local British employee, implemented the initiative without any particular substantial use of the course material from India.

Case 14: Green Service (UK) – degree of transfer success: 7

This initiative was rated as 7, the highest degree of transfer success. The quantitative data gathered included the number of partnerships and awards pointed towards success. Various business departments (e.g., IMS and SetLab) involved partnerships with stakeholders to co-create green products. Other functional departments (e.g., manufacturing and energy) made substantial investments in helping customers become environmentally friendly companies. The assessments of employees revealed that the initiative met stakeholders' overall expectations, and addressed organizational business objectives.

Case 15: PC donation (UK) – degree of transfer success: 1

Multiple measures, such as the number of participants and beneficiaries, and the governance of the project, indicate that the transfer was not successful. It was rated as 1, the lowest degree of transfer success. Though the concept of donating PCs to local schools remained the same as in India, a lack of resources (specifically the PCs) led to less recognition of the importance of the initiative, and little participation. With Infosys UK functioning mostly as a sales office, there was a lack of desktops to donate.

	Indicators	Examples
1. PC donation (the degree of success :5)	Quantitative	Cost - 50 desktops , employee hours Beneficiary-700 students at Shanghai Private Sunshine Haichuan School Partner organizations • 2 governments (Ministry of Communication; Bureau of Civil Affairs in Shanghai) • 1 NGO (Shanghai Charity Foundation) • Infosys (2 units+ CEO:- CCD: computers and communications division, SPRING, CEO)
	Qualitative	"We took a lead from India. Employees are happy with what they do." [Ranga V. CEO of Infosys China]
2. Finacle (the degree of success: 4)	Quantitative	Customers - 5 multinational banks (Socgen, ABN Amro, State Bank of India, ANZ, China Trust Commercial Bank –Taiwan) on core banking solution; The rural banking has not been successful yet.
	Qualitative	"Although we are close to the Shanghai Municipal Government, they cannot help us have any preferential access to the rural banking in China which is heavily regulated by the federal government, especially China Banking Regulatory Commissions (CBRC)." [Henry Lee, Financial analyst at Infosys] "There are only four village banks in China with huge potential but it's very difficult to get into the area because of the heavy regulations" [Terry Sun, Group engagement manager] "We failed to convince ANG to use Finacle for village banks. Instead they use the local banks. They know it is much easier for them to work with domestic players as the government favors the domestic banks" [Paul Chen, engagement manager of Finacle]
3. Code Contest (the degree of success:5)	Quantitative	Beneficiaries: 390 students from 7 universities Partners: IT consulting firm(DevSquare), Infosys India, 7 schools (Donghua University, East China Normal University, East China University of Technology, Fudan University, Shanghai Jiaotong University, Shanghai University, and Tongji University)
	Qualitative	"There is some local media coverage about this event", Adelaide Lin, marketing manager
4. Campus Connect (the degree of success :7)	Quantitative	Beneficiaries – 100 students interned at Infosys' Global Education Center in Mysore 20 faculty members 1000 interns from China to be sent to India in 2010 10,000 software developers for 3 years with the state government Partners: Shanghai Municipal Informatization Commission, Nanhu district, China Scholarship Council; Ministry of Education, Shanghai Pudong Software Park Co.

	Qualitative	"No one has done it before. The Campus Connect program was the most successful program during my years" [James Lin, former CEO of Infy China]
5. Say No To Disposable Chopsticks (the degree of success:6)	Quantitative	Beneficiary: all employees, Zhangjiang hi-tech park Partners: Green Peace China, Zhangjiang Group, corporate marketing at Infosys Cost: 8000 RMB (1180 dollars), staff time Implementation – more than 90 percent employees ' participation, signing the Green Peace Commitment Card, Finger Print Tree, distribution of the reusable chopsticks ; donation to the Chinese Environment Projection Organization
	Qualitative	"The former CEO was Chinese American. He was very supportive on this kind of event. We then had more members in the marketing team so we were able to pay more attention to make the event successful" [Adelaide Lin, corporate marketing manager] " I think this event helped increase our visibility and thereafter we received a corporate social responsibility award." [James Lin, former CEO at Infosys China]
6. SPRING (Blood donation) (the degree of success 4)	Quantitative	Beneficiary: Red Cross Blood Drive Cost: small cups to thanks donors Participation: 78 Infosys China employees (less than five percent of its employees)
	Qualitative	"Spring is purely on a volunteer basis. We take a lead from India. Indian staff here provide leadership, how things work, etc. on a case-to case basis. Also we do corporate matches if there are any donation drives."[Ranga V., CEO of Infosys China] "I believe it is a successful event, as around 5% employees attend this blood donation drive. About YangYuan Migrant school visit and old age home visit due to transportation reason, YangYuan Migrant school we have visited twice, the first time there are 12 folks and the second time there are 8 folks. The old age home visit is near the office, there are 15 folks attended." [Ben Xu, VP of Spring]
7. IWIN (Infosys Women's Inclusivity Network) (the degree of success 2)	Quantitative	Member: all female employees across IBUs (except BPO) Activities: video conference with Bangalore for talks by guest speakers, events on International Women's Day Cost: little cost No partners
	Qualitative	"We are trying to institutionalize things and we will have a charter and strategies, but currently it's on a bit of an ad-hoc basis. It's because we have small projects that are manageable. But come back next year. We will have more to share with you." [Lilly Vasanthini, IWIN core member at Infosys China] "Really? I didn't know I am a member of IWIN." [Adelaide

		Lin, corporate marketing manager] "I didn't know that IWIN activities in which I participate could be considered for 5 percent of my performance evaluation." [Brianna Yvonne Dieter, corporate planning manager]
8. No Paper Cups At Work (the degree of success 1)	Quantitative	Cost: 500-600 custom-made ceramic cups
	Qualitative	"It was initiated in 2006. However, I have to admit that it hasn't been continued and there is little influence in our office; as more people joined, we couldn't provide everyone and also the participation from employees was low; we collected some feedback afterwards. Most of them complained saying it's not convenient and they don't like that cups are shared by everybody; 'Saying no to disposable chopsticks' organized by the marketing team was more successful." [Wing Tao at the facility& admin dept. of Infosys]
9. Global Buddy (the degree of success 1)	Quantitative	Participants: 100 members
	Qualitative	"Each IBU has their own buddies in each different location, but it's not very effective yet." [Rangarajan Vellamore, CEO of Infy China] "It's not working well. I think it has to do with the limited eligibility. To be eligible for a buddy, more than one year's work experience with Infosys is required." [Jane Ji, HR] "Buddy initiative is active in China. Buddy is voluntary; can be a buddy for several people; walking through corporate culture; HQ provides platform and each unit takes forward. We have a pool of buddies and people pick a buddy." [Saravanan Muralidharan, HR] "I think Infy China doesn't need global buddy because most of them are Chinese anyway. So I think there is little need for a new hire to learn the culture, etc." [Khadja Mohammed Maritim, HR at Infosys UK]
10. Employee Volunteering - London PDC (UK) – the degree of success 6	Quantitative	London PDC hold a regular meeting with a clear governance structure; the continuity of the initiatives (every quarter); partnerships with a number of local stakeholders – two local schools, E-Skills (government funded) and Future Talent Steering Group(collaboration with competitors)
	Qualitative	"About 40 people (Infosys employees) respond right after I circulated an email about an upcoming volunteer activity. It's good for our people too. They are very excited about volunteer opportunities." "35 girls from two local schools came last month. They spent four hours with us. We trained them basic IT knowledge. We also set up a teleconference between these girls and young

		Indian professionals at our Indian office and provided them with an opportunity to learn more about it from them. They had never done it before and were very excited. Fifteen people raised their hands at the end of the session when being asked if they would like to have a career in engineering, up from one person in the beginning of the session." [Srikanth Iyengar, Associate Vice President] "The project on ESkill has been successful because it's connected with our business and something we can do well; we show age 14 years old girls interests in IT; UK doesn't have the skills. It fits in our business and also helps the country." [Carol McCarthy, HR European head]
11. IWIN (UK) – the degree of success 1	Quantitative	*Member: a small number of the core group (3 employees); no regular meeting *activities: social gatherings on an ad hoc basis * partnership: none
	Qualitative	"We don't need IWIN here. Diversity means hiring more whites as most employees are Indians." [Aaron Moss, HR manager at Infosys UK]
12. Finacle (UK) – the degree of success 5	Quantitative	Regular meetings with multiple stakeholder groups (e.g. vendors, strategy teams including social and green areas); partners with local companies (e.g. Luup) and a rapid increase in the number of clients since its introduction to the UK in 2005
	Qualitative	"Various parameters in Finacle help customers address sustainability issue. For example, E-banking and mobile banking reduce the need to go to banks and reduce the use of papers which has green implications. Finacle works based on 'thin client basis' which saves space. Our product also makes transactions more transparent which increases internal checks and validation and makes the organization a more transparent company. All concepts are built in our parameters." [Ram Davanarayanon, Finacle manager at Infosys UK]
13. Campus Connect (UK) – the degree of success: 3	Quantitative	Implementation was irregular;
	Qualitative	"I have no connection with Indians. 80-90 percent are Indians here. Half of the rest are of Indian background. They come from India with knowledge of these CSR things (referring to Campus Connect); we are not a big office and we need to focus on one small thing that we can do well." [Carol McCarthy, HR head EMEA, Infosys]
14. Green Service (UK) – the degree of success: 7	Quantitative	Recognition by stakeholders in terms of green areas (e.g. 2008 Golden Peacock Global Award for CSR reporting; Gold Leaf Award: QBE insurance (Europe), Utilities/telecommunications outsourcing projects of the year 2005; 2008 European business awards; wholesales & capital markets- payments & treasury services; Art technology group Europe Partnerships – co-creation with Alston on green power management; stakeholder satisfaction – helping customers become green: e.g. Sainsbury, Wrigley,

		Governance –A group of employees from SetLab, a research arm, was relocated to the UK on green research; green tools and green assessment
	Qualitative	"The sustainability principles are incorporated in what we design product systems; we are now offering SaaS, HR platform, social commerce, audit-to-cash platform. All reduce resource and optimize costs." [BG Srinivas, Head of European operations] "As a service provider, we are focusing on cloud. We have bigger environmental responsibility, making push for clouding; helping customers where they are and we give them suggestions by brining all of our existing technologies." [Ramanan Ramakrishna, Regional Business Manager at Infosys UK]
15. PC donation (UK) – the degree of success: 1	Quantitative	A small number of computers donated on a irregular basis; governance: little coordination between the facility department and London PDC (e.g. donating PCs separately).
	Qualitative	"In the UK, we are in a more client friendly location so people are on the road with laptops. There are not so many desktop computers to donate. Instead we discard our computers in an environmentally proper way. We use an agency who comes to our office to delete data and take the laptops. They do some work and sell them. " [Tervinder Gupta, Facility manager at Infosys UK]

A.2.4. Validity checks

A.2.4.1. Respondent validation

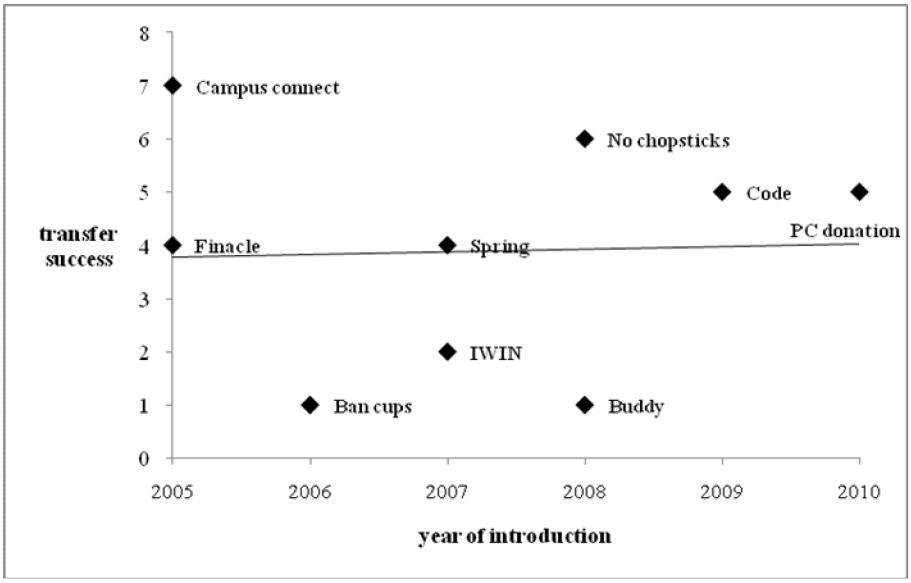
In order to validate the ratings, as discussed earlier, I sent the evaluations to Infosys to ensure agreement with the evaluations. Researchers recommend this respondent validation (Green and Thorogood, 2004; Yin, 1994) as a crucial process to enhance the validity of qualitative research. The marketing manager was an appropriate person to provide assessments across projects as she was the most informed about CSR initiatives within different business units at Infosys China, and the main anchor to report their CSR initiatives to their headquarters (see Appendix III for an example of member validation). At the UK office, the marketing manager was a local and didn't have sufficient knowledge about initiatives in India. The associate vice president, an Indian deputy, was appropriate as he was actively leading CSR projects as part of the employee volunteer programs. It made sense to ask him because he had long stayed in the UK, and thus was aware of most of the programs in the UK. This procedure also serves as a check that the researchers' and the insiders' accounts correspond (Green & Thorogood, 2004).

A.2.4.2. Check for assumption 1 (control variable): time-varying effects are controlled

Some critics may question if certain CSR programs were rated highly because they were older and thus more mature than other initiatives. In other words, time itself may be a good predictor of the success of transfer. When an initiative is transferred early, this may be interpreted as the company's inclination towards supporting the initiative's transfer and continuation. In this line of thinking, one could expect a positive relationship between the year of introduction and the degree of transfer success, if time-varying effects have had an

impact on the transfer. As is shown in Figure 1, the success of transfer didn't appear to be driven by time for the cases under investigation.

Figure 1: Check for assumption 1 – time-varying effects are controlled



A.2.4.3. Check for Assumption 2: Marginal effect of the level of 'easiness' to transfer

The easiness of transfer may be a potential predictor of the transferability of CSR initiatives. Previous studies show that the transfer of operational initiatives (e.g., manufacturing capabilities) is influenced by the degree to which they are codified and taught (Zander and Kogut, 1995). Thus, the easier it is to transfer a CSR initiative, the more likely it is to be transferred. Intuitively, internally oriented initiatives may require little customization so that the level of ease is high. Below, some HR managers confirm how easy it was to replicate the HR initiative elsewhere.

> *"ITL and infy china worked together on the buddy program as there were not too many changes and not too much customizing was needed." [Varsha Sampath Ramesh, manager at the Diversity Office of Infosys HQ]*

Being in China doesn't make any difference – because IWIN is an internal initiative. Only in some cases where the Chinese government imposes something, we are different from IWIN India. For example, on International Women's Day, we take a half -day holiday, unlike my counterparts in India. [Lilly Vasanthini, president of IWIN China]

The quotes above reveal that the ease of a transfer is not related to the success of transfer. Although transferring internal initiatives was easy, they were not rated as successful transfers. Both IWIN and Global Buddy initiatives were rated as achieving low degrees of transfer success, 2 and 1, respectively. Given the data, it is hard to hypothesize that easiness is correlated with transferability.

B. Analysis[12]

B.1. Crosscase analysis: commonalities across success cases

Having the validity of the degree of transfer success and assumptions checked, I next identified common factors across the CSR initiatives that were successfully transferred. Through an iterative process of observing intra-group similarities coupled with inter-group differences (Eisenhardt, 1989; Pettigrew, 1988), I uncovered the following commonalities: external stakeholder orientation, the involvement of external stakeholders (partnerships) and institutionally contingent stakeholders, and the benefits of CSR.

B.1.1. Commonality 1: External stakeholder orientation

A noticeable commonality is if the primary stakeholder of an initiative, being external or internal, matters for the success of a transfer. As Figure 2 shows, successful transfers tend to be externally oriented. The participation of external stakeholders may help reduce the costs of adaptation. It may also induce deliberation from managers, and influence the participation from internal stakeholders.

[12] The identified commonalities are operationalized in Chapter 6 (p168)

Figure 2: Commonality1 – external stakeholder orientation

	Year of introduction	Stakeholder orientation	Degree of transfer
Finacle	2004	External	4
Campus Connect	2004	External	7
Ban cups	2006	Internal	1
IWIN	2007	Internal	2
SPRING	2007	Internal	4
Chopsticks	2008	External	6
Buddy	2008	Internal	1
Code master	2009	External	5
PC	2010	External	5

Source: Infosys documents and interview data

B.1.2. Commonality 2: Partnerships

As Figure 3 indicates, highly institutionalized initiatives involved a certain level of partnership. These ranged from the contributions of limited resources to the joint management of an initiative (some call this a hybrid form of partnerships, see Mullen, 1997; Husted, 2001). On the contrary, those projects presenting low degrees of transfer success were implemented without any substantial partnerships. This may be because issues concerning external stakeholders, such as social challenges, are often meta-problems (Chevalier, 1966) that single organizations find difficult to address on their own. CSR initiatives that are externally oriented and address specific social causes often involve more than one stakeholder, and are often referred to as social partnerships (Waddock, 1991), or social alliances (Berger et al, 2004). Consider the case of PC donation.

> *"Actually we contacted the Shanghai local government and they have a dedicated department called 'Shanghai Charity Foundation Pudong NewArea' and told us to go thru it."[Kadirvel M, head of CCD]*

The government and the NGO together helped Infosys identify potential beneficiary schools. Other examples were the two initiatives on reducing disposable materials. 'Say No To Disposable Chopsticks' involved partnerships with Greenpeace and the community where Infosys China was located. 'No Disposable Paper Cups at Work' had no external partnerships.

Figure 3: commonality 2: partnerships

CSRs	Degree of transfer	Partners
External oriented		
Campus Connect	7	5 governments (Shanghai Municipal Informatization Commission, Nanhu district, China Scholarship Council; Ministry of Education, Shanghai Pudong Software Park Co.); dozens of schools
Say No to disposable chopsticks	6	Green Peace China, Zhangjiang Group, corporate marketing at Infosys
PC donation	5	2 governments ; 1 NGO
Code Master in	5	IT consulting firm(DevSquare), Infosys India, 7 universities
Finacle	4	The rural banking has not been successful yet.
Internal oriented		
Spring	4	Occasionally on a case by cases (for the blood donation, none)
IWIN	2	none
Ban disposable cups	1	none
Global buddy	1	none

B.1.3. Commonality 3 – Institutionally contingent stakeholders

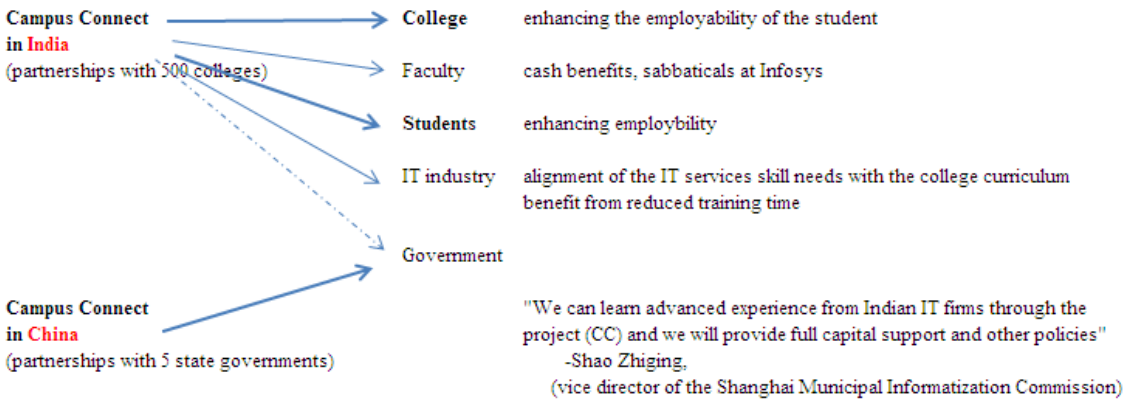
The network of partnership to implement the same CSR in China and the UK was not always consistent with the network of stakeholders in India. In other words, Infosys China and the UK did not always make the same CSR in their countries, with the same set of stakeholders compared to India's. In such cases, benefits derived from the CSR in China were not exactly identical to India's.

For example, the partnerships with universities were considered crucial for the successful implementation of Campus Connect in India. Infosys often referred to the project

as the 'Industry-Academia Bonds.' In the case of China, most of the partners were governments in different provinces. Infosys was introduced to universities mainly through its networks with the governments. On the contrary, in India, the Indian government played a marginal role in Infosys' implementation of Campus Connect. Some argue that to some degree, Campus Connect was developed as a showcase of the Indian private sector's better approach to inclusive growth, rather than the government's (Sood and Arora, 2006). Indian business was long against extending the job reservation policy of the government, such as the National Rural Employment Guarantee Program and reservation policies, to the private sector (Sundar, 2000). N.R. Narayana Murthy, Chairman and Chief Mentor of Infosys, advocated spending larger amounts of money to make people from the disadvantaged sections of society "market-worthy and competitive" rather than resorting to reservation to uplift the cause of the downtrodden.

As Figure 4 summarizes, the different network of partnerships for making Campus Connect was formed in India and China.

Figure 4: Stakeholders of Campus Connect



The collaboration with the Chinese government on CSR, however, did not always go smoothly. China had the highest number of financially excluded households in the world – 263 million - followed by India's 135 million (Infosys, 2010). Finacle, with its rural banking solution, was given attention even before the Infosys office was officially launched in 2003. Its entry to China became a news headline by the local media: "Infosys bets on Finacle for China growth" (Hindu Business Line, 2003). However, Infosys encountered the unexpected regulatory hurdles, and also the customization for the Chinese villages turned out to be more extensive than had been expected. Infosys mainly provided MNEs operating in China with other core banking services despite the huge potential market for the unbanked community.

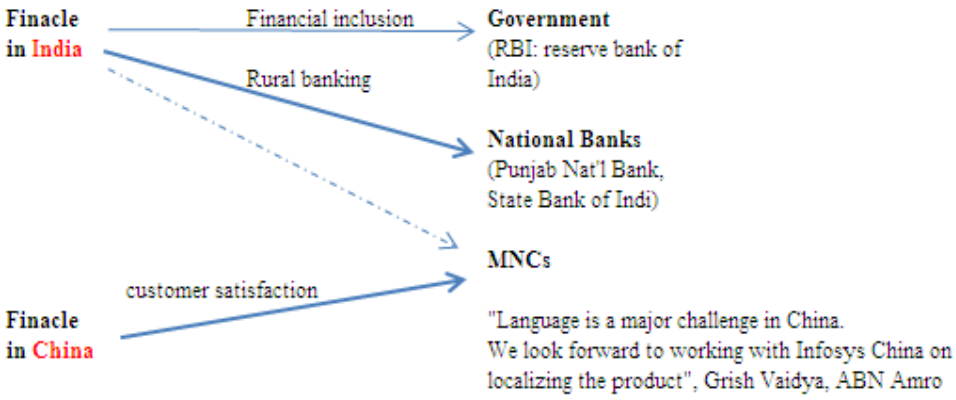
> *"Although we are close to the Shanghai Municipal Government, they cannot help us have any preferential access to the rural banking in China which is heavily regulated by the federal government, especially China Banking Regulatory Commissions (CBRC)." [Henry Lee, Financial analyst at Infosys]*

The interviewee's remarks indicate that some different relationships exist even within the stakeholder group, the Chinese government. Harrison & Freeman (1999) also noted that the overall stakeholder relationships need to be understood as multifaceted, multi-objective and complex phenomenon wherein many differences exist within stakeholder groups.

In the case of India, the rural banking solution shared with the Indian government the common cause, financial inclusion. Infosys worked closely with national banks, such as the State Bank of India and the Punjab National Bank (PNB). For instance, the PNB, one of the 500 largest banks in the world, selected Finacle to power its core banking initiative for rural banking in 2008. Infosys deployed Finacle across PNB's Regional Rural Banks (RRBs) covering 1300 branches. Rural banking, among others, was an increasingly important source of revenues for Infosys. It was also a strategic initiative as it carried a social cause, 'financial inclusion,' banking the unbanked.

"In a market like India, financial inclusion and rural banking is really important. We have launched a rural banking suite and dozens of our corporate clients are already running the programs." [Haragopal M, Global Head, Finacle quoted in Business Standard, 2009]

Figure 5: Stakeholders of Finacle



Other examples included the case of PC donation. Infosys' Computers and Communication Division extensively collaborated with the Ministry of Communications and Bureau of Civil Affairs in Shanghai on this project. In India, Infosys and Microsoft launched a project called Computers@classrooms, and donated used computers in Bangalore and Mysore. For the eco-awareness campaign, Infosys China implemented the project with a wider range of stakeholders in the community, while Infosys India's Eco Club led the awareness campaign across Infosys campuses in India, without fewer external partners.

B.1.4. Commonality 4 – Contingent returns to CSR

The different network of stakeholders for each CSR initiative in the three locations resulted in different outputs from the same initiative. While the stated objectives, such as promoting IT education and encouraging aspirations, remained the same, while unintended consequences or byproduct-like benefits changed. One explanation may be that each

stakeholder has different values to offer, and the discrepancies in the network of stakeholders between the two countries might have provided different values. The byproduct-like benefits have been driven from Infosys' engagements with the partnering stakeholders.

For example, in exchange for the PC donation, Infosys was given tax concessions from its collaboration with the government.

> *"Actually we contacted the Shanghai local government and they have a dedicated department called 'Shanghai Charity Foundation Pudong New Area' and told us to go through it and also given some tax concession for Infosys."[Kadir, Manager of Computers and Communications Division at Infosys]*

Similarly, the partnerships with the Chinese government on the Campus Connect initiative might have helped lessen some regulatory hurdles.

> *"In return for the favour China is reported to have exempted the Infosys China unit from the provisions of its labour law pertaining to trade unions." [The Hindu, 2008)*

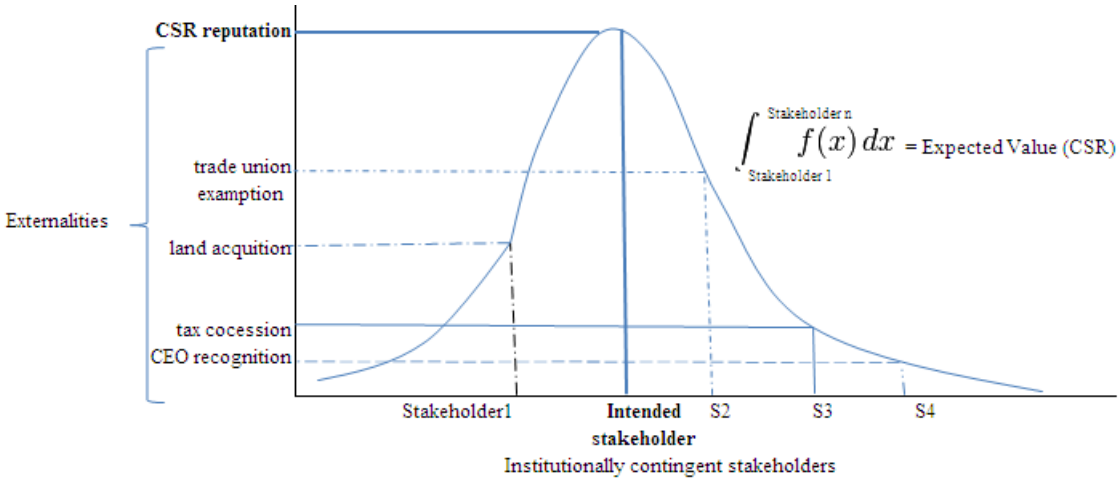
Infosys China also received Zhangjian hi-tech park Corporate Social Responsibility Award in 2007 (Infosys China, 2010). Thereafter, the former CEO, James Lin, was awarded the Shanghai Magnolia Award by the Shanghai Municipal Government in 2008.

> *I think I was recognized because we hosted the 'Say No to Disposable Chopsticks' campaign in the hi-tech park. Also, for the Sichuan earthquake, we not only organized fundraising drives, but also contributed to help the victims in 2008. So I think these helped me receive the award. [James Lin, former CEO of Infosys China]*

Even in the case of partnering with the same stakeholder group, because of the change in the institutional environment, Infosys subsidiaries achieved different values from partnering with the same stakeholder groups as in India. For example, Infosys China used the same programming certification firm, called DevSquare in implementing Infosys Code Master in Shanghai. DevSquare was a key partner for Infosys to implement the competition in India. DevSquare offered free-of-charge service to Infosys China partly because of its wanting to expand its presence to China. As Figure 6 suggests, there were both positive unintended and intended benefits accrued from engaging with a range of stakeholders.

Scholars have attempted to draw links from corporate social performance (CSP) to financial performance, and this may be the "business case for CSP – reasons for engaging in responsible behavior that might be convincing to a top management team" (Wood, 2010: 58).

Figure 6: contingent returns to CSR



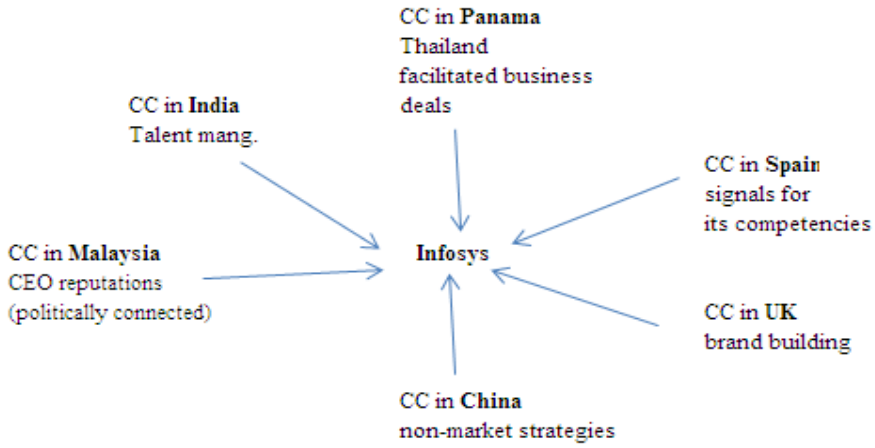
B.1.5. Consolidated commonalities: stakeholder multiplicity

As shown above, those successfully transferred initiatives seemed external stakeholder-oriented, and their objectives were closely tied to the company's competencies, such as IT expertise. They also involved more partnerships with local stakeholders rather than less successful ones. The stakeholders who were institutionally contingent, in turn, provided different returns to the transferred CSR initiatives. More specifically, the intended objectives of CSR initiatives remained the same as in China. However, by-product-like consequences were not consistent between the three countries. The unintended consequences were multifaceted, because the network of participating stakeholders was large. For example, the Infosys Code Master 2009 award in Shanghai was administered to: "encourage competitiveness and accelerate learning among students, and provide networking

opportunities with other institutions and professionals, and exposure to state-of-the-art tools used by the IT industry. The event would also increase awareness among the students about Infosys" (Infosys, 2009). The obvious stakeholders for this project were students and the academia. Some of the second order externalities may lie within the Shanghai government. The local authority aspired to turn Shanghai into a hub of IT industry that can compete with other technologically savvy conurbations, so its collaboration with Infosys was aligned with its objective. This initiative also benefited Infosys in that it contributed to promote diversity and make the company less Indian-centric. The Chinese winners of the competition were sent to the HQs in Bangalore, and interacted with various levels of employees. In addition, the close collaboration on this project with leading universities might have generated opportunities of recruitment for Infosys.

This appears to suggest that these CSR initiatives can serve multiple stakeholder groups. I refer to this as 'stakeholder multiplicity of CSR initiatives'. I denote stakeholder multiplicity as the extent to which a CSR initiative can be used for different stakeholders. For example, the main instrumental value from the Campus Connect initiative was to gain access to the talent in India, while the same initiative in China was instrumental for building relationships with the key stakeholder, the local government. The stakeholder multiplicity of the Campus Connect becomes clearer when looking at other examples worldwide. The Campus Connect initiative was instrumental in generating a wide range of benefits for Infosys, such as talent management and business opportunities in other locations (e.g., Mexico, Thailand, Malaysia, Indonesia, China, Bhutan, Spain) (Figure 7).

Figure 7: An example of stakeholder multiplicity of CSR (CC: Campus Connect)



In summary, with the Campus Connect initiative, Infosys achieved different values accrued in China and the UK by attending to a range of stakeholders, that were different from those in India. A broader implication from these examples is the proposition that stakeholder multiplicity is nested within the view that action is influenced by institutions, and also influences institutions, and managerial limitations lead to building coalitions to reduce uncertainties, a consistent finding in the study of organizational decision making (e.g., Cyert and March, 1963).

In transferring stakeholder multiplicity CSR initiatives, Infosys exhibited a conscious effort to capture private benefits by the firm, referred to as 'specificity' (Burke and Logsdon, 1996). For example, it can be inferred from the choices of partners the company made in implementing various social initiatives. When donating PCs in China, it collaborated with the Ministry of Communications which appeared to be a dominant stakeholder that has power legitimacy (Mitchell et al, 1997). More collaboration was made in implementing the same project with MNE customers, such as Microsoft in India, which seemed more important to Infosys in the context of India.

C. General discussion

The objective of this chapter was to examine the effect of CSR characteristics on transferability. I compared the two groups of CSR initiatives, externally oriented and internally oriented, in terms of their transferability.

C.1. Hypothesized transferability

Previous studies show that uncertainties about outcomes arise when interactions between the transferred initiatives and recipients are unpredictable (Szulanski, 1996; Westney, 1987). For example, in the context of knowledge transfer, recipients can put the received knowledge to more than one use. Multiple actions deviating from the original initiative are possible (Priestley, 2003). A higher degree of outcome ambiguity ('unprovenness') is positively related to knowledge transfer difficulty, or 'stickiness' (Szulanski 1996). In a similar vein, it is expected that those CSR initiatives involving external stakeholders may be more subject to outcome ambiguities. In addition to ex ante uncertainty about the local environment (Leonard-Barton, 1988), uncertainties about the recipient may increase when external stakeholders are involved in the transfer process. For example, the source may be exposed to risks concerning the reactions of external recipients. Similarly, if the recipient is external, the source may lack motivation due to the fear of losing ownership, and thus exert less effort (Leonard-Barton, 1990; Szulanski, 1996). Transferring CSR initiatives that involve only internal stakeholders (based on the assumption that internal stakeholders are more familiar to the source than external stakeholders), therefore, may be more successful on balance.

C.2. Findings

Empirical observations suggest that those externally oriented initiatives were more successful than other internally oriented ones. For example, consider the two cases of 'Say No to Disposable Chopsticks' and 'No Paper Cups at Work'. Both initiatives aimed to promote eco-awareness, but they differed in stakeholder orientation. The former was externally oriented and involved partnerships with Greenpeace China and Zhangjiang Group. The latter was an internal initiative to promote green awareness in the workplace. Since the 'Say No to Disposable Chopsticks' initiative involved more external partners, it may be expected that more uncertainties could occur. However, the initiative was more successful in that more attention and deliberation was devoted to the initiative than the internally oriented initiative. One manager affirmed the difference resulting from the involvement of external stakeholders.

> *Both IMS (customer-facing unit) and CCD (internal unit) promote eco-friendly initiatives as part of the Green Initiative. We develop various ways to reduce carbon footprints on the basis of lean principles. I know that the CCD team initiated many internal green campaigns. The difference is that we at IMS consider our initiatives, something we have to do for our customers while the ones by CCD are voluntary and something extra.[Atul Porwal, senior manager at IMS]*

The participation of external stakeholders may be conducive to success because some unexpected positive benefits could ensue. For instance, Infosys was given a corporate social responsibility award by the Zhangjian Group soon after its 'Say No to Disposable Chopsticks' campaign. With the money collected during the campaign, Infosys made donations, together with its partners, to the Rue Er Gai government for the government-led project conserving decertified grasslands. The Rue Er Gai province was one of the potential locations that Infosys China considered for its next offices in China.[13]

[13] Times of India, 2010

Having external partners involved in the transfer process could create outcome ambiguities. However, these ambiguities may not always equate with hindrances to the transfer. The subsequent benefits, such as a CSR award, may suggest that these uncertainties are associated with positive externalities. The more external stakeholders there are, the higher the chance of ensuing unintended benefits. As is shown in the figure above, the expected value from a CSR initiative increases as uncertainties increase (i.e., uncertainties regarding derived values from institutionally contingent stakeholders). Therefore, it may be hypothesized that more stakeholder multiplicity CSR initiatives involve greater ambiguities, which facilitate transfers.

C.3. Implications

One of the key differences between the transfer of social initiatives and that of operational initiatives (e.g., knowledge, technology) may lie in how the success of a transfer is defined. The success of a CSR transfer implies that some value is derived from the stakeholders' use of the transferred CSR. If a transferred initiative makes more stakeholders satisfied, more possibilities for rewards to the firm accrue. Best CSR initiatives and strategies are often viewed as the ones that satisfy 'multiple' stakeholders (Freeman et. al., 2006). Yet, the transfer of operational initiatives tends to be an exclusive process within a firm or a network. Exact replication is often seen as the benchmark for success (Winter and Szulanski, 2001), with little expectation of engagement with stakeholders beyond the networks concerned. In some cases, interactions with external stakeholders can be seen as negative. Potential deviations from the intended objectives could result in generating negative values (e.g., leaking know-how) (see Agarwal and Echambadi, 2002 for examples).

One condition for successful transfers may have to do with certain characteristics of what is being transferred. Flexibility helps respond to the demands from a range of

stakeholders. Certain unintended benefits can, thereafter, accrue from involving multiple stakeholders. For instance, without any substantial changes from its original initiative, Campus Connect induced the involvement of multiple stakeholders and generated unexpected benefits from the relationships. When offered to rural communities in India, the initiative met the learning aspirations of students, helped universities improve the quality of IT education, and made competitors follow suit. Infosys gained a certain edge over competitors with respect to talent recruitment. It also earned some goodwill from the community (e.g., CSR awards), which may have helped ease tensions relating to land acquisitions-related issues. In China, this initiative was particularly attractive to the Chinese government who had plans for making China an IT hub in Asia. The government was a key partner in identifying schools and students for Infosys' Campus Connect program. Infosys also generated some unexpected outcomes from the good relationships with the local stakeholders, such as a tax exemption and the ability to hire outside of the labor unions.[14] Infosys Women's Inclusivity Network (IWIN), in contrast, interacted with a limited number of stakeholder groups (i.e., only with female employees), and relatively limited benefits accrued.

In other words, CSR initiatives differ in their ability to affect and productively involve a range of stakeholders. For example, initiatives, such as those that address employee relations, at best, serve one stakeholder group (in this case, employees or prospective employees). However, CSR initiatives that are externally oriented and address specific social causes often involve more than one stakeholder group, and often help to form social partnerships (Waddock, 1991) or social alliances (Berger et al, 2004). Such collaborations may occur because social issues are often meta-problems (Chevalier, 1966) that individual organizations find difficult to address on their own. Additionally, this type of CSR initiative tends to pertain to initiatives that are closely tied to the firm's business. Examples include

[14] The Hindu, 2008

Microsoft's Working Connection. It has been carried out in collaboration with a range of local stakeholders and has helped community colleges enhance their IT education, while some benefits to the firm, such as access to IT talent, accrue. This alignment of business operations with social values may help ease tension and facilitate coordination among stakeholders (Porter and Kramer, 2006). Investment in social issues that have little relevance to the firm's business might be seen as misappropriation and misallocation of corporate resources to some stakeholders, like rightful owners of the corporation (Friedman, 1970). When companies engage in social activities that are closer to their business, tensions between a nexus of contracts to the firm may decrease by minimizing such concerns by some stakeholders.

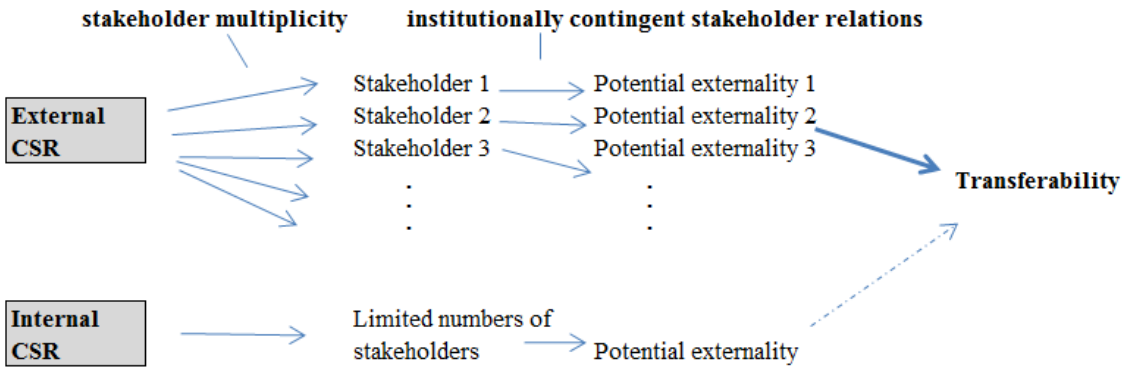
Taken together, a certain type of CSR initiative that combines a firm's competences with social values appears to serve more than one stakeholder group, and promotes coordination among a range of stakeholders. Such stakeholder relations are often characterized as a mutually reinforcing and symbiotic network, not a zero sum game (i.e., anything gained by one stakeholder group comes out of the losses of others) (Donaldson and Preston, 1995).

Stakeholder multiplicity (the degree to which a CSR initiative can serve more than one stakeholder group), therefore, may facilitate transfers by promoting engagement with local stakeholders (Figure 8). As shown above, the implementation of stakeholder multiplicity initiatives inherently involves some form of partnerships, which can help fine-tune and institutionalize the initiatives at the recipient site. When firms collaborate with local stakeholders through corporate citizenship programs and meet their demands, they facilitate assimilation and create a favorable local environment in the host country for their activities (Abrahamson and Fombrun, 1992). Furthermore, strengthening the social bonds between a

company and its local community can enhance trust between them and thus, help to integrate companies into the social fabric of the communities (Gardberg and Fombrun, 2006).

The attribute, stakeholder multiplicity, could be considered as an antecedent for the successful transfer of a CSR. The international management literature implies that successful transfers are realized when MNEs achieve legitimacy and good reputation through the transferred initiatives (Deephouse, 1999; Gardberg and Fombrun, 2006; Hymer, 1976; Zaheer, 1995). To meet the demands of different stakeholders, 'flexibility' is more desirable rather than accurate 'replication.' The most likely initiatives to be transferred are the ones that require minimal transfer costs,[15] and those are flexible enough to embrace demands from a variety of stakeholders. I argue that transfer is facilitated not by the codifiability of a practice, which simply promotes clarity, but the stakeholder multiplicity of a practice, which promotes flexibility.

Figure 8: Stakeholder multiplicity and transferability



[15] Teece (1977) defined transfer costs as the costs of transmitting and absorbing all of the relevant unembodied information; Baldwin and Hippel (2010) implied the costs of absorption broadly consist of communication costs and design (customization) costs. CSR initiatives that involve stakeholder multiplicity are expected to have low customization costs as they remain relatively identical in the host country. Also, low communication costs for fungible practices can be assumed considering they are codifiable.

Appendix I: opinion bias on what has been transferred

From: Fiona Zhou [Fiona_Zhou@infosys.com]
Sent: 07 July 2010 07:50
To: Sunyoung Lee
Cc: Saravanan Muralidharan; Adelaide Lin
Subject: RE: HR initiatives transferred

Dear Sunyoung,

Actually Infy China run all below practices, though the events like HALE and Infyability are not named.

Regards,

Fiona

From: Varsha Sampath Ramesh [Varsha_Ramesh@infosys.com]
Sent: 20 July 2010 06:31
To: Sunyoung Lee
Cc: Fiona Zhou; Adelaide Lin
Subject: RE: diversity progams in China

Hey Sunyoung,
Always good to hear from you J. You got it right . At the moment Infy China only has the IWIN circle and Buddy program . No VOY yet. What more information do you need. I could help once I have a better idea what your looking for . Do let me know and I will be happy to help.

Thanks & Regards,
Varsha
Diversity Office - Infosys
+919972865631

Appendix II: measurement instruments: the degree of transfer success

(on a scale of 1 – 7)

Data	Examples
Objective data	Infosys' dashboard for its social performance o Number of beneficiary o Number of partners o Cost o Continuity of a project Level of participation Stakeholders' response published in the third party's documents (e.g. newspaper)
Perception-based data	Perceived importance **Institutionalization** regulatory o There are standards and guidelines to implement 'CASE' o 'CASE' standards in this unit are mandated by corporate policies o The roles of personnel in implementing 'CASE' are well defined. Cognitive o We are implementing CASE in the same manner as the headquarters o People in this unit know a great deal about CASE o There is a lot of attention given to the 'CASE' in this subsidiary. o We value performing the 'CASE' o It makes sense for us to adopt 'CASE' because… o The transferred CASE has created benefits such as.. Normative o Practicing CASE is important for us as a corporate citizen. o We have obligations for our stakeholders to practice CASE. o We are doing CASE although it's not mandated.

Appendix III: Measures employed in the literature on transfer

Authors	Variables	Definitions	Measures
Reed, DeFillippi (1990)	Tacitness	Implicit and noncodifiable accumulation of skills that results from learning by doing	
Kostova (1999)	success of transfer	the degree of institutionalization of the practice at the recipient unit. Institutionalization is conceptualized at two levels: implementation and internalization.	Reported implementation + actual implementation using a survey Internalization – employee commitment, employee satisfaction, employee psychological ownership
Teece (1977)	The level and the determinants of the costs involved in transfers		
Contractor (1981)			Counting the number of transfers adopted by countries
Zander & Kogut (1995)	Characteristics of manufacturing capabilities	IV: attributes of knowledge (codifiability, complexity, teachability, system dependence, parallel development, product observability) DV: speed of transfer, time to imitation	Measured by 43 questions regarding the nature of the firm's manufacturing of the innovation The degree of multiple competencies used to manufacture a product
Szulanski & Jensen (2006)	presumptive any adaptations	involving two or more simultaneous changes that are of sufficient magnitude to render the template site, or previously working version of	Non conformity to a standard approach; Establishing intentional departure from the standard approach Measure qualitatively the intention to conform through a self-reported declaration of

		the practice, of little diagnostic value.	conformity to a 'particular, standard…model' (Westphal et al, 1997, p378)
Westphal et al (1997)	The degree of conformity to the standard approach		Computed by breaking up a policy into its constituent practices and building a vector of implemented practices to determine the percentage of practices that are actually implemented
Rogers (1980)	5 dimensions by which innovations can be described (relative advantage or profitability; communicapability, observability, complexity, compatibility)		
Szulanski (1996)	Technical success (Pinto and Mantel, 1990; Randolph and Posner, 1988)	On time, on budget, a satisfied recipient	Deviation in timing was measured as departure from the initial plan in reaching key milestones
Szulanski (1996)	Internal stickiness	The difficulty of transferring knowledge within the organization	DV: technical success indicators, on time, on budget, a satisfied recipient
Szulanski, Cappetta, Jensen (2004)	Recipient	A recipient (and source) is defined as an organizational unit.	
Nelson, Winter (1982)	Recipient ; Template	Refers to the original site where exemplar results are being obtained	the expression "organizational unit" is thought of as any entity that can "accomplish something on its own." As they explain, organizational unit is used mostly to mean an individual, however, "it is sometimes convenient to think of an organizational subunit as a 'member' of the larger organization."
Winter, Szulanski, Ringov, Jensen (2011)	Template Replication		DV- unit performance (measured by 'survival) IV – deviation 1 (actual product mix – recommended product mix) ; Deviation 2- % of revenue from non-standard menu
Simonin (1999)		Knowledge ambiguity- mediator	IV- tacitness, asset specificity, prior experience, complexity,

		Moderator – know how, learning capacity, duration of the alliance	partnerprotectiveness, cultural distance, organizational distance
Szulanski and Jensen (2008)	Presumptive adaptation – replication Relationship between presumptive adaptation and transfer effectiveness	Presumptive adaptation hampers rate of network growth ; setting – transfer of franchising knowledge	Qualitative data analysis; a single case study
Winter (1987)			IV: Attributes of innovation (tacit/articulable; observable/ non observable in use; complex/simple; dependent/independent) DV: the rate of dissemination

Appendix IV: Member validation e-mail

The marketing manager agreed to the findings and raised some questions for clarification. The issues have been reconciled as I provided the sources of data (the HQs) that she was not aware of yet.

From: Adelaide Lin [Adelaide_Lin@infosys.com]
Sent: 30 August 2010 07:13
To: Sunyoung Lee
Subject: RE: List of initiatives

Hi Sunyoung,

I am fine with your priority. But, I got some issues from that information, pls see my comments.

Best regards,
Adelaide Lin
Corporate Marketing, Infosys China
Visiting China Marketing Portal (CM+) at http://infosyschina/cmplus



Case 1: Campus Connect

Indicators	Examples
Quantitative	**Beneficiaries** – 100 students interned at Infosys' Global Education Center in Mysore 20 faculty members 1000 interns from China will be sent to India in 2010 10,000 software developers for 3 years with the state government **Partners**: Shanghai Municipal Informatization Commission, Nanhu district, China Scholarship Council; Ministry of Education, Shanghai Pudong Software Park Co.

Comment [A1]: I am not aware of the number of 1000 interns for yr2010 has been confirmed. Is it?

Case 2: Say No to Disposable Chopsticks

Indicators	Examples
Quantitative	**Beneficiary**: all employees, Zhangjiang hi-tech park **Partners**: Green Peace China, Zhangjiang Group, corporate marketing at Infosys **Cost**: 8000 RMB (1180 dollars), staff time **Implementation** – more than 50 percent employees ' participation, signing the Green Peace Commitment Card, Finger Print Tree, distribution of the reusable chopsticks ; donation to the Chinese Environment Projection Organization

Comment [A2]: How do you get this number? What does it refer to?

Comment [A3]: I believe it reaches 90%

CHAPTER 5: AMBIGUITY OF CSR AND TRANSFERABILITY

This chapter examines the transferability of CSR initiatives, such as transparency, which tend to be less clearly defined, and are often infused with values. This type of CSR is often formulated by many means or inputs. The plural inputs contribute to their outcomes in non-obvious ways, which creates ambiguity in inputs, or causal ambiguity. Counter-intuitively, the empirical data suggest that the causally ambiguous nature of CSR initiatives provides recipients with freedom for interpretation, which may facilitate transfers. The sub-initiatives promoting transparency were generated endogenously: stakeholders took part in shaping the specific content. I denote the *ambiguity* of CSR as the degree to which a CSR practice can be applied to multiple contexts in different ways. With the case of transparency at Infosys, I show that this attribute can facilitate transfers, rather than hamper them.

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Appendix I: illustrative examples of transparent dealings

Appendix II: Infosys firsts

A. Introduction

In this chapter I show that a certain type of CSR initiatives is ambiguous. Various sub-actions, corporate policies, or words, are attributable to formulate such CSR. There may be diverse interpretations of this initiative in different contexts.

> *The reputation of being transparent is based on multiple points. It's not just one point. It's been practiced since the inception by the founders and has been followed by leaders at the various levels. We also show examples by adopting global benchmarks; for example, knowledge management benchmark, security, infrastructure, all follow global standards, It also has various attributes. We have been consistently recognized for corporate governance initiatives and accounting practices for consecutive years and our advisory on transparency. We work on e-governance projects in India for several state governments. [BG Srinivas, head of European operations & senior vice president at Infosys]*

It is often said at Infosys that "transparency" and "honesty" are in its DNA. Pinpointing what is meant by this idea was a little difficult. There were certain CSR initiatives at Infosys which were vague and broad in scope. Examples included transparency and promoting learning. They appeared to be cumulative rather than infrequent, and to mature towards a level of institutionalization. This chapter examines the transferability of such types of CSR initiatives as transparency and the promotion of learning. With the case of transparency, I next identify what constitutes Infosys' reputation for transparency and honesty. I then examine the extent to which these initiatives were transferred to China and the UK, and close with an account of the implications the attribute of these CSR initiatives have on transferability.

B. Identifying CSR initiatives on transparency at Infosys

This type of CSR tends to be broad in scope, and formulated by many sub-initiatives (see below a notation: transparency initiative can be considered as a dependent variable

affected by plural independent variables). There needs to be a systematic way to identify sub-initiatives in different forms (e.g., words, artifacts, products. etc.). There are various ways to categorize transparency-related CSR initiatives at Infosys. Using Wood's (1991) framework on corporate social performance, one approach would be to investigate principles, processes, policies, programs and observable outcomes. For example, one could examine them by carriers (e.g., words, artifacts, products and business processes, etc.), or by actors (e.g., top management, employees by business unit, etc.). The underlying assumption of this study is that companies attempt to transfer CSR initiatives to influence their stakeholders so that they maximize potential economic values derived from stakeholder engagement, in line with the instrumental stakeholder theory (Jones, 1995). Therefore, it was reasonable to choose to sort out the initiatives by stakeholder, meaning that Infosys' efforts on transparency for its different stakeholder groups, such as shareholders and employees, formed the essential set of categories.

$$\text{Transparency}_{\text{Infosys}} = f(x_1, x_2, x_3, x_4, \ldots\ldots x_n)$$

where x_n denotes a sub-initiative of transparency

To identify CSR initiatives on transparency, I began with qualitative evidence from interviews with the top management, including the former CEO at Infosys China. With the leads from the interviews, I reached out to employees from different functional departments. Questions were formulated on what, at Infosys, constitutes a CSR initiative whose goal is transparency, and I asked interviewees to prioritize sub-initiatives of transparency whenever possible. In addition to the qualitative evidence, I also collected some tangible evidence on corporate policies and corporate decisions over the past two decades using content analysis of corporate documents, such as sustainability reports, annual reports, and presentation files, as well as video data such as Analyst Meet.

Initiatives on transparency, below, by stakeholders are not mutually exclusive, but rather present different priorities customized to each stakeholder group.

B.1. Investor-centric: financial transparency[16]

"When in doubt, disclose it" was said as the Infosys credo. As the credo suggests, transparency-related CSR initiatives at Infosys were the most noticeable in its financial reporting and disclosure. According to the CEO, Kris Gopalakrishnan, financial transparency is a necessity, and openness and transparency are the best antidotes for uncertainty.[17]. Investor-centric initiatives for transparency at Infosys appeared to seek legitimacy, or to attenuate its relatively unfavorable country-of-origin image (Schooler, 1965). Infosys listed itself on the NASDAQ, and adopted progressive international standards on financial disclosure that its investors were familiar with.

> *Today is the era of global capital flows. My own company is owned 55% by foreign investors. If you want local capital to come to your company, you must adhere to the highest level of transparency and disclosure. Infosys was the world's first company on Nasdaq to produce balance sheets according to the generally accepted principles of accounting in eight countries. [N.R. Narayana Murthy, co-founder of Infosys]*

Supporting evidence that the company put a great emphasis on financial transparency was ubiquitous. Infosys was the first Indian company to follow US Generally Accepted Accounting Principles, to distribute audited quarterly reports to all investors, to provide the audited balance sheet in soft copy format (floppy disks and CD-ROM) to investors, and to make the balance sheet available on the internet. These financial reporting and disclosure initiatives put Infosys at the leading edge of Indian practice (Khanna and Palepu, 2004). Infosys' financial reporting practices received recognitions by various institutions. More recently, it won the award of having the 'Best Investor Relations by an Asia Pacific company

[16] The term was taken from Infosys (2009), Financial transparency a must
[17] *Business Week*, 2009

in the US market' based on an online survey of analysts, portfolio managers and investors conducted by the Investor Relations Magazine in 2010. The investor perception study recognized that "Infosys is simply the best in the world at communicating what it does" (Infosys, 2010). NASDAQ selected Infosys as the 'Best Value Reporters' in 2003 (Business Standard, 2002). Infosys also began offering a service called, Leverage Infosys' International Financial Reporting System (IFRS) Service offering, which provides consulting on IFRS requirements, and IT landscape, to enable a smooth transition of changing from GAAP to IFRS. By maximizing its reputation on being a leader on its transparent accounting practice, its corporate brochure states: "Infosys Board member, Mr. MD Pai, is a trustee of IASCF (International Accounting Standard Committee Foundation); Infosys was the first to adopt and implement IFRS in India; it contributed more than 18 artifacts, and has participated in the draft of IFRS standards" (Infosys, 2010).

In summary, the investor-centric initiatives for transparency involved the adoption of progressive international standards, and were structured and implemented more at the corporate level (e.g., with the use of international standards, the presence of corporate strategies and the existence of formal principles). These initiatives may be seen as the company's attempts to gain legitimacy with its constituents by conforming to the norms that their key stakeholders echoed in the findings by institutionalists that conformity increases legitimacy (Deephouse, 1999).

B.2. Customer-centric: transparency in dealings, pricing, product

Customer-centric CSR initiatives on transparency at Infosys were pronounced in business dealings (See Appendix I for more examples of Infosys on transparent dealings). The corporate values, integrity and transparency of these CSR initiatives reiterated the idea that the company strives to be ethical, sincere and open in all its transactions. As the quote

above indicates, Infosys, known for its conservative outlook (Businessworld, 2010), honoring all the commitments that it had given to customers, was considered as one of the most important initiatives to earn trust from customers. Infosys' annual reports states that "Transparency and corporate governance not only attract global capital, but also build credibility with clients, especially in these turbulent times. Stakeholders put a premium on companies that they can trust to be fair and transparent their dealings**."**

In order to increase transparency, Infosys also shifted its pricing model to the one which was 'outcome-based' and 'transaction-based' or 'function-based.'

> *"Clients pay only for the result we provide them. Our model offers greater transparency in pricing for our clients." [Subharsh Dahar, a member of Infosys Executive Council, quoted in The Hindu, 2009]*

> *Some of the wins we have had are primarily because of the transparency we have brought in. With a large global pharma manufacturer, what happened was the incumbent was large US player and we displaced them through the transparency we brought to a landscape-based pricing model. [Nataraj, Vice President at Infosys, 2009]*

Some business units at Infosys took a more proactive strategy and embedded the concept of transparency in its products and services. For example, Infosys developed Outsourcer's Corporate Governance index that helps select transparent and ethical business partners, and specifies a detailed matrix that can be customized for different clients. Understanding the nature of the finance industry, Infosys' Governance, Risk and Compliance services provided GRC services to customers to meet their enterprise security and risk management requirement. With Finacle, a core banking solution at Infosys better measuring operational risks, it claims it can help clients become a more transparent and responsible corporate citizen.

We would want Finacle to be fully local regulation complaint solution, so as to provide complete transparency to the bank's end customers and regulators. Banks carry the social responsibility towards the communities they serve, and Finacle's philosophy has being to provide a system which helps the bank conduct transactions in an ethical manner , being completely transparent to end customers as well as regulators. We are building tools in Finacle which helps banks achieve transparency in terms of APR, AIR, ability to provide payment notice on time, ability to provide required details of interest charged to customers, and so on. [Chandramouli Kundagrami, principal consultant at Infosys]

B.3. Employee-centric: fairness, recruitment transparency

In the context of human resource management, transparency was centered on fairness through transparent communications or transparent processes. The founder, N.R. Narayana Murthy, tied the idea of financial transparency to the workforce:

The key to employee involvement in organizations is the sharing of information about business performance, plans, goals and strategies. What happens by a shout across the corridor in a smaller organization calls for a more systematic process in a large organization like ours. [quoted in Hindustan Times, 2002]

"It was our emphasis on transparency, communication and connecting with employees that set us apart from other organizations." [Hema Ravichandar, former Senior VP of Human Resources quoted in Birkinshaw, 2008]

"I think compared to other companies, Infosys has introduced a variety of channels to communicate with the top management. So in that sense, it's very transparent."[Brianna Dieter, manager at corporate planning of Infosys]

Infosys' intranet, called Sparsh - 'to touch' in Sanskrit, supporting over 69,000 employees, opened up networking avenues for Infosys' employees (Infosys, 2007). Infosys became the first Indian company to be selected for the 'World's 10 Best Intranets" in 2007 by Nielsen Norman Group. According to the head of HR at Infosys, Nandita Gurjar, transparency was employed in the context of process, often associated with "recruitment

transparency" and the honoring of offers. Some describe the demands of primary stakeholders, such as the employees in India, in the following way:

> *The software industry was uniquely positioned because it interacted with a very large number of stakeholders who were accustomed to higher standards of transparency; not just investors but customers and even in many ways their employees. The employees were knowledge workers who were more demanding and a much higher percentage of employees who had a choice of where to go. [a member of Securities and Exchange Board of India (SEBI), Jayanth Verma, quoted in Khanna and Palepu, 2004]*

B.4. Government-centric: corruption

> *"India continues to struggle with corruption and this image hurts India's reputation abroad and negatively impacts its development." [N.R. Narayana Murthy, co-founder of Infosys (The Times of India, 2010)]*

Infosys has long played advisory roles in various governmental, and quasi-governmental, bodies in helping design guidelines on corporate governance. Examples include Narayana Murthy Corporate Governance Committee, and Securities and Exchange Board of India's Narayana Murthy Committee on Corporate Governance and Ethics. The National Association of Software and Services Companies, the high tech association in India, appointed N.R. Narayana Murthy to design guidelines on corporate governance in 2009.

As an industry leader with regards to transparency (Khanna and Palepu, 2004), Infosys also engaged with various ministries in the government to work on government projects. Nandan Nilekani, one of the co-founders of Infosys, joined the government and led the Unique Identity project, which aimed at providing an identification card to every Indian, and bringing transparency to the government projects. In its recommendations for the

Ministry of Power, Infosys also proposed using smart grid, and highlighted the need of maintaining transparency while distributing power. [18]

> *"We have seen that use of IT is expected to drive inclusive growth in India. It brings in better access, coverage and specially increases the transparency of business in the government space in India." [HR Bind, Senior Vice President at Infosys US Analyst Meet, New York, Oct. 21, 2009]*
>
> *"We need leadership who can take tough decisions and deal firmly with corrupt people. E-governance has a great potential to improve accountability." [N.R. Narayana Murthy, co-founder of Infosys quoted in The Times of India, 2010)*

B.5. Shareholder-centric: corporate governance

Infosys took pride in the numerous recognitions for their corporate governance. It highlighted the transparent shareholding pattern, sound board practices and interactive decision making processes (Infosys, 2009). Most of the list of firsts (see Appendix II for Infosys firsts) had to do with corporate governance (Khanna and Palepu, 2004). Infosys was a recipient of awards for its corporate governance and corporate social responsibility including 'Best investor relations by an Asia Pacific company in the US market' at the IR Magazine US Awards in 2010, and 'best managed company' in India by investors and analysts across Asia in a poll conducted by FinanceAsia in the areas of corporate governance, investor relations, and corporate social responsibility (Infosys, 2010). Standard & Poor's (2004) gave Infosys a high rating on transparency of ownership by citing that in addition to disclosing shareholdings by category, Infosys disclosed a distribution of shareholdings by size, class and categories of shareholders.

Establishing sound governance policies and structures was understood as part of risk management to the compliance officer.

[18] Source: CSTEP and Infosys, Technology: enabling the transformation of power distribution: roadmap and reforms, Ministry of Power, 2008

> *"Being honest and transparent prevents potential risks. Corporate governance is about risk management." [Parvateesa Kanchinadham, company secretary and compliance officer at Infosys]*

From a risk perspective, Infosys developed various programs to mitigate risks. Examples include Enterprise Risk Management (ERM) and the Information Security Management System (ISMS).

> *"PSPD (Predictability, sustainability, profitability and de-risking) is Infosys' DNA of excellence." [N.R. Narayana Murthy, co-founder of Infosys , [quoted in Business Line, 2003]*

B.6. Top management: lead by example

The top management was one of the frequent channels that diffused transparency throughout the organization. One of the core corporate values at Infosys was "lead by example." There were high expectations for leaders to walk the talk. Infosys' audit committee, the first instance in India, fined its CEO for a technical violation for its insider trading rules. In a notice to the US SEC, Infosys said the CEO had inherited 12,800 equity shares from his mother, but had inadvertently failed to notify the company within one business day after the change in his shareholding. This, according to the company, constituted a violation of its insider trading rules. Besides the CEO, the company punished members of the top management for a similar kind of violation.

> *"Leaders must walk the talk, leaders must lead by example. There has to be zero tolerance for values violations." [Kris Gopalakrishnan, CEO of Infosys, at the 2010 World Economic Forum]*

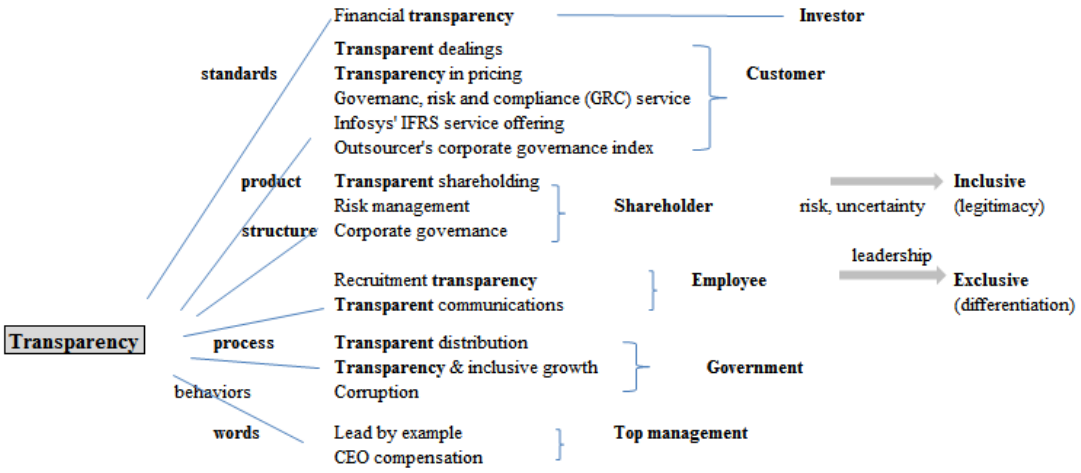
More importantly, the certain level of recognition for the leaders seems to have been built upon its previous cumulative actions, and didn't happen overnight. Founder Narayana

Murthy's simple life gained some respect that they still live in a small house, and reportedly he still boards on a company bus on Saturdays - his driver's day off.[19]

Taking the examples above all together, as Figure 1 shows, Infosys' transparency was pronounced in various dimensions, such as principles, processes and policies. There were plural means at Infosys to achieve transparency. This type of CSR, such as transparency, had plural sub-initiatives depending on contexts. Carriers in which transparency was embedded were also diverse. Transparency can be found in the CEOs' speech, pricing for customers, products helping customers improve transparency in their operations, and the process of decision making on recruitment. As discussed earlier in the review of literature, corporate social performance can be evaluated in various dimensions. Formally defined by Wood (1991: 693), corporate social performance is defined as a business configuration of principles of social responsibility, processes of social responsibility and policies, programs, and observable outcomes as they relate to the firm's social relationships. This may lend some support to the argument that once a firm has established a solid CSR reputation, the reputation can be leveraged across markets with low marginal costs (Bouquet and Deutsch, 2007; Robertson and Crittenden, 2003).

[19] The Economic Times, 2011

Figure 1: Initiatives on transparency at Infosys



The nature of the plural sub-initiatives of transparency also varied depending on the context. This seems consistent with the argument that CSR can be used both as a means of differentiation, and as a means of obtaining legitimacy (Deephouse, 1999; Gardberg and Fombrun, 2006). The same initiative was used both exclusively and inclusively. For example, the adoption of progressive financial reporting standards was seen as a signal to seek legitimacy from their potential investors. Simultaneously, the same initiative appears to be part of the company's differentiation strategy. Like R&D and advertising activities, this initiative, as its citizenship activity, seemed to have induced perceptions of the company as different and unique (McWilliams and Siegel, 2001; Waddock and Graves, 1997).

> *Legitimacy seeking account.*
>
> *"We want to have a brand that is respected around the world, and we think that governance is fundamental for that." [Parvateesam Kanchinadham, Company secretary, Compliance officer]*
>
> *Differentiation seeking accounts.*
>
> *We were the first company from India to be listed on the NASDAQ, the first to make it to the NASDAQ-100 index, and the first to produce financial statements in accordance with US GAAP. All these activities are brand differentiators for us. [Infosys, 2010]*

> *"Infosys has taken the lead in raising the bar for corporate governance in the country, and we have demonstrated that Indian brands can receive attention and respect in G-7 countries." [Infosys, 2006]*
>
> *"Infosys' focus on corporate governance not only brought global visibility to the company, but also created pressure on other Indian firms to raise their governance standards." [Infosys, 2006]*

Being seen as an ethical company in India was part of Infosys' efforts to differentiate its reputation for honesty from its less favorable country-of-origin image. Infosys leveraged secondary associations (company image) by emphasizing its company image as an ethical, transparent company. Infosys progressively disassociated itself from associations with its place of origin, and rather, promoted itself as a dynamic company with progressive management practices. Infosys developed excellent name recognition and determined how it could distinguish itself from competitors (e.g., emphasizing core values and principles, such as professional freedom, openness, and excellent learning and growth opportunities (Stahl et al, 2007)). Previous research suggests that country-of-origin serves as a cue from which consumers make inferences about product attributes and quality. A negative country-of-origin could be offset by a prestigious brand name (Cheron and Propeck, 1997).

In summary, the Indian examples show that this type of value-laden CSR initiative exhibits a certain level of flexibility that may facilitate the process of being embedded in diverse dimensions. In addition, transparency-related initiatives can be employed for different uses, e.g., both seeking legitimacy (inclusively) or competitive advantage (exclusively).

C. Transferred CSR initiatives on transparency at Infosys China and Infosys UK

As is shown in the India context, Infosys practiced transparency without a clearly defined set of programs. Abstractness created a spectrum of actions, processes and products relating to transparency, which was endogenously determined depending on demands from stakeholders and contexts in India.

The ambiguity of transparency appeared to have facilitated transfers to the subsidiaries in the UK and China. Depending on the context, transfers occurred through a variety of forms, e.g., replication, in parallel or addition. For example, the finance department responsible for certain transparent accounting initiatives replicated the same initiative to other subsidiaries, while interpretations of transparency were varied across countries in the context of HR. Some previous studies find that the HR and marketing initiatives are more locally responsive and decentralized, while the finance or accounting practices are more internally consistent and integrated across the MNE (Rosenzweig and Nohira, 1994). A value-based initiative tended to be more endogenously derived in the local setting than explicit information. Corporate principles, for example, often serve as references for translation, are not easily articulated, but nonetheless can be recreated (Winter, 1987). As Winter and Szulanski (2001) note, explicit information, however elaborate and detailed, also requires internalization. Below I present examples according to different transfer forms such as replication, and addition, in the contexts of China and the UK.

C.1. Replication

On the question of whether transparency-related initiatives were the same as India's, both CEOs of Infosys China and Infosys UK were positive, and reiterated the importance of transparency as a key corporate value, with examples of explicit initiatives such as the governance structure and the code of conduct.

> *Corporate DNA precedes country context. Country culture cannot be compromised at the expense of corporate DNA. It takes time and experience to understand the DNA of the company.[Ranga V, CEO of Infosys China]*

The CEO mainly referred to the fact that the structural aspects of transparency-related initiatives, especially targeting stakeholders who were globally located, are copied exactly as

in India. Infosys China, as a wholly owned subsidiary of Infosys with its own formal separate board and audit committee, followed the same corporate policies.

> *We follow the same code of conduct of the parent company and have the same value system. This is all audited by the Audit Committee. Our overall financials get reported as part of the annual report along with the head count information. [BG Srinivas, head of European operations]*

The CEO's remarks indicate that the formula regarding Infosys' governance structure was known perfectly to the recipient. This is often considered as a crucial condition when a replication occurs (Winter and Szulanski, 2001).

The concept of transparency embedded in processes tended to be replicated. Risk managers, both in India and China, viewed increasing transparency as an interchangeable meaning to mitigating risks. When asked about examples of transparency at Infosys China comparable to India's, Saravanan Muralidharan, a member of China Risk Council at Infosys China, said:

> *We have a team called Security Audit Architecture(SAA). Under the Predictability, Sustainability, Profitability and De-risking (PSPD) model, template, framework and proxies are exactly the same; only the context is different. For example, we here in China have to consider some visa issues etc. [Saravanan Muralidharan, a member of China Risk Council at Infosys China]*

PSPD, as a main framework of risk management, was often referred to as Infosys' DNA of excellence by the company.[20] Like the corporate governance system, risk-management related initiatives at Infosys were institutionalized across subsidiaries, and appear to be addressed at the global level. However, more precisely, this type of replication points to what could be called 'faux-replication' (Winter and Szulanski, 2001). Faux replication, often found in the context of retail chain organizations, involves maximizing the

[20] Business Line, 2003

reputational advantages of the original initiative, or brands, but without any substance involvement with the internal processes of the local sites (Winter and Szulanski, 2001). Similarly, Infosys China adopted the same framework and structure of the risk analysis, and enjoyed the corporate reputation of excellence, but the content and substances were largely dissimilar, or 'self-sustaining,' borrowed from what the interviewee said.

Employees facing clients in the UK related transparency in terms of the process of dealing with their customers, which were consistent with that of the managers in India.

> *Transparency is our DNA from the beginning. See our practice called "Under promise over deliver" We lost deals because we are conservative – some other companies just give potential customers aggressive numbers although they know it would take more than what they are promising. But we don't say that. Our DNA is supported by process. Multiple checks are there. Sales people tend to make an overcommitment but they need approval from delivery team. That way we cannot over commit. [Ram Devanarayanan, senior consultant at Infosys]*

C.2. In parallel

Not all the available Indian initiatives on transparency were exactly replicable to China and the UK. Previous research also predicts that national forces construct the range of acceptable programs in a manner consistent with conceptualizations of national institutional environments (Kostova, 1999; Scott, 1995). Some initiatives at the two subsidiaries were closely similar, as in purpose, but existed in parallel (Figure 2). This type of transfer was pronounced in cases where stakeholders were local and specific, such as Chinese customers. For example, the meaning of transparency to Chinese customers differed from customers in India. This can be explained by the differences in the maturity of the IT industry between China and India. A greater degree of transparency and visibility was demanded from the domestic Chinese clients, which was not essential in other places. Compared to India, the

maturity of the IT industry was low in China, and Infosys encountered some obstacles such as a lack of consumers' understanding the value of service in the provision of their consulting service.

> *Chinese companies are so used to buying tangible things and are not familiar with buying services. They require a high level of transparency in our consulting service. So if we show them something tangible, even an excel sheet and say I'll use this and provide you with the service, then they will buy it. So we also try to commercialize IP to show them some tangible things. [Karthik Gopal, head of product engineering at Infosys China]*

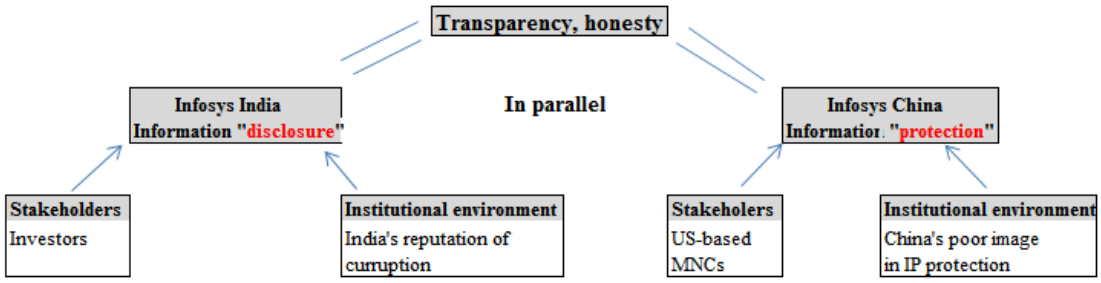
In addition to the domestic customers, Infosys' existing MNE customers, headquartered in the U.S, and interested in outsourcing to China, also requested distinct demands for Infosys China compared to the ones for Infosys India. Applying the value of "transparency" to the context of intellectual property (IP) protection can serve as an example. IP protection was a growing concern, and challenge, for the MNEs. The Chinese environment has comparatively serious deficits in different areas of IP protection, and IP infringement remains unacceptably high (Han et. al, 2006).

The initiative of bringing in transparency in dealings through information disclosure, such as "transparency in pricing", arrived in China in a different form of protecting customers' intellectual property. "We highlighted our practices to protect intellectual property when we developed corporate brochures," said the marketing manager, Adelaide Lin. The marketing team at Infosys worked closely with the engagement manager based in the States to organize, direct events and develop a marketing plan. Corporate documents jointly produced by the team often placed an emphasis on the IP issue in China:

> *Intellectual property is as secure with our China operations as with any of Infosys' facilities. It may be even more secure, because we're on especially high-alert due to common perceptions in Western countries about IP security in China.*
>
> *We pay particular attention to employees' codes of conduct with regard to data protection. [Infosy China, 2010]*

The corporate brochure also conveyed extensive information regarding various symbolic indicators in an effort to manage perception of its legitimacy, and to demonstrate its commitment and capability on data security. Examples included its acquisition of ISO 27001 certification, and the use of vendors that were familiar with customers, such as AT&T and NTT. It also revealed its existing customers to attract potential MNEs by saying that "One of Infosys China's ODC is operated for Microsoft, perhaps as demanding a customer as there is." These efforts by the company seemed largely symbolic, and could be seen as a means of responding to institutional pressure (Edelman, 1992; Westphal and Zajac, 1998), and demanded for transparency in data protection management in this case.

Figure 2: Replication in parallel



As to some extent, transparency at the headquarters, was diffused by founders' exemplary actions, in parallel, the meaning of transparency was pronounced to the recipients through their dyad relationship with the parent.

> *People didn't understand why Infosys needed to continue to invest in China although it's not making any profits. but the company continued to invest in the subsidiary because it has made commitments to us and had confidence in us. Now we have begun making some surplus. [Ranga V., CEO of Infosys China]*

C.3. Addition/ refocus

Given the concerns relating to IP protection in China, Infosys China made additions to its adopted practices. As long as the spirit of transparency was upheld, it appeared that a great freedom was given to the subsidiary to make additions to the existing initiatives. For example, Infosys' code of conduct, based on its C-Life (Customer Delight, Leadership by Example, Integrity and Transparency, Fairness and Pursuit of Excellence), provided an exhaustive list of codes including the industrial espionage section (Infosys, 2003:18): "Company employees, agents and contractors may not steal or unlawfully use the information, material, products, intellectual property, or proprietary or confidential information of anyone including suppliers, customers, business partners or competitors." Infosys China elaborated this particular code by adding more specific conducts required - employees under Team Lead level were not allowed to have access to USB/media ports and printers; non disclosure agreements were required for all employees to sign in; and employees were not allowed to copy or print data without authorization (Infosys China, 2010).

Infosys China highlighted that it had the same quality of the work, and the level of security as stringent, as those in the headquarters by citing that "our levels of security were as, much or more, stringent as those in effect at all of Infosys' delivery centers" (Infosys China, 2010). Despite the effort to disassociate itself from other local companies and induce a distinctive image, over 90 percent of its employees were Chinese, and thus Infosys China was subject to the less stringent local norms.

> *We have additional initiativess considering China's specific issue of intellectual property challenges. We train employees to be more sensitive and limit the use of USB only on a need basis. [Ranga V. CEO of Infosys China]*

In some cases, transfers occurred, but the focus was not exactly identical to India's. In India, transparency in the context of employees was centered on transparent communications, transparent processes and fairness. According to its sustainability reports, the use of transparency in the HR context heavily focused on process and communications, such as "transparent selection process", "transparent performance management system", "transparent communications" and "transparent employee engagement programs." In China, transparency seemed more associated with the compensation context rather than communications. Interviewees repeatedly mentioned the difficulties of talent management in China, and provided the good practices of Infosys, such as honoring promises of compensation in the context of talent management. "Attracting talent is an issue. We have no legacy here. Even during the economic downturn, Infosys provided a bonus and another one for Chinese new year," stated Saravanan Muralidharan, HR at Infosys China. Similarly, the CEO expressed: "For example, even during the last financial crisis, we met whatever commitments Infosys had made. We still paid bonuses; very transparent; great feelings for employees; build confidence; takes time and people understand how people work, how company does." [Ranga V, CEO of Infosys China] National factors, such as the Chinese work culture, may help explain the difference between India and China. Chiu et. al (2001) find that the 'cash mentality' remains prevalent among Chinese employees, and argue that an individual bonus is a key component to attract and motivate employees in China.

The customer-centric initiative of transparency was particularly focused in the UK office. Unlike the case of Infosys China, as a production base, this partially reflected the sales-based nature of the subsidiary in the UK.

Our clients here often want to know whether we have CSR-related programs. It's a good thing to have. Take the case of BT, a big customer to Infosys. Sustainability and good corporate governance are important to them. Letting them know we are doing something good not in a full slide, but as a point they appreciate it. [Srikanth Iyengar, Associate Vice President & Global Sales Head at Infosys UK]

C.4. Extinction

Some of the initiatives on transparency in India seemed less applicable outside the context of India, or lacked appropriateness (Gardberg and Fombrun, 2006) due to distinct institutional environments that make differing demands on companies (Kostova and Zaheer, 1999; Rosenzweig and Singh, 1991). For the Indian government and other competitors in the software industry in India, Infosys has played a trendsetter role to improve national and industry-wide infrastructure on transparency and corporate governance. In China, the context was not relatively far from the context in India in terms of transparency. Transparency International (2009), with its annual corruption index, ranked China as 79th, and India 84th, out of 180 countries. Infosys Chairman and chief mentor, NR Narayana Murthy, criticized the Chinese bureaucracy and said,

"In China the transparency is not very high and it was not easy for companies which were straightforward." (Hindustan Times, 2003)

The initiatives involving advisory roles on transparency in India, such as leading committees on corporate governance and ethics, and providing guidelines, seemed hard-pressed to find any signs of transfers in China and the UK. The international business literature often denotes the difficulties for foreign firms operating outside their home countries as a liability of foreignness (Zaheer, 1995). The disadvantages may stem from a lack of exposure or cultural roots (Zaheer and Mosakowski, 1997).

"There is a kind of trade association for the IT industry, but it still belongs to the government. Only domestic companies are eligible for members. Foreign companies are difficult to join." [Jenny Hu, government relations manager at Infosys China]

The CEO found answers in a distinct institutional environment in China.

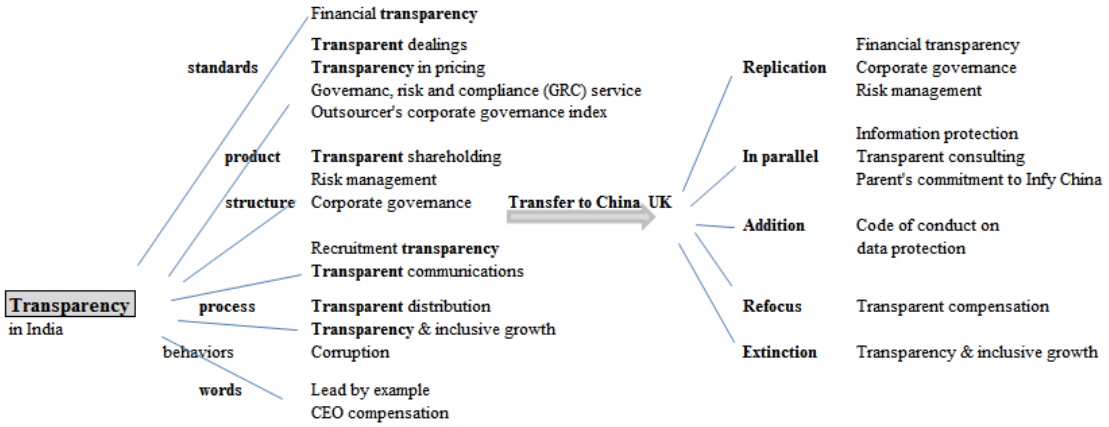
There is no such powerful association – because most are done at the provincial level; how Shanghai is better than Hwanjo; at the provincial level, there is always competition. Things are run based on a top down (by the government) approach, so the Ministry of Commerce rather than any industry associations, is the main driver leading all sorts of initiatives. [Ranga V. CEO of Infosys China]

As Figure 3 summarizes, transparency was implemented by many different means. The corporate emphasis on transparency in India seemed consistent in the purpose of the Chinese initiatives, although they have somewhat been re-contextualized in the course of transfers by endogenous factors and desire. Given the widespread application of transparency, and the highly perceived importance on the initiatives by the recipients in China, the transfer of the initiatives on transparency can be seen as success.

"I believe that our transparent brand image has helped in China. We have more MNE customers outsourcing work to us than Chinese companies' because they trust our honest brand." [Ranga. V. CEO of Infosys China]

"MNEs are more comfortable with Infosys. Beginning with the founders, all the leaders at Infosys implement transparency beyond compliance. Clients do trust us; it's a fixed price. They see values from such a system." [BG Srinivas, head of European operations]

Figure 3: Transfer of transparency initiatives to China and the UK



D. General discussion[21]

This chapter examined the effects of the causal ambiguity of CSR initiatives on transferability. With this specific example of transparency, multiple transparency-related initiatives in India were documented in detail, and thereafter I examined the initiatives transferred, and in what ways transferred, to the subsidiaries in China and the UK.

D.1. Hypothesized transferability

Previous studies imply that a CSR initiative that is broad in scope is hard to transfer, because it is difficult to disentangle what constitutes a given CSR initiative. For example, the principles of CSR are not absolute standards, but analytical forms to be filled with values that exist within a given cultural context (Wood, 1991). They can spawn a number of areas that initiatives can target, which may generate causal ambiguities, and thus hamper transfers (Kogut and Zander, 1992; Winter, 1987). A number of corporate employees' acts, tangibles (e.g., artifacts or technologies) or intangibles (e.g., words or process) can be seen as constituting replicable CSR initiatives. This makes it hard to tease out which decision or

[21] The identified commonalities are operationalized in Chapter 6 (p168)

action caused the known outcome, and this may generate 'irreducible uncertainty' (Szulanski, 1996). When ambiguity associated with a source's knowledge is high, the likelihood for the recipient to repatriate and absorb the knowledge is limited (c.f. tacit-articulated dimension of knowledge: Zander, 1991) (Simonin, 1999). This ambiguity can be further amplified with a degree of institutional distance, denoted as the difference between institutional profiles (regulatory, cognitive, normative) of the home country of the initiative, and the country of the recipient (Kostova, 1999: 316). People in different countries employ diverse cognitive categories (Scott, 1995), and thus it is easiest to learn a new initiative consistent with prevalent social schemas. Similarly, cultural distance or cultural asymmetry (Hamel, 1991) can create difficulties for identifying opportunities, and barriers for communication to transfer (Mowery et al, 1996; Simonin, 1999). Following this line of thinking, it can be difficult to transfer ambiguous practices because they generate causal ambiguity, which hampers transfers (Kogut and Zander, 1992; Winter, 1987).

D.2. Findings

Despite the fact that the initiative of transparency is causally ambiguous with multiple inputs, the extent to which it was employed in different contexts, and the perceived importance of the initiative by the members at the subsidiaries, was high. They appeared to be in agreement that the importance they gave transparency-related initiatives was identical with India's. The evidence points toward the success of transfer rather than failure, because success is defined not only based on the level of institutionalization, but also based on the level of internalization by recipients (Kostova, 1999). Other examples that were successful in both countries, such as green procurement and virtualization, also were more ambiguous than other unsuccessful transfers such as the No Paper Cups at Work and Global Buddy. Unlike the Transparency case, initiatives such as Global Buddy and Infosys Women's Inclusivity Network (IWIN) were less ambiguous in that they had a particular objective of promoting

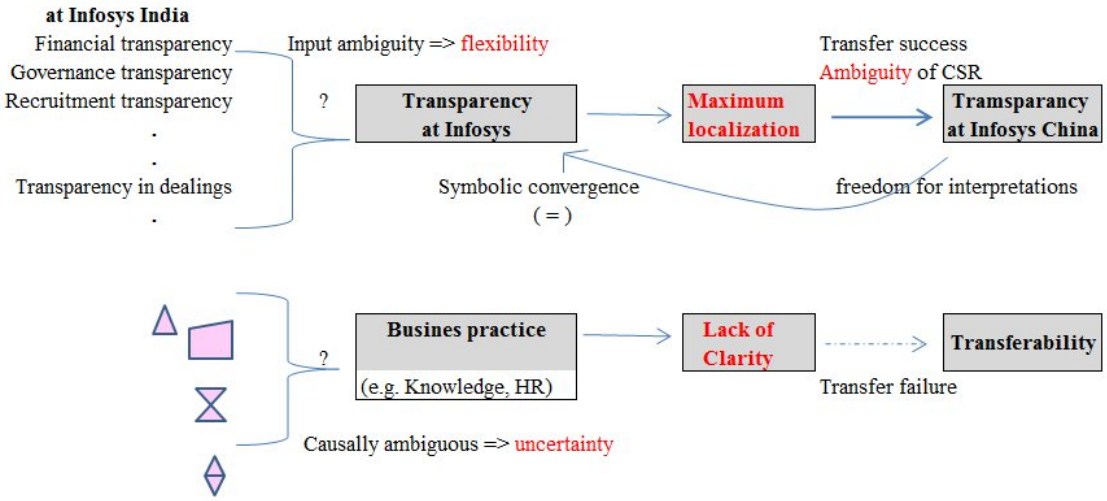
employee engagement and diversity at work. This type of initiative could require substantial adaptation. For instance, promoting diversity in the UK subsidiary demanded more hiring non-Indian staff rather than hiring more women.

> *"We don't need IWIN here. Diversity means hiring more whites as most employees are Indians." [Aaron Moss, HR manager at Infosys UK]*

It appears that too much clarity in the gender objective of IWIN may have done more harm than good for transferability, especially when differences in contexts were substantive.

The data seemed to suggest that there are some attributes associated with this type of CSR that may affect the success of a transfer. Transparency, as a value-based CSR initiative, allowed for multiple interpretations by recipients (stakeholders) in different contexts, while at the same time promoting a sense of unity. It was not the case that the source and the recipients were necessarily moved toward the same understanding, but rather that the ambiguous statement of CSR initiatives allowed them to maintain multiple interpretations customized to the needs of each other, while simultaneously believing that they were in agreement. The multiple sub- initiatives promoting transparency were generated from within a system where stakeholders took a part in shaping the specific content as a result of internal processes. I refer to this as the *ambiguity* of a CSR initiative. The mechanism is summarized in Figure 4.

Figure 4 Ambiguity of CSR and transferability



Ambiguity of CSR

As discussed above, CSR initiatives can encompass specific activities, as well as practices, that are less clearly defined, and often infused with values. Value-based CSR can be defined as initiatives in which corporate ethical beliefs and principles are embedded. This type of CSR may exhibit two components: behavioral and attitudal. The first concerns what organizational members do, while the second involves members' attitudes as to what are, or are not, responsible behaviors. Because of the abstractness involved, value-based initiatives need to be interpreted and deciphered in order to be understood. Examples include patient well-being at Johnson & Johnson, and plant safety at Alcoa. They cover a broad spectrum of contexts, and their application is seldom made explicit. Similarly, a single goal, such as being eco-friendly, can be shared by many firms, but the way each firm approaches the goal can vary. The above examples of Infosys show that the initiative can be embedded in contexts: transparency in pricing, transparent communications, transparent recruitment and transparent accounting initiatives. Similarly, green principles can be achieved by many means: recycling at the employee level, green product development, green building designs, optimizing power

consumption and green self-regulation. This type of initiative, involving a certain degree of ambiguity, provides flexibility for different meanings and implementation, which depend on the specific needs of recipients. I call this attribute the ambiguity of CSR initiatives.

CSR ambiguity denotes the extent to which a CSR initiative can be applied to multiple contexts in different ways. CSR initiatives exhibit varying degrees of ambiguity. Compared to specific operating initiatives that have been the focus of most literature on transfer, the principles of CSR are not absolute standards, but analytical forms to be filled with values that exist within a given cultural context (Wood, 1991) so they can spawn a number of areas that initiatives can target. The more ambiguous a CSR initiative, the more widely it can be applied from one context to another. For example, programs like PC donation and Cricket for Charity imply a defined means to achieve goodwill from communities. They are not ambiguous because they are too narrow to leave any room for maneuvering alternatives. One could point to the PC donation program in the context of donating a notebook, or hosting a football match, instead of a game of cricket, but it would be hard to expect wide variations in their applications. In contrast, ambiguous initiatives, like promoting learning, can accommodate various applications. Their abstract nature gives users wide latitude to construct the meaning of an initiative in a way that responds to their own needs. For example, a CEO might equate the spirit of promoting learning with continuous growth of a company, while employees perceive it as an opportunity for personal growth. Some sales business units might apply the initiative in the context of collaborating with customers on R&D. On the other hand, HR managers could conceive the initiative as a means to manage talents, or to attract prospective employees.

D.3. Implications

Ambiguity, can be a potentially important antecedent to the transferability of CSR initiatives. This attribute promotes flexibility; a certain level of abstraction helps to address multidimensional issues that firms often face in engaging in CSR. For example, transparency can be found in contexts such as 'financial transparency', 'transparent dealings', 'recruitment transparency', and 'transparent communication.' In other words, this type of CSR allows for multiple interpretations by stakeholders, or recipients, in different contexts, while simultaneously promoting a sense of unity within the company. It is not the case that the source and the recipients are moved toward the same initiative, but rather that abstraction allows them to maintain multiple interpretations customized to the needs of each other, while believing that they are in agreement.

Transparency, which is an abstract idea, allowed for different interpretations, and simultaneously was used as a point of symbolic convergence when transfer occurred. The theory of strategic ambiguity (Eisenberg, 1984) notes that when managers and employees face multiple and conflicting demands from internal and external stakeholders, they may "respond with communicative strategies, which do not always minimize ambiguity, but are nonetheless effective" (Eisenberg, 1984:227). Others also argue that "some degree of ambiguity in communications enhances the organization's ability to reach its goals" (Leitch and Davenport, 2002:130). Similarly, CSR initiatives with ambiguity can more readily capitalize on the benefits of difference, diversity and flexibility. Therefore, a company engages with stakeholders by letting them take a part in shaping a specific content of initiative as a result of internal processes. It allows multiple paths that achieve transparency. A decentralized, organizational self-narrative encompasses a more systemic approach to responsibility in practice because it includes more voices, more dialogue and more complex reasoning (Driver, 2006). In summary, the evidence suggests that the degree of causal

ambiguity of CSR initiatives is positively related to CSR transferability. The ambiguity of this type of CSR initiatives may facilitate transfer.

Appendix

Appendix I. Illustrative examples of transparent dealings

(Palepu and Khanna, 2004)

(1) ‘In 1984, when the company was working for Borland, it was importing software from the US. At the time you had to pay customs duties on the software (150%). Some companies creatively interpreted the law. To get around it companies would sell books (there was no duty on books) and manuals with floppies. If you had software that was worth $60, they would say that the charge of the software was $10 but the book to go with it was $50. So they were able to avoid the duty and achieve higher margins. Infosys refused to do this, and said they would rather sell the software at halfprice (lower margins) than try to circumvent the law.’

(2) ‘In 1992, Infosys gave a fixed price bid to a company. The fixed price was based on assumptions about the time and people it would take, etc. After a short while on the project Infosys realized it had vastly underestimated what the cost/time requirement would be. They had two choices: (1) to try to change the contract or (2) to honor the contract. The law would have permitted some room for Infosys to back out, but they didn’t. They put more people on the project and honored the contract. ‘Corporate governance is about honoring your commitments; to your customers, your employees, your investors.’

(3) ‘Infosys collected a lot of money through its public offering in the early 1990s. It was waiting for the government to give it clearance to invest that money in a subsidiary in the US. While it was waiting, several board members suggested that the money, instead of sitting in the bank, should be invested in Indian stocks. Infosys lost quite a bit of money in the ensuing transaction. Then there was the question of what you tell people about what happened. Most Indian companies would not have disclosed this, and Indian law would not require such disclosure either. But Infosys decided to disclose the losses. The board was ready to face the wrath of the investors, and they figured they would be kicked out and replaced. But when the meeting came, the investors said ‘we respect what you have done. Because you have disclosed something when you are in trouble, we can trust you.’ The real indicator of good corporate governance is how you respond in difficult times.’

Appendix II. Infosys firsts

Infosys Technologies Ltd. was:

1. The first Indian company to follow the **GAAP/IFRS system of accounting**.

2. The first Indian company **to value human resources** and publish their valuation with its statement of accounts.

3. The first Indian company to **value its brand** and publish this information with its balance sheet.

4. The first Indian company to publish all required and non-required **disclosures**.

5. The first Indian company to **distribute audited quarterly reports** to its investors.

6. The first Indian company to guarantee publication of **audited annual balance sheets** by April 15 of each year. (Year end closing is March 31)

7. The first Indian company to provide audited balance sheets in soft copy format (Floppy disks and CD ROM) to investors. Infosys was also the first Indian company to make its balance sheet available on the Internet.

8. The first Indian company to **offer employee stock options** to all qualified employees.

9. The first Indian company to have installed 1,400 nodes in one location.

10. The first Indian company to have 160,000 sq ft of built up software area in one location in India.

Source: Palepu and Khanna (2004)

CHAPTER 6: CAUSAL CONDITIONS FOR SUCCESS AND FAILURE OF TRANSFER

This chapter discusses the results of the fuzzy-set analysis of the thirty cases which formed the basis of the study. Fuzzy-set analysis is useful to this study in that it allows for rich explanations of asymmetric conditions for the success and failure of transfer. Moreover, in contrast to standard econometric methods such as regression analysis, fuzzy-set analysis provides explanations of how causes combine to bring about outcomes. Thus the findings offer configurational evidence of cause and effect which demonstrate how characteristics of initiative and local contexts combine to influence the success of transfer. Specifically, a good match between the two characteristics of CSR initiatives, stakeholder multiplicity and ambiguity and the cultural contexts of a host country can facilitate transfer. This chapter begins with the procedures of fuzzy-set analysis, followed by measures of causal conditions and calibrations. There follows discussions of the results for transfer success and failure.

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A. Introduction

In the preceding chapters, the qualitative evidence based on the 15 cases suggests that certain attributes of CSR initiatives, stakeholder multiplicity and ambiguity, may affect transfer success. Following the causal predictions developed in the preceding chapters, in this chapter, I assess whether the insights are applicable across the entire sample of 30 CSR initiatives. To do so, I employed fuzzy-set analysis, a variant of qualitative comparative analysis (QCA). This method, suitable for the analysis of intermediate sized data sets[22] (Crilly, 2011; Fiss, 2007), is particularly appropriate in the present study because it has advantages when there appears to be multiple causes of the phenomenon of interest (Fiss, 2007).

The core idea behind set-theoretic methods such as fuzzy-set analysis is that each case belongs to numerous sets. In this study, the unit of analysis is the individual CSR initiative. A CSR initiative may belong to the set of ambiguous initiatives and, simultaneously, to the set of initiatives requiring the involvement of external stakeholders. Fuzzy-set analysis provides techniques to assess how such set memberships are associated with the outcome of interest (that is, transfer success, or failure).

A particular feature of fuzzy-set analysis is that cases can be partial members of sets (Zadeh, 1965). This is important in the present study because transfer success is not always absolute; rather the transfer of an initiative may be only moderately successful. Similarly, it may be more realistic to think of initiatives as high or low in ambiguity rather than as completely ambiguous or non-ambiguous. Below, I described in greater detail the selection of causal conditions and the calibration that I employ.

[22] See Appendix III for the numbers of cases used in the previous studies

B. Data and Method

B.1. Outcome Measures

The primary outcome of interest in my study is transfer success. As noted earlier, I define transfer success in terms of the degree of institutionalization of the transferred initiative conceptualized along a continuum from a lack of implementation to internalization, which denotes not only implementation but also acceptance of the value of the initiative (Kostova, 1999; Selznick, 1957). The assessments were constructed and validated through an iterative process with multiple sources from the company that ensures agreement with the evaluations. Infosys managers reported transfer success with four varying degrees on a scale of 0-1.

0 (Symbolic): An initiative has been transferred and yet resulted in an unused and therefore unsuccessful transfer. There are signs of low awareness, doubts, and inability to overcome barriers to implementation.

0.3 (Moderately symbolic): An initiative has been transferred but the use of the initiative is limited. Awareness is relatively high but recipients regard the initiative neither highly to be congruent nor highly incongruent with their needs.

0.6 (Relatively successful): There is the recognition that what recipients would like to achieve has been met through the transfer of an initiative. Yet, this initiative tends to have not been fully institutionalized yet and it is often implemented on an ad-hoc and sporadic basis.

1 (Successful): The transfer of an initiative has brought about widespread use of the initiative and high awareness and satisfaction of recipients. This transfer typically induces high levels of recipients' involvement and participation.

B.2. Independent Measures

Based on the qualitative evidences in Chapters 4 and 5, four variables, or conditions appear to be important in explaining transfer success. They are related to some characteristics of CSR initiatives and relational variables. Stakeholder multiplicity is operationalized with two variables, which are external orientation, and partnership. The relational factor, the business unit network with stakeholders, is consistent with the predictors often found in the literature (e.g. an arduous relationship between source and recipient, Szulanski (1996), or a transfer coalition serving as a bridge between source and recipient, Kostova (1999)). As CSR transfers often involves a one-to-many, or a many-to-one relationship beyond the dyadic relationship of HQ and subsidiary, the two relational variables are important. The country context, whether the host country is China or the UK, also seems to determine success. I elaborate more on the concept and the measurement of individual conditions below.

B.2.1. Stakeholder multiplicity

- **External orientation**

A distinguishing feature of CSR is that transfer can no longer be reduced to concerns within the organization. Many CSR initiatives are designed to benefit stakeholders external to the firm (Freeman et al, 2006). Stakeholder theorists define stakeholders in their order of importance, such as primary and secondary stakeholders at the organizational level (Clarkson, 1995). In a similar vein, at the level of business units, the relative importance assigned to each CSR initiative varies. Employee engagement initiatives, for instance, mainly benefit the primary stakeholder group, employees, while investors are the key stakeholders for the accounting disclosure initiative.

I constructed four levels for the externality of initiative based on the primary stakeholders of each initiative. Zero was given for the purely internal initiatives; 0.3 for those benefitting mostly internal stakeholders; 0.6 for those designed for relatively external stakeholders and 1 for purely external stakeholder-focused initiatives. For example, the Global Buddy initiative which facilitated mentoring relationships among employees was a purely internal initiative as it was designed primarily for employees.0.3. A relatively internal rating was given to an employee volunteer activity, Spring, given that employees' activities benefited the community external to the firm though primary stakeholders were employees. For externally oriented initiatives, programs, such as the Finacle and PC donation in which the primary stakeholders were mainly external (in this case customer and community, respectively) were considered as a purely external stakeholder, were given a code of 1. Green procurement initiatives involved some interactions with external stakeholders such as suppliers, though the initiatives were internally implemented. Similarly, various transparency initiatives were implemented internally but a significant number of interactions with external stakeholders such as investors and customers were found during the course of the implementation. I considered such initiatives as relatively external.

- **Partnerships**

The general consensus in the literature is that relationships are critical to transfer (e.g. Kostova, 1999; Szulanski, 1996). Transfers necessitate partnerships between the source and the recipient, and there is more than one recipient, in some cases. I use the term," partnership" to denote resource exchanges between partners, similar to the way that formal business links are distinguished from social interactions (Tsai and Ghoshal, 1998). To measure the level of partnerships, following the concept of tie strength (Hansen, 1999), I

collected interview data on the basis of the closeness[23] and interaction frequency of a relationship between partners (Granovetter, 1973). Interview questions refer to prior studies and were revised to fit the empirical context of this study (Levin and Cross, 2004; Tsai and Ghoshal, 1998).

B.2.2. Ambiguity

The interview data suggests that some types of CSR initiatives carry multiple meanings, consistent with the notion that individuals employ cultural "frames" or "schema" (Goffman, 1974) to shape their understanding and to guide their actions (Howard-Grenville and Hoffman, 2003; Scott, 1987). This attribute of an initiative is often characterized as ambiguity and helps to determine which specific behaviors constitute an initiative. Further, in some cases, activities explaining the performance of the initiative are not precisely determined, similar to 'fundamentally irreducible causal ambiguity' (Szulanski et al., 2004). Value-based CSR initiatives, such as transparency and promoting learning, appear to be endowed with multiple meanings that link them to more than one sub-activity.

Referring to techniques developed in language and cognitive studies, such as average meaning metrics (e.g.Tokowicz, 2007), I measured ambiguity based on the number of different ways that exist to implement an initiative. Using a snowball method, I began with interviewees, CEOs or other key informants knowledgeable of a wide range of CSR initiatives. Subsequently, I followed up with the identified interviewees suggested by the key informants to list the actions and means with which to implement an initiative. For example, for implementing transparency, the CEO suggested to follow up with the managers within business units: vice presidents, finance, marketing, HR, and sales managers. Each interviewee provided different examples related to his/her functional domain while initiatives with a low

[23] Following prior studies (e.g. Baer, 2010), closeness was measured by asking interviewees to indicate on a scale of 5 (1 _ *acquaintance,* 2 _*distant colleague,* 3 _ *friendly colleague,* 4 _ *close colleague,* 5 _ *very close colleague*) their response to the question of "How close you are with each person?" .

ambiguity such as Global Buddy, followed one approach consistently in implementing the initiative across locations. I have compiled a list of different applications by initiative. To verify whether there is a significant difference between applications, I interviewed a third party in each transfer, i.e. neither the source nor the recipient but someone knowledgeable about the initiative. Initiatives were recreated into a category called 'ambiguity' with a score of 1 for those (e.g. transparency) carrying more than five different applications as being ambiguous, a score of 0.6 for those (e.g. virtualization) with four or five applications that are relatively ambiguous, a score of 0.3 for those (e.g. London PDC) carrying two or three applications which are mostly definite and 0 for those (e.g. IWIN) with a consistent application.

B.2.3. Business unit network

Each business unit engaged a different set of networks. For example, managers from environmentally related departments such as infrastructure management services (IMS) interacted with a broader set of external stakeholders than production departments, a finding consistent with previous studies (King, 1995; Lenox and Toffel, 2008). According to network theorists, critical assets (Dyer et al, 1998) and knowledge are located in the network, or network resources (Gulati, 1999). A business unit with a broader network has a wider range of knowledge sources and might develop the capacity to acquire external knowledge (Tsai, 2001). Managers are often encouraged to develop programs, policies, strategies, products and services that satisfy multiple stakeholders simultaneously (Freeman et al, 2006). Employees in business units that maintain interactions with a variety of stakeholders may be more likely to recognize what needs to be transferred in the local context. Difficulties to identify opportunities to transfer can lead to ineffectiveness especially in the initial stages of a transfer (Szulanski, 1996). Following the measures in the network theory, I evaluated the network

range of each unit, which referred to the diversity of contacts in each unit's network, measured as the number of different stakeholder groups a unit accesses (Collins and Clark, 2003), on a scale of 0, 0.3, 0.6 and 1. According to the classification of stakeholders that Infosys used – customers, employees, local communities, investors, suppliers, government/NGO/others and learning/research institutes, managers responsible for each initiative were asked to list stakeholders with whom they repeatedly interacted.

The HR unit was given 0 as it primarily served internal employees. 1 was given to the marketing and customer-facing units. Customer-facing units not only interacted with customers but also engaged a variety of stakeholder groups as part of their marketing as well as R&D efforts. 0.3 was given to the Computers & Communication Division (CCD) and the Education & Research (E&R) unit, which mainly served internal stakeholders and interacted only with one, or two external stakeholder groups, such as vendors and academic institutions. For employee volunteer groups, 0 was given to China Spring which was mainly run by the HR unit, while UK London PDC was rated as 0.6 as a large number of members belonged to customer-facing units.

C. Results

Below, I present a detailed analysis of how causal conditions are associated with transfer success and failure. To empirically reach solutions about particular sets of conditions leading toward outcomes, I employed fsQCA, an analytic technique grounded in set theory that allows for a detailed analysis, explaining how causal conditions contribute to the outcome from the investigation. To compare and assess the broadest range of solutions and ensure robust results, QCA proceeds in the following steps:

First, using the independent and dependent measures described above, I built a data matrix, referred to as a truth table. The four causal conditions (i.e. ambiguity, external

orientation, partnerships and business unit network) resulted in a truth table with 2^4 or sixteen rows. As a starting point of analysis, the truth table compresses all logical combinations which may account for transfer success and also shows the distribution of cases across these combinations.

The second step involves minimization procedures of the truth table on the basis of the frequency and consistency thresholds. From the truth table, I analyzed which combinations are frequent, seldom or never occur. The assessment of causal sufficiency was based on a consistency threshold of 0.8 – a measure reflecting the degree to which particular combinations of the causal conditions are consistently associated with transfer success.

Finally, through counterfactual analyses based on the information about the causal conditions that I provided, the software identified intermediate solutions which incorporate only easy counterfactuals and are recommended as a way to bridge complexity and parsimony (Ragin, 2000). Complex solutions capture only causal configurations that are evident empirically while parsimonious solutions incorporate all remainders[24] that are logically possible but lack empirical instances. Appendix I details the parsimonious conditions which include only core conditions and eliminate peripheral conditions.

Appendix I shows the results of my fuzzy set analysis. Following Ragin and Fiss (2008), I notate the presence of a condition with black circles and its absence by circles with a cross-out. The size of circles indicates whether the condition is core or peripheral. The larger circle denotes a core condition. Blank spaces in a solution indicate a "don't care" situation in which the causal condition may be either present or absent.

QCA uses Boolean algebra to identify specific configurations leading to the outcome of interest. The Boolean equation linked to transfer success or failure is:

[24] In fsQCA terminology, configurations that lack empirical instances are 'remainders.'

Transfer success= External orientation* UK +

Ambiguity * China

Transfer failure = ~ Partners * ~ Ambiguity +

~ External orientation * ~ Ambiguity +

~ Business unit network * UK

Each line represents a causal configuration that leads to the outcome. The tilde (~) represents the Boolean logic term "NOT." The star (*) indicates the Boolean logic term "AND"; the plus sign (+) represents the Boolean term "OR."[25]

Sensitivity Analysis

I conducted several sensitivity analyses by examining whether the findings are robust when using a different coding for the causal variables. Following Fiss (2011), I varied the crossover point between +/ – 25 percent for all the four measures. For example, variations in consistency thresholds (e.g. 0.8, 0.85) didn't substantially change the results. I observed marginal changes regarding the specific number of solutions and subsolutions, but the results largely remained unchanged (see Appendix II).

C.1. Transfer Success Configurations

The key two causal conditions for transfer success (external orientation * UK + ambiguity *China) suggest that the two attributes of CSR initiatives that promote flexibility, stakeholder multiplicity and ambiguity, are particularly salient in the context of transfers. Some CSR initiatives involve more stakeholders than others. The characteristics of stakeholder multiplicity help create a favorable local environment by promoting coordination between local stakeholders. This collaboration can also help to assimilate and institutionalize initiatives to the recipient site and thus facilitate transfers. The other type of CSR initiative is

[25] I use the notation introduced by Crilly (2011).

more ambiguous and can serve more than one context in different ways. This allows different interpretations of initiatives across locations which makes transfer easier. These findings are intriguing in that the seemingly negative causal relationships between complexities resulting from stakeholder multiplicity and multidimensionality of CSR and transferability do not necessarily hold. The counterintuitive causalities may suggest that flexibility, rather than clarity or replication, is required to deal with complexities. In essence, I argue that the characteristics of a CSR initiative need to be considered in developing theories of CSR transfer.

C.1.1. Causal Path One: (External orientation*UK)

One of the key causal conditions for transfer success (Solution 1 in Appendix I) concerns a characteristic of what is being transferred, combined with the context of a host country. Specifically, success is likely when a more stakeholder multiplicity initiative is transferred from India to countries like the UK where local coordination is not difficult to achieve.

This result is consistent with the insights in the analysis of qualitative cases, which indicates that most successful CSR initiatives in the UK were transferred in collaborations with local stakeholders such as customers, universities and governments. Coordination ranged from dyads, such as co-creation of power supply solutions for communities to multiparty arrangements such as the government, NGO, competitors and customers for enhancing IT education (Infosys, 2010).

One of the most successful transfers in the UK was a community-related initiative for promoting IT education. The initiative was transferred and implemented in close collaboration with e-Skills UK, the Sector Skills Council for Business and Information Technology, which aimed at enabling Digital Britain in partnerships with employers,

educators and the UK government (e-Skills, 2010). Through the collaboration with e-Skills, Infosys was able to minimize time and resources for certain types of coordination, like the identification of schools. The less cumbersome implementation of the e-Skill project also induced greater employee participation. Further, the well established coordination among e-Skills members offered additional possibilities for establishing relations with a variety of stakeholders such as the government, competitors and corporate customers like IBM and Microsoft. Indicators of institutionalization of the initiative, particularly the continuity of the initiative and internalization of participants, were sourced in interviews and the increase in the numbers of participants, points toward transfer success.

The UK context might have helped enable stakeholder multiplicity CSR initiatives to function effectively. Stakeholders in low-context cultures, like the UK, may be relatively easier to communicate with than those in a high-context country, such as China. The level of coordination among stakeholders in the UK was relatively high. Like the case of e-Skills UK, UK CSR initiatives are largely driven by industry associations or long-standing business associations (e.g. the UK Business in the Community) (Moon, 2004). This also helped the firm easily coordinate with institutionalized networks in the UK to implement its externally oriented initiatives. Pooling of individual resources and exchanging information, in turn, increased efficiency and effectiveness in delivering intended objectives of initiatives. This engagement with local stakeholders can help facilitate assimilation and make the initiative institutionalized in the local environment (Abranhamson and Fombrun, 1992; Oliver, 1997).

By contrast, partnerships with limited stakeholder groups for CSR initiatives were found in China. Besides the government, stakeholders in China such as civil society groups and trade unions have little room for independent decision making (Lau, 2003). Infosys Chairman NR Narayana Murthy, expressing negative views on doing business in China, said, "In China transparency is not very high and it was not easy for companies that were

straightforward." (Hidustan Times, 2003) The distinguishing context where relationships are more important than tasks is further apparent in the following account:

> ***"****The Chinese government plays a lot of roles; the media belongs to the government; through the media, Infosys can promote its brand awareness in China; make things easier to do business in China if Infosys has good standing with the government. First we need to earn trust, then we can talk about business."[Jenny Hu, government relations manager]*

Even within the same stakeholder group in the government, there can be little coordination. Though the collaboration with the local Chinese government on CSR went smoothly overall, Infosys China was not successful in building cooperative relations with the federal government. Its innovative rural banking solution, Finacle, developed to help those without access to financial services, was not successfully transferred due mainly to the difficulties resulting from a lack of coordination with the federal government and local banks.

In summary, as is consistent with the qualitative evidence in the preceding chapter, the results indicate some support for the proposition that stakeholder multiplicity can predict transfer success combined with the low context of a host country. Initiatives involving more external stakeholders provide greater flexibility to collaborate with stakeholders in low context locations. The higher likelihood to generate values can be accrued from stakeholder engagement, leading towards transfer success.

C.1. 2. Causal Path Two (high ambiguity * China)

The second causal path (high ambiguity * China) also depends on the characteristics of initiative combined with the context of a host country. This result lends some support for the argument that the negatively hypothesized effect of institutional distance on transfer success (Kostova, 1999) can be mediated by the type of initiative. In other words, all else being equal, ambiguous CSR initiatives like value-based CSR initiatives are more likely to be transferred especially when recipients come from more culturally distinct locations.

Counter-intuitively, the empirical data and the fuzzy-set analysis results suggest that the ambiguous nature of CSR initiatives can facilitate transfers by providing recipients with freedom for interpretation. This appears to favor transfers rather than hamper them. In this study, transferring ambiguous initiatives to China appears to be a stronger predictor for transfer success than transferring them to the UK. This follows the reasoning that stakeholders in China, as a high context culture, value subtlety and hence initiatives with some degree of ambiguity may be appealing to local stakeholders. In China, a government-dominated country, a greater emphasis on implicit CSR is given because stakeholders see the responsibilities of business delineated by regulation (Miller, 2005). With a more ambiguous initiative, stakeholders can interpret the initiative and behave strategically in a way which meets their own needs. For instance, value-based CSR initiatives, such as transparency and promoting learning were more successful in China than initiatives that were rather explicitly defined. As shown in Chapter 5, transparency was achieved through various means. Practicing transparency meant protecting customers' information (e.g. IP protection) from some of the marketing and delivery managers while increasing transparency in business offerings was considered as a means to promote transparency for customer-facing employees.

Likewise, the spirit of promoting learning at Infosys generated a variety of learning activities and allowed for subjective interpretations of the principle. To managers, it was a way to deliver better quality service by keeping employees informed of up-to-date technologies. Or, some viewed it as a way to maintain organizational knowledge in an environment with a high turnover.

> *"In an industry where staff turnover is a fact of life, outsourcing companies like Infosys need to plan for attrition. Infosys has developed a knowledge-management system and tools to retain knowledge of customer's requirements and business if employees leave, "[BG Srinivas, head of Infosys Europe quoted in Krigsman, 2006].*

In China, various tools and frameworks of knowledge management served as employee engagement instruments through which employees could chat and blog in a virtual space.

> *"I believe knowledge management (KM) of this company targets to enable its employees to take up their current responsibility and their future careers thus it enable its employees' readiness from knowledge management and other infrastructures. As per my understanding, the knowledge management of Infosys is not only about things of process, technology, leadership program, business skills, client culture, it touches everything of daily activities of its employee." [Patrick Guan, a member of China KM core team]*

The interviewee's response reflects employee-centric views to KM rather than client centric objectives that were implied in the management's quotes above. In China, circumstantial evidence suggests that KM was introduced as a part of its strategies to address the issue of countering the threat of knowledge loss from attrition of highly skilled workforce. Notwithstanding the financial and other benefits offered by the IT industry to retain their employees, companies have struggled to tackle the high rate of attrition (Das, 2010). Though both provided different objectives of the initiative, both found it useful in that employees are actively using the initiative's frameworks and the manager who promoted it. Asked if there were any case where reverse transfers (from China to India) took place, the CEO at Infosys China immediately pointed to knowledge management as an example. In spite of the relatively short history of KM in China, it was successful at drawing a number of users to its tools and frameworks.

In contrast, transferring ambiguous CSR initiatives involving a certain degree of ambiguity to the UK was not a causal condition for success. I attribute this to the fact that the UK has long promoted explicit CSR, defined as corporate policies that explicitly articulate responsibility for some societal interests (Matten and Moon, 2008). UK firms have adopted more explicit initiatives and policies on CSR issues, partly driven by investors (Apostolakon and Jackson, 2009). Some argue that the reduced role of the welfare state has facilitated the

process of institutionalizing businesses' roles in society and thus the surge in explicit CSR in the UK since 1980 (Moon, 2004).

The successful transfers of ambiguous CSR initiatives to China suggest that replication is not a sufficient condition for transfer success. The ambiguous initiatives generated multiple activities. The employees from different business units in China made their own interpretations of transparency (e.g. risk management, fairness, IP protection). Sub- initiatives of transparency were copied from the HQs or recreated endogenously at the subsidiary. The ambiguity around the initiatives was not minimized in the process of transfer but the transfers were nonetheless effective. In other words, preserving the value of the original initiative (Jenson and Szulanski, 2006; Winter and Szulanski, 2001) may not be the ultimate objective of the source and the recipients when transferring CSR initiatives. The instrumental view of CSR, especially in international business contexts, implies that CSR is used to engage with stakeholders so as to create value, such as legitimacy or reputation (Deephouse, 1999; Gardberg and Fombrun, 2006). In this strategic context, clarity may not always be desirable and ambiguity can be useful in managing differences when managers have to deal with multiple and conflicting demands (Eisenberg, 1984). Others also concur that "some degree of ambiguity in communications will enhance the organization's ability to reach its goals" (Leitch & Davenport, 2002:130). The ambiguity of the transferred initiatives might have been helpful to lead to transfer success despite the large cultural distance between China and India. Thus, it may be unwise to make sweeping generalizations about the negative relationships between institutional distance and transfer success without fully considering the potential mediating roles of initiative type.

C.2. Configurations for Transfer Failure

This study also investigated the conditions for failure. FsQCA analyses are based on the view that the causal conditions for success and failure are asymmetric. In other words, the causal conditions for failure can be different from those for success. The gist of the findings suggests that the effects of the type of initiative on transfer are relatively robust, even when non-identical causal conditions for failure have been allowed for. From this, the rest of the findings and arguments follow:

Transfers can result in failure under the context of specific CSR initiatives combined with few partners involved (~ partnership * ~ ambiguity). A comparison of the conditions of (~partnership * ~ambiguity) and (~ external orientation * ~ ambiguity) indicates that having few partners can be replaced by a low externality orientation of initiative. Both being internally oriented and having few partners indicate a low degree of stakeholder multiplicity. In essence, the results confirm that initiatives with low stakeholder multiplicity combined with low ambiguity are unlikely to be successfully transferred either to China or to the UK.

It is surprising that transferring a relatively explicit initiative without multiple people involved can lead to failure given our understanding that the ease of the replication of underlying knowledge can enhance the effectiveness of transfers (Zander and Kogut, 1995). Conceivably, the inappropriateness of the transferred initiatives to local conditions may reduce the effectiveness of the transfers. It is arguably pervasive that cross-border transfer involves, to some extent, localization or adaptation (Rosenzweig and Nohira, 1994; Szulanski and Jensen, 2006). In the CSR context, in particular, citizenship activities responding to differing demands may require a fit with local conditions. Further, within any given institutional environment, companies are engaged in multiple areas of citizenship activities (Gardberg and Fombrun, 2006) and thus an initiative that falls well within the range of dimension is more associated with success. In this connection, an initiative allowing little

flexibility to deal with multi-stakeholders and multi- dimensions is likely to lead to transfer failure. Consider an employee engagement program, Global Buddy, helping employees become more culturally sensitive at Infosys. Though it was straightforwardly designed to replicate the initiative to China, the implementation of the initiative remains symbolic.

> *"I think Infosys China doesn't need Global Buddy because most of them are Chinese anyway. So I think there is little need for a new hire to learn the culture, etc." [Khadja Mohammed Maritim, HR manager at Infosys UK]*

The core of the configuration (~ business unit network * UK) for failure, is consistent with the corresponding causal condition for success in terms of transferring a stakeholder multiplicity initiative to the UK. An externally oriented initiative tends to be transferred by a business unit facing a range of stakeholder groups. Likewise, an internal unit serves a limited number of stakeholder groups. Each transfer is usually organized by business units in the functional area specific to the domain of the initiative. Different functional departments face distinct pressures from market or nonmarket constituents, which influence decisions to adopt environment management programs by subsidiaries (Delmas and Toffel, 2005; Hoffman, 2001). Employees in internally oriented business units, such as HR and accounting departments, interacted with a limited range of stakeholders, while managers of units that were more externally oriented, including sales and communication departments, invested in many face-to-face meetings with a variety of stakeholders.

For example, transferring Campus Connect to the UK was not successful mainly due to the fact that it was implemented by an internally oriented unit, HR. Compared to the initiative in China, there were fewer objective signs of formal implementation in the UK than in China. Some members from the Campus Connect team were relocated from India to China, but not to the UK. The Indian staff from the CC unit used the same corporate training materials in China as at the HQ. At the UK office, however, the HR team, which was headed

by a local British employee, implemented the CC, but seemed to have different opinions of the project.

> *"I have no connection with Indians. 80-90 percent are Indians here. Half of the rest are of Indian background. They come from India with knowledge of these CSR things; we are not a big office and we need to focus on one small thing that we can do well." [Carol McCarthy, HR head EMEA, Infosys]*

The fact that the initiative was handled by HR in the UK rather than the Campus Connect team may have influenced the results of the implementation. Compared to the HR department, the Campus Connect unit at Infosys in general interacted with a variety of stakeholders such as local schools and NGOs, promoting IT education in the community. The latter seemed to have built up competencies that were useful in benefiting society. Some scholars argue that such social competencies are distinct from business competencies (Marcus and Anderson, 2006). The HR department tended to involve projects which were less cross-functional. This might have hindered communication with multiple stakeholders. For instance, HR's view of the need to hire locals in the UK was different from what the HQ expected.

> *"We don't recruit graduates because our business model, doesn't facilitate having graduates in client sites. We need people with 3-4 years' experience to go to clients."*
>
> *Unless they are willing to go to Mysore and work there for several years, we are not going to hire British college graduates."[Carol McCarthy, HR head EMEA, Infosys]*
>
> *"We are recruiting local staff in the UK. UK is a growth area for us" [Shibulal, COO of Infosys, 2010]*
>
> *"We are recruiting straight from college in Britain" [Gopalakrishnan, CEO of Infosys, quoted in Sunday Times, 2008]*

Some also find that the unsuccessful management of corporate sustainability projects, such as environmental issues, often results from a lack of communication between environmental managers and general business managers (Hoffman, 2000; Lenox & King, 2004). One result may be that TCS' [Tata Consultancy Services] non-Indian employees accounted for about 9.6 percent of total staff, while Infosys' non-Indian staff was about 3

percent. In the UK context, in particular, there seemed to be pressure to recruit locals for Indian companies. Indian companies are looking to do more 'in-sourcing' – recruiting locally in target markets to enable them to compete more effectively with the large, entrenched Western global outsourcing majors.[26] Results would have been different if the UK program was implemented by the Campus Connect unit.

A business unit's network to engage stakeholders is of particular importance in the CSR context because pressures to adopt corporate social initiatives can come from a variety of stakeholders, such as customers and governments (Weaver et al, 1999). Employees in stakeholder-facing business units are more likely to identify opportunities and act on them to transfer relevant initiatives than are internally oriented units. Especially in the UK context, companies had a range of embedded relations with a relatively wide set of societal stakeholders (Matten and Moon, 2008: 408). Moreover, the importance attached to CSR in society was relatively high given that it had a ministerial responsibility to the CSR and a number of policies to encourage CSR has been introduced (Aaronson, 2002). The empirical data also confirms that most successful transfers to the UK were led by employees in externally oriented units who constantly engage with stakeholders.

In summary, consistent with the previous findings (Kogut and Zander, 1885; Kostova, 1999; Roger, 1980; Szulanski, 1996), this study also finds that the type of initiative, context and relational variables all affect the success of transfer. While the elements of successful transfers are similar, the attributes of an initiative that promotes flexibility rather than clarity appears to be significant predictors of success. The results also suggest that the relations of a business network with stakeholders appear to be important in predicting success – in contrast to the view in the literature that the involvement of external stakeholders increases the risk of

[26] *Financial Times*, 2007

leaks. I provide some examples of how these causal conditions play out and draw implications for the global management of CSR in the next chapter.

APPENDIX I

CAUSAL CONFIGURATIONS

		Configurations for successful transfer		Configurations for unsuccessful transfer		
	Condition	1	2	1	2	3
Practice characteristics	External orientation	●		⊗		
	Ambiguity		●	⊗	⊗	
Recipient characteristics	Partnership				⊗	
	Unit's network					⊗
	China		●			
	UK	●				●
	Consistency	0.80	0.85	0.94	0.98	0.84
	Coverage	0.42	0.27	0.78	0.78	0.44
	Unique coverage	0.00	0.00	0.15	0.15	0.00

Solution consistency: 0.80

Solution coverage: 0.97

Solution consistency: 0.87

Solution coverage: 0.93

● core causal condition (present) ⊗ core causal condition (absent)

Note: This format of presenting the results from the fuzzy-set analysis is based on Ragin & Fiss (2008)

Appendix II: Sensitivity test

Parsimonious solution – Success configuration
Frequency cutoff: 1
Consistency cutoff: 0.87500

	Raw coverage	unique coverage	consistency
Partnership	0.821918	0.280822	0.875912
External* -China	0.4717808	0.00000	0.802632
Ambiguity* - UK	0.273973	0.00000	0.851064
External*ambiguity	0.445205	0.00000	0.955882
Ambiguity*China	0.273973	0.00000	0.851064
External* uk	0.417808	0.00000	0.802632

Solution coverage: 0.972603
Solution consistency: 0.797753

--- PARSIMONIOUS SOLUTION --- Failure configurations
Frequency cutoff: 1.
Consistency cutoff: 0.875000

	raw coverage	unique coverage	consistency
	---	---	---
~partnership*~ambiguity	0.779221	0.149351	0.975610
~unit*~china	0.441559	0.000000	0.839506
~external*~ambiguity	0.642857	0.019480	0.942857
~unit*uk	0.441559	0.000000	0.839506
~external*partnership*~china	0.155844	0.000000	0.727273
~external*partnership*unit	0.149351	0.019481	0.718750
~external*partnership*uk	0.155844	0.000000	0.727273

solution coverage: 0.928571
solution consistency: 0.866667

Appendix III. Selected literature with fsQCA (fuzzy set qualitative comparative analysis) applications

Reference	Number of variables	Number of cases	Reference	Number of variables	Number of cases
Kitchener et al (2002)	6	5	Brueggeman/Boswell (1998)	3	7
Hellstrom (2001)	10	7	Schiffino/Yamasaki (2003)	5	8
Boswell/Brown (1999)	3	9	Clement (2004)	4	9
Goodwin (2001)	6	9	Mengeot (2003)	7	10
Stokke (2003)	5	10	Melinder/Andersson (2001)	5	12
Gordin (2001)	4	12	Grassi (2004)	7	13
Kittel et al (2000)	6	15	Curchod et al (2004)	4	16
Griffin et al (1997)	4	15	Taras (1993)	4	15

Source) Marx (2006), Towards a more robust model specification in QCA: results from a methodological experiment, Compass working paper http://www.compasss.org/files/WPfiles/Marx2006.pdf

Appendix IV: Calibrations of Independent measures

		Degree of transfer	External orientation	Partnership	Ambiguity	Unit's externality	China	UK
1	IWIN (Infosys' Womens Inclusivity Network)	0	0	0	0	0	1	0
2	No paper cups at work	0	0	0.3	0	0	1	0
3	Finacle	0.3	1	0	0.3	1	1	0
4	Spring (employee volunteering)	0.3	0.3	0.3	0.3	0	1	0
5	Global buddy	0.3	0	0.3	0.3	0	1	0
6	Green building	0.3	0.3	0.3	0.3	0	1	0
7	Green product	0.3	1	0.3	0.6	1	1	0
8	PC donation	0.6	1	1	0	0.3	1	0
9	Code contest	0.6	1	0.6	0	1	1	0
10	Say no to disposable chopsticks	0.6	1	0.6	0	1	1	0
11	Transparency	0.6	0.6	0.3	1	1	1	0
12	Green procurement	0.6	0.6	0.6	0.3	0.3	1	0
13	Virtualization (green process)	0.6	0.3	0.6	0.6	0.3	1	0
14	Campus Connect	1	1	1	0	1	1	0
15	Promoting learning	1	0.3	0.3	1	0.6	1	0
16	Global coach	0	0	0	0.3	0	0	1
17	IWIN	0	0	0	0	0	0	1
18	Cricket for charity	0.3	0.3	0.6	0	0.3	0	1
19	Eco awareness at work	0.3	0	0.3	0.3	0	0	1
20	Green building	0.3	0.3	0.3	0.3	0	0	1
21	Promoting learning	0.3	0.3	0	1	0.6	0	1
22	PC donation	0.3	1	0.6	0	0.3	0	1
23	London PDC	0.6	0.3	1	0.3	0.6	0	1
24	Finacle	0.6	1	0.6	0.3	1	0	1
25	Green procurement	0.6	0.3	0.6	0	0.3	0	1
26	Virtualization	0.6	0.5	0.6	0.6	0.5	0	1
27	Campus connect	0.6	1	0.3	0.3	0.3	0	1
28	Green product	1	1	1	0.6	1	0	1
29	Green services	1	1	1	0.6	1	0	1
30	Transparency	1	0.6	0.3	1	1	0	1

CHAPTER 7 SUCCESSFUL TRANSFER: THE GLOBAL MANAGEMENT OF CSR INITIATIVE

This chapter examines how successful transfers can help firms improve the global management of CSR. Viewing global management of CSR broadly as an input-output system, the overall efficiency of the management can be defined as the ratio of the value of its outputs to the costs of all its inputs. MNEs can realize economies of scale and economies of scope. A good fit between the type of CSR and the cultural context of a host country can facilitate transfers and thus help firms realize economies of scale and scope. MNEs can also generate cost savings by facilitating transfers through individual employees and through co-creation with stakeholders. In contrast to the unitary view of CSR, the recognition of different types of CSR initiatives in this study permits MNEs to configure different elements of initiative to maximize available scale and scope benefits. The analysis highlights another way in which firms manage CSR globally and contributes to the formulation of strategy. In essence, the findings suggest that the success of the global management of CSR is less a question of *what* strategies firms follow than of *how* their CSR initiatives are organized.

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A. Introduction

> *"We have some internal eco-awareness campaigns. We also took our UK clients to Bangalore to show them what we are doing, how green our campus is managed. They appreciate it. "[Carol McCarthy, HR European head]*
>
> *"By common meetings, word of moth and e-mails, we do the same thing. For example, on International Womens' Day, we all IWIN members across locations do a video conference and listen to the guest speakers invited by the Bangalore office. "[Lilly Vasanthini, Head Enterprise Solutions Department of Infosys China]*

The first quote suggests that Infosys UK was able to take some credit for Infosys India's achievements. In other words, Infosys' overall green credentials were enhanced by establishing a reputation common to a variety of green initiatives. The second quote indicates that the same IWIN activities were replicated elsewhere and that with coordination every member could benefit from these activities in India. Did Infosys manage CSR initiatives such as green building and IWIN locally or globally? It seemed to depend on the type of initiative in question.

In analyzing how MNEs manage CSR globally, a number of CSR scholars predict that MNEs' global strategies for CSR are consistent with their global product strategies (Arthaud-Day, 2005; Gnyawali, 1996). They often use the global integration/ local responsiveness framework and show that MNEs differ in their global management of initiatives – some are global while others are local (Ghoshal and Nohira, 1989). Some describe the two approaches as opposite ends of a continuum; others refer to this as institutional duality (Kostova and Roth, 2002). According to the latter perspective, MNEs organize CSR activities depending on the level of pressures for global integration and to local responsiveness (Gnyawali, 1996; Arthaud-Day, 2005). **A**pplying the typology introduced by Ghoshal and Bartlett (1989) to the global management of CSR, Husted and Allen argue that, "Global MNEs face a clear

choice. They can manage local and global issues on a case-by-case analysis of the pressures for integration and responsiveness surrounding each issue: in short, they can become 'transnational' in their CSR strategy. Alternatively, they can ignore local subtleties and nuances in their CSR agenda, with the attendant risks" (Husted and Allen, 2006: 848).

Though these views have been useful in the formulation of global strategies, they provide insufficient knowledge about implementation, that is, how firms actually manage CSR globally. This is in part because the literature lacks explanations for the rich heterogeneity that exists among CSR initiatives. As the quotes above suggest, some initiatives may be more conducive to global integration while others are more appropriate for localization. For instance, for a firm pursuing a transnational strategy, it may be more efficient to transfer those that are conducive to global integration. In other words, the type of CSR initiative can moderate the effectiveness of global strategies. The heterogeneity among CSR initiatives may thus require more subtlety in formulating global strategies than a polar opposition between global and local pressures. Understanding strategies involving several contingencies requires recognizing a number of conditions under which mixed strategies can co-exist.

For example, the recognition of the diversity of CSR initiatives can lead to an improved understanding of how different CSR initiatives offer different degrees of advantage towards global integration and local responsiveness. Using their multinational networks, MNEs can benefit from scale economies through transfers of stakeholder multiplicity CSR initiatives. They can also exploit synergies or economies of scope that may be available when transferring ambiguous CSR initiatives. These can help firms to achieve efficiency in creating a global system of social responsibility. Exploiting economies of scale and economies of scope (Porter, 1985) is one of the keys to build a global competitive advantage.

Generating economies of scale and scope is just one way to improve efficiency. MNEs can also enhance efficiency by minimizing the costs of transferring CSR initiatives. Viewing the global management of CSR broadly as an input-output system, the overall efficiency of management can be defined as the ratio of the value of its outputs to the costs of all its inputs. Thus, either through improved efficiency in producing CSR or through cost reductions, overall efficiency can be increased significantly. The key to a successful global strategy, therefore, may be not so much in what strategy a firm follows, but rather in how it organizes activities worldwide to optimize efficiency (Ghoshal, 1987).

Maximizing the efficiency of current operations is often seen as a successful global strategy (Ghoshal, 1987). A successful global strategy of CSR would thus involve the successful transfer of existing CSR initiatives from the place where they were developed to another location. In the previous chapters, I have discussed the conditions under which successful transfers occur. They include 1) initiative type: stakeholder multiplicity and ambiguity; 2) the social competency of a business unit and 3) the involvement of external stakeholders. Below I examine in greater detail how in the case of Infosys the determinants play out to organize CSR programs globally, in an efficient manner. On the cost side, I also show how MNEs can minimize costs in transferring social initiatives.

B. Efficient global provision of CSR: economies of scope and scale

McWilliams and Siegel argue that "there is an 'ideal' level of CSR, which managers can determine via cost-benefit analysis" (2001: 117). Once they recognize the demand for CSR, managers can decide the optimal number and level of CSR attributes and how to produce them. They can also provide anecdotal examples that show the conditions under which efficient production occurs – that is, the conditions when firms generate economies of scale and economies of scope. McWilliams and Siegel argue that economies of scale occur

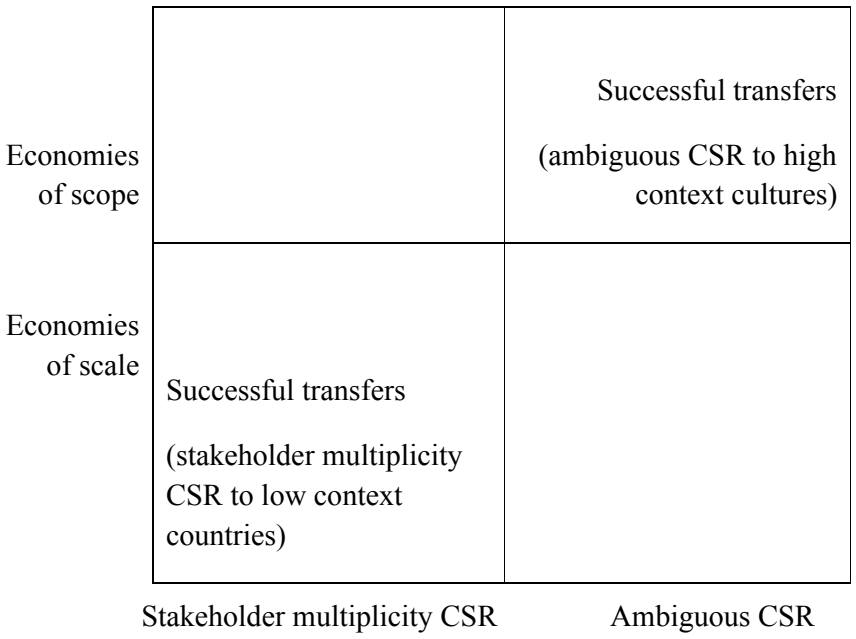
when the capital investment in the provision of CSR entails substantial fixed costs. For example, being an environmentally friendly company may require the purchase of additional equipment such as a smokestack scrubber. Once particular equipment has been installed, its cost will decline as the firm increases output. This results in an economy of scale. McWilliams and Siegel also hypothesize that a large, diversified firm can generate economies of scope in the provision of CSR programs. The goodwill generated from advertising its activities can be leveraged across a variety of the firm's brands. For example, Tata Steel and Tata Motor can benefit from the Tata Group's reputation as a good corporate citizen. Thus, the more diversified the firm the cheaper the cost of producing CSR. Though the analysis of McWilliams and Siegel remains theoretical, it suggests that different CSR initiatives are conducive to different levels of economies of scale and scope.

The knowledge domain is similar in some respects. Other researchers have investigated the conditions that determine the efficiency of knowledge in multinational operations. They first recognize that there are different types of knowledge, such as tacit versus explicit knowledge (Zander and Kogut, 1995). In the process of transferring knowledge, they also find that various types of knowledge differ considerably in the extent to which they generate economies of scale and scope (Grant and Baden-Fuller, 2004). Tacit knowledge tends not to be specific to a particular product and thus is subject to economies of scope (Grant, 1996; Winter, 1995). By contrast, explicit knowledge such as information can be costly to produce but cheap to reproduce, and thus is subject to economies of scale (Shapiro and Varian, 1999). These studies suggest that different characteristics of products and of knowledge can influence the extent of economies of scope and scale for the output. They categorize the differences by specificity.

Specificity can be applied to demonstrate the differences across CSR initiatives discussed in Chapter 4 and 5. Stakeholder multiplicity CSR initiatives are narrow in scope

and tend to be relatively standardized practices (or firm-specific). This type of initiative generally entails some initial investment. For example, providing training and IT education required Infosys to develop courseware and training centers. These investments often benefit from long production runs. It is not expensive to train one more person once facilities and training materials are in place. In other words, more explicit initiatives are costly to produce but cheap to reproduce (Shapiro and Varian, 1999). Ambiguous initiatives tend to be broad and not local specific, hence giving rise to economies of scope. Economies of scope generally describe the cost advantages that result from the activities of a firm in multiple markets (Panzar and Willing, 1981). To the extent that this value-based type of initiative is not specific to the production of a single initiative, this implies economies of scope. Ambiguous practices tend to be costly to replicate, but these costs are lower than those incurred in initial creation (Winter, 1995). One strategy for the efficient global management of CSR, therefore, may be that firms recognize the differences across CSR initiatives and exploit any available opportunities to achieve economies of scope and scale. Figure 1 shows the conditions under which economies of scope and economies of scale can occur. When a stakeholder multiplicity initiative is transferred to a low-context culture host country, economies of scale are likely to occur while economies of scope tend to occur when an ambiguous initiative is transferred a high-context country. Below I discuss in detail the effective global provision of CSR initiatives, with examples from the case of Infosys.

Figure 1: Types of economies and transfers



B.1. Economies of scope

> *"Infosys China takes the responsibility of environmental protection seriously and has a long tradition of being involved in causes dedicated to improving the natural environment." [Infosys China, 2008]*

As the quote above indicates, Infosys China leverages its parent's reputation for being environmentally responsible. Infosys China had replicated some of the green initiatives of the HQ, but the extent of its investments in green initiatives was a lot smaller than India's. Its efforts in green investment were limited, as the subsidiary was not set up until 2004. Infosys India made extensive investment in an effort to become a green company, committing to such projects as green buildings and biodiversity parks. This was possible in part because the headquarters had a large campus where the company could independently design new

buildings and parks. Facing such constraints as a lack of park space and high rents, Infosys China's green initiatives were primarily limited to product development and awareness campaigns. Similarly, the transparency examples illustrate that the reputation for being transparent was applied to different contexts in the two subsidiaries. Infosys' honesty credentials were applied in different ways, such as in transparent pricing, transparent dealings, data security and financial accounting information disclosure.

This can be considered a combined effort by headquarters and its subsidiaries to create a reputation for being transparent. Because Infosys' reputation for being transparent was indivisible and a value-based resource, this joint production created economies of scope. Intangible resources, such as reputations for being transparent and being a green company, can be shared and utilized without congestion. Penrose (1959) observes that firms expand their product scope when their intangibles are not product-specific and are subject to economies scope. This joint production implies that a firm can produce a given level of multiple outputs at a lower cost than a series of separate firms each specializing in the production of a single output (Samuelson, 1966). Panzar and Willig (1978) redefine this joint property as economies of scope. More formally, economies of scope are stated as:

$$C(y_1, y_2) < C(y_1, 0) + C(0, y_2),$$

where $C(y_1, y_2)$ is the joint cost of producing y_i units of output for market 1 and y_2 units for market 2.

Infosys was able to achieve economies of scope because Infosys China, Infosys UK and Infosys India were able to share resources, and to treat those resources as indivisible and not as fodder for competition and rivalry. Infosys' reputation for transparency produced sub-actions from these shared resource (i.e. resource sharing through transferring); the joint cost of producing y_1 and y_2 units of CSR_a (transparency-related initiatives) for multiple markets (China, UK and India, here) were cheaper than if the three companies had produced CSR_a

(transparency-related products) separately for their own market (without reference to the corporate reputational resources). Infosys' reputation for transparency was not specific. It was based on a number of different initiatives, most of which – including transparent accounting initiatives, transparent communication and transparent business dealings – had wide domains of application and therefore were subject to substantial economies of scope. This finding is consistent with Grant and Baden-Fuller (2004)'s study arguing that the extent of economies of scope in the area of knowledge depends upon a lack of product specificity.

B.2. Economies of scale

By transferring stakeholder multiplicity initiatives, MNEs can create scale economies. Ambiguous CSR initiatives tend to be specific in scope and don't vary across countries. Consider the examples of employee engagement programs, such as Infosys Women's Inclusivity Network (IWIN) and Voice of Youth (VOY). The costs of producing such programs were mainly the initial launch and the promotion of the initiative, including program designs and website development. Such costs did not vary with production quantity and thus were fixed. The projects incurred few variable costs apart from costs for organizing occasional events, such as printing and transportation. By transferring IWIN and VOY to China and the UK (i.e. increase in production), Infosys could generate greater participation from employees as a whole. With the increased participation of employees, these programs drew more attention from stakeholders, including external stakeholders, and helped the firm enjoy greater visibility. *Fortune* magazine ranked Infosys tenth among global companies in its 'Top Companies for Leaders 2007,' recognizing its VOY program for offering young employees the opportunity to participate in the management council and debate, discuss, and critique any aspect of business.

Another example is Infosys' Code Champion. Infosys invested time and resources in the initiative with the collaborations of an NGO in India. The sunk cost for the initiative

included the working relationships between Infosys and the NGO. When transferring the initiative to China, the company was able to implement at a relatively low cost as the branch of NGO supported the same initiative in China and the initiative didn't require any substantial costs of customization. These initiatives involved high fixed costs and required a large number of beneficiaries in order to show a meaningful return on investment, which is where economies of scale become important. By transferring these initiatives to other locations, the firm could increase returns to the investment as they gained additional customers (i.e. stakeholders) and increased visibility.

There are also examples at other companies. Nestle's Milk District project, for example, involves collaboration with small farmers and is consistently implemented in various developing countries. Other examples of worldwide implementation include General Electric's "Ecomagination" initiative focusing on developing technologies for water purification and Unilever's green projects on packaging and distribution systems. The costs of replicating these initiatives tend to be lower than the costs of creating a new initiative. Thus, stakeholder multiplicity initiatives are subject to economies of scale. This type of initiative entails some fixed costs for the initial development and requires corporate involvement, including corporate participation in the planning, execution, and evaluation of the projects. They don't require substantial costs for adaptation, since they can be standardized and applied to different geographies without any major revisions. In other words, there are cost advantages relating to transfers of this type of initiative which depend on whether or not a single design (or a small number of designs) is used over and over again (Baldwin and Hippel, 2010). The use of capital in the provision of CSR attributes may result in scale economies, because capital investment often entails substantial fixed costs (McWilliams and Siegel, 2001). The driving mechanism in this regard is the reduction of unit

costs and the capture of large volumes in initiatives where economies of scale are significant but are not fully exploited in the home country.

C. Cost savings: transfers on the cheap

Transfers incur costs such as those for communication and customization. There are boundaries where firms can initiate a transfer: If the process of transfer is more expensive than the perceived benefit, they can choose not to make the transfer. In this section, I argue that cost advantages can result depending on how transfers are implemented. In other words, there are ways to reduce costs when the headquarters communicates with recipients and initiatives are adapted to local settings.

Scholars often focus on transfers that have occurred with prior strategic plans, making them costly and requiring managerial attention and costs of transfer[27]. Too often global management is seen solely in terms of a firm making choices between standardization and adaptation (Bartlett & Ghoshal, 1998; Prahalad and Doz 1987) and the locus of adaptation is mainly internal (Downs & Mohr, 1976; Leonard-Barton, 1988). Recipients can evaluate products and services provided by different firms but have little say over their design or creation. MNEs make ill-informed bets about what recipients will want and then adapt their products to local settings. In this case, adaptation can be costly and fraught with risk (Cray, 1984). As Winter and Szulanski (2001) explain, "modification introduced to adapt the established template may create new problems that will have to be solved through a costly process of trial and error, since they cannot be solved through reference to the established template" (201: 737). Since the burden of adaptation is on MNEs, standardization is preferred where possible (e.g. Samiee & Roth, 1992; Yip, 1992).

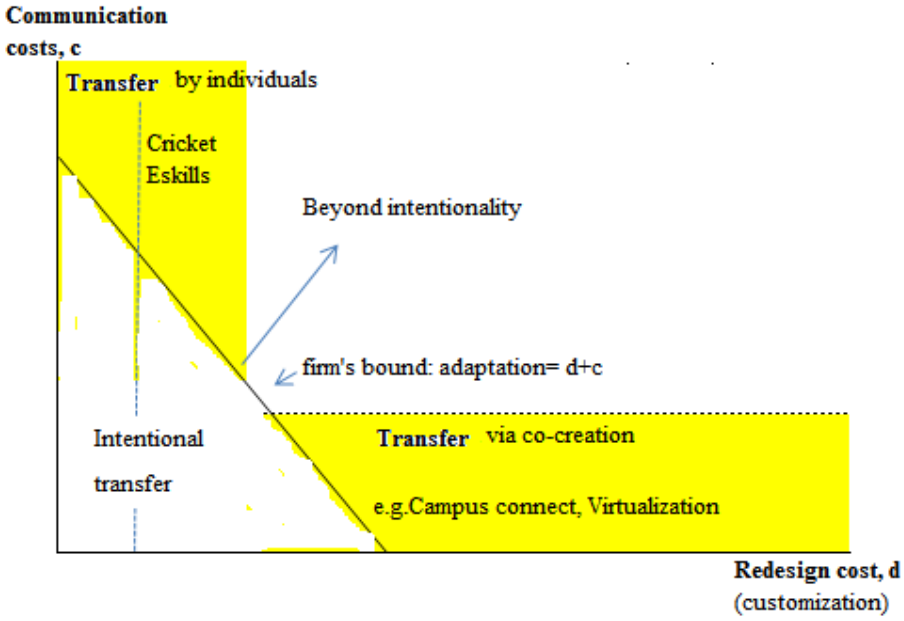
[27] I adopt the conceptualization of Teece (1977)'s transfer costs. Each transfer has broadly two dimensions of costs: the costs of transmitting and absorbing all of the relevant unembodied information. Cost of transmission, $t_i = f(s_i, d_i, c_i)$ consists of those of searching for practices to be transferred, defining design rules and communication costs.

Empirical findings, however, suggest that transfers occur both deliberately as intended transfers and unintentionally as emergent transfers. Emergent transfers tend to be bottom-up and exploratory in nature, driven by needs that can serve as a foundation for innovation. I argue that this type of transfer can create transaction-free zones, wherein MNEs can avoid excessive transfer costs (Baldwin, 2007). Below I discuss some examples of emergent transfers which were relatively easy to implement because Infosys created an opportunity for stakeholders to participate in the process of transferring CSR and acquired good local knowledge. The core mechanism is closely related to the cooncepts of user innovation, openness of intellectual property and collaborative innovation (Baldwin and Von Hippel, 2010). Channels of transfer, which have traditionally been undertaken by the company only, may include individuals as well as groups. Recipients are often 'accidental' entrepreneurs who happen to discover an opportunity of transfer and experiment with it through their own use before sharing it with others. The development of the idea, experimentation, adaptation and preliminary adoption often occur before the formal transfer. Each of these represents a different way to organize effort and investments aimed at generating values.

The mechanism of emergent transfers is consistent with the view that firms should use external ideas as well as internal ideas as they look to advance their technology (Chesbrough, 2003: xxiv). Some empirical studies suggest that people who freely reveal their innovations can gain private benefits. These private returns go "beyond the dollar" (Pfeffer 1990), such as, for example, reputation gains and signaling (Glazer and Konrad 1996), which becomes particularly relevant to the CSR context where benefits from secrecy are low. Below I present the two modes of transfer in detail with specific cases involving Infosys.

Figure 2: Transfer beyond intentionality[28]

(Bounds of viability for types of transfers)



C.1. Transfer by individuals

As Figure 2 shows, transfers by individuals can expand the boundary of transfers. *Communication costs*[29] are marginal because the individuals involved in transfers are present where they are to be transferred. As skilled social actors, such agents are assumed to have a deep understanding of the transferred initiatives and require little communication with their counterparts in the headquarters. The effort of transfer is worthwhile if the value is greater

[28] modified from Baldwin and Von Hippel (2010)

[29] I define the cost of communication as costs occurred throughout the process of transfer. The information communicated includes not only technical information but also promotional elements. For example, employee-engagement programs such as Infosys Women's Inclusive Network required internal marketing costs to encourage staff participation. Following the instruments developed in the previous studies (Allen, 1977; Ghoshal and Bartlett, 1988), I developed interview questions. Interviewees were asked to report the frequency of their communication with key stakeholders directly involved in the implementation of the project.

than the agent's *redesign cost*[30]: $d_s < v_s$ Thus, the constraint d= v bounds the region in which individual transfer is viable for this opportunity. Below I present examples of boundary-spanning transfers which occurred by individuals.

> *"My unit was helping customers with mobility solutions. Through our collaboration, we came to know the trends in the green technology in the China context. It's not like I go and buy green technologies. They are not necessarily new technologies. They are already known to everyone in the industry. The differentiation comes from the fact that we have the capacity to bring all relevant technologies into solutions; we at Infosys have all the tools necessary for you to see what's happening so that a smarter and more eco-friendly decision can be made. "[Karthik Gopal, head of product engineering at Infosys China]*

This quote illustrates that employees in business units who interact with a variety of stakeholders are likely to recognize opportunities for transfer and what needs to be changed in the local context. In the social domain, interactions with local stakeholders are also seen as important in creating social values. Austin and Leonard (2008) find that those firms who are well known as social icons possess social technology – a special know-how that embeds social values into their missions, production processes, product characteristics, organizational cultures, and relationships with their employees, their suppliers, and their customers. Some scholars refer to them as social competencies, as distinct from business competencies. They are denoted as capabilities meant to achieve community benefits (Nelson and Winter, 1982; Marcus and Anderson, 2006; Winter, 1987).

Employees at Infosys exhibited different levels of social competency depending on which business unit they belonged to. Each business unit at Infosys engaged a different set of networks. For example, environmental management departments interacted with a set of external stakeholders broader than that of production departments, consistent with the

[30] *Redesign cost* (d_s) refers to the cost involving the design and production and includes the cost of identifying functional requirements (Baldwin and Hippel, 2010; Simon, 1981). Examples include personnel costs for people directly involved in the project implementation and material costs (e.g. project material, vehicle). I conceive the overall redesign cost as the level of requirement for redesigning based on interviewees' evaluations of the difficulty or the smoothness of redesigning (Leonard-Barton and Sinha, 1993; Szulanski, 1996).

observation in the previous research (Lenox and Toffel, 2008). Hoffman observes that "the firm becomes a composite of core organizational responsibilities, each with its linkages to its own relevant constituency of the external environment." Employees of functional departments engage with institutional constituents through "pre-existing channels of communication traditionally employed to engage these occupational communities and interpret and act on their demands" (Hoffman, 2001: 136). Various communication channels can expose employees of a particular functional department to the issues their occupational community considers important. This can facilitate the process of transfers, especially in initial stages. The following serves as an example.

> *"Did your colleagues at the headquarters suggest that you implement **virtualization** practices?" [Sunyoung Lee, interviewer]*
>
> *"No, you know, virtualization is an emerging trend in my area. I've been reading Gartner's (a leading industry journal of technology research) research on green IT. That's how I initially got to know the initiative. Then I contacted the headquarters and learned more about our internal applications of the initiative. We are working closely on this."[Kadirvel M, head of computers and communication division at Infosys China]*

As the quote above suggests, a transfer process can begin in the absence of plans by the headquarters. In this case, a business unit's relations with potential sources, such as customers, appear to be important in identifying opportunities to transfer and initiating the transfer, a factor Szulanski(1996) identifies as affecting transfer success in initial stages. Interactions with different stakeholders unintentionally created a space within which an effective transfer and adaptation developed. It was not always the case that intentions had been set; attention was riveted on adapting them. Some earlier studies also find that business units differ in their ability to assimilate and replicate new knowledge gained from external sources (Tsai, 2001). Hart (1995) highlights the importance of integrating perspectives of key external stakeholders as a capability which helps firms realize product stewardship and which creates sustainable value for society.

Consider other examples at Infosys. Some innovative employees explored opportunities for transfers to solve the problems they encountered and to improve the ecological environment. Potential high communication costs were reduced in part because the transfers occurred through rather informal mechanisms, i.e. individuals. They were well connected with external information (including information concerning the headquarters) and imported the information to deal with issues they encountered. Informal social mechanisms are an effective medium for acquiring timely, current, and soft information (Aldrich and Herker, 1977; Edstrom and Galbraith, 1977). For example, when asked about the impetus to the Infosys Women's Inclusivity Network (IWIN) initiative in China, Lilly Vasanthini, said,

> *"I brought IWIN here when I first came from India. We have the same gene, corporate DNA, so it is natural to emulate the same thing. Also, I felt that we need IWIN here given the relatively small number of female employees and we need to help each other to grow." "[Lilly Vasanthini, Head Enterprise Solutions Department of Infosys China]*

Similarly, some Infosys employees who used to be a member of Eco Club in India adapted some of Infosys' internal eco-awareness campaigns to their client site, Boeing, in the US and invited their Boeing colleagues to join the cause. It would have been costly for Infosys to strategically set objectives and transfer the initiatives to Boeing and searching for an opportunity would have been difficult. Further, promoting an initiative that is not directly related to the core business may be challenging. Infosys' highly mobile employees, spending the bulk of their time on the road, often engaged in CSR activities at their customers' locations.

> *"I used to be a member of Green Initiative in India and implemented some green awareness campaigns both internally and externally. When I was relocated to Boeing, I noticed that people wasted a lot of papers and cups, which we wouldn't do at Infosys. I felt it would be good to promote green awareness. My counterparts at Boeing welcomed my ideas and when I sent out emails I received a lot of positive responses. We infocians onsite are very busy. Unlike India, we don't have our colleagues around and work in isolation so our morale is a bit low. By doing*

something together on something other than work, we truly felt like equal partners and not contractors. "[Sangeetha Dwarakapuram. Software engineer at Infosys]

The interviewee's remarks indicate that she was instrumental to the transfer of the green campaign from Infosys to Boeing and described such subsequent benefits as enhanced corporate image and improved employee morale. Without employees involvement, it would have been too costly for Infosys to identify the needs for a transfer. Even if it had, it would have been too difficult to explain every single detail about the initiative, as it involves mostly tacit knowledge. Management scholars also emphasize the importance of individuals acquiring timely information from external sources in gaining a competitive advantage. Such individuals are sometimes referred to as *boundary spanning* individuals (Tushman and Scanlan, 1981). Managers must maximize their information acquisition through employees with strong links to external knowledge at a relatively low cost in terms of time and effort (Arrow, 1969; Mintzberg, 1979). Similarly, by incorporating boundary spanning employees into their strategic transfers, MNEs can make informed decisions on what to transfer and how to implement transfers at low cost.

C.2. Transfers by many (through co-creation)

As was shown in Chapter 4, most successful transfers involve collaborations with stakeholders. Figure 2 indicates that transfers are not viable if the costs of redesign or customization are high. Transfer and adaptation appear to be easier when firms understand what needs to be changed. In other words, companies with good local knowledge are well equipped to pursue an adaptation strategy. However, MNEs in host countries may not yet have access to the information necessary to adapt CSR initiatives to local contexts. Firms create an opportunity for stakeholders to participate in the process of adapting CSR. For example, Infosys was able to have the Chinese government share the costs of transferring

Campus Connect to China. It funded the establishment of training facilities which were crucial in the implementation of the initiative. It also provided other support such as reducing regulatory hurdles to acquiring land.

This mechanism of transferring through collaboration is discussed by a number of management scholars. In the knowledge domain, Baldwin and VonHippel (2010) highlight user innovation, the openness of intellectual property and collaborative innovation which leads to further innovation. Teece (2007) also introduces the concepts of eco-system and co-creation. In contrast to Porter's industrial organization model, Teece and other proponents of dynamic capability highlight the concept of the eco-system (not the industry) as the unit of analysis. Teece (2007) further extends the concept by arguing that eco-systems are also partly endogenous, being co-created by entrepreneurial managers. According to this view, firms co-create social value for the purpose of its private appropriation.

Similarly, under the model of transfers through co-creation, the firm engaged in CSR initiatives in a spirit of institutional entrepreneurship. CSR initiatives helped the firm identify and develop existing networks of organizations that addressed the social problems of interest. Infosys actively constructed a social ecosystem, ''networks of complementary players that collectively possess the skills and resources needed to achieve success and to enact institutional arrangements'' (Hargrave and Van de Ven, 2006). Through collaborations with external stakeholder groups who had complementary skills or information, Infosys was able to reduce the costs of implementation, especially those of adaptation.

'Cricket for Charity' may serve as an example. The successful implementation of 'Cricket for a Cause' in India required a relatively high cost of communication in searching out participating organizations and promoting the idea internally. It would have been too costly to adapt the initiative to the UK subsidiary, due to high costs of customization such as finding partners and arranging logistics. The initiative was successfully transferred at a

relatively low cost mainly through collaboration with NGOs. By coincidence, some employees at Infosys UK learned that the NGO, Child Rights and You, one of the key partner organizations in India, also had a precense in the UK. Because the employees were well aware of the potential benefits from implementing the project, such as increased employee morale, it was fairly easy to promote the idea to their colleagues in the UK. By collaborating with the NGO, Infosys was also able to reduce costs relating to logistics (e.g. search for participating organizations, promoting the project)

> *"If all logistics are in place, employees are willing to participate in social initiatives. Otherwise it's difficult to figure out all the details on our own."[Srikanth Iyegar, associate vice president]*

> *"We don't have enough bandwidth so we go through the government" [KMurali, manager of Campus Connect at Infosys China]*

There were various perceived benefits of the project. It served as an opportunity not only to support children's rights but also for employees to come together. In addition, it was helpful for Infosys to network with a whole array of companies and organizations in the UK. The participating organizations included Infosys' competitors (e.g. Oracle and Tata Consultancy Services), customers (e.g. Morgan Stanley and KPMG) and other local stakeholders such as the London Business School (CRY, 2011).

As in the case of transfers by individuals, those employees who identified opportunities for collaboration tended to belong to externally oriented business units such as marketing. Their constant interaction with a variety of stakeholders undoubtedly helped them recognize what needs to be transferred in the local context. Cost savings may depend on the extent to which business units can use external ideas to provide CSR. This advantage is crucial in the global management of initiative, given that difficulties in identifying opportunities to transfer can lead to ineffectiveness (Szulanski, 1996). Business units which enjoy a close relationship with stakeholders, therefore, may also exhibit a high degree of

adaptation in their approach to CSR. Their CSR initiatives will also likely have a degree of embeddedness.

Not only at the employee level but also at the company level, Infosys actively created opportunities for co-creation with its stakeholders. Infosys' various green technologies and initiatives developed in India were transferred to the UK through collaboration. It established alliances with major organizations including British Telecom, Sainsbury and University of Cambridge with the common goal of creating social value through technology.

> *"Infosys is co-developing Smart Grid solutions with Cisco leveraging our advanced metering. Together with Cisco, we will execute on our shared vision of an open and IP-based approach with interoperable solutions that improve performance while reducing the time and cost of deployment for our customers." [Sanjay Jalona, vice president of high-tech & manufacturing at Infosys]*

The perceived benefits from working together with Infosys' large corporate customers such as Cisco were also substantive. Such collaboration may have led not only to greater credibility of CSR initiatives, but also to positive impacts on reputation. Infosys seems to have positioned itself as an advisor for established MNEs on corporate sustainability. Consider the following headline: "We are witnessing a reverse trend in innovative solutions from emerging economies making an impact on business in the advanced markets" and "Wrigley reduces its carbon footprint with Infosys help."[31] Research also finds that collaboration with highly reputed organizations entails reputation spill-overs (Zimmerman and Zeitz, 2002).

Such collaborative adaptations lead to a reverse transfer. Infosys recently signed an MOU with Alston to co-create a power supply management project in India. The deal with Alston was a result of Infosys' enhanced reputation for being green. Infosys voluntarily shared its green innovations with its stakeholders, including competitors in India. Under the

[31] Business Standard, 2008

Green Initiative, Infosys invested in research and development in improving green efficiency (e.g. green building). The company shared its know-how with other competitors in the industry. For instance, it published a white paper on power management commissioned by the Ministry of Power, Government of India, *Technology: Enabling the Transformation of Power Distribution* (2008). Some scholars also argue that an increase in the diffusion of innovations can lead to other innovation that is cheaper than that produced in-house (Allen 1977; Harhoff et al, 2003).

The importance of stakeholder collaboration has been recognized as a main pillar of credible CSR engagement (Swanson, 1999; Wicks and Freeman, 1998). Some see companies' engagement with stakeholders as the essence of CSR (Pedersen, 2006). Without relationships with the internal and external constituents, companies find it difficult to grasp the fluctuating nature of the values, attitudes, and behavior of their stakeholders and respond accordingly (Pedersen, 2006). One strategic implication may be that it is necessary for firms to devote their scarce resources and managerial attention to develop capabilities of business units and foster closer relationships with stakeholders.

Summary

In summary, the examples above illustrate how MNEs manage CSR globally at a relatively low cost. The type of CSR initiative predicts the extent to which economies of scale and scope are generated. Successful transfers facilitated by the flexibility of an initiative can enable MNEs to create intangibles efficiently. By allowing flexibility in terms of who organizes transfers (whether individuals or groups), MNEs can also reduce the cost of transfers through collaboration with stakeholders. The core strategic implication is that transfer strategies are made in social communities located in institutional settings. Strategy is

situated practice (Kogut and Zander, 1993: 510). Neither the intentionality nor the resources of a firm alone determine success in the absence of cognitive and social understandings of practice. Managers must focus on creating zones for transfers beyond intentionality – something often left unarticulated. Economic actors must be motivated to explore opportunities for transfer and internalization of initiatives, which facilitates transfers.

SUMMARY and DISCUSSION

For transferring know-how across locations, Intel's famous 'copy exactly' approach or the 'McDonalds approach' is effective in practice (Baldwin and Clark, 2006; Winter and Szulanski, 2001). Some companies find positive advantages in template-based replication, which avoids the need to modify proven knowledge and systems. Such replication seems to be an effective strategy in the transfer of initiatives in many cases (Szulanski and Jensen, 2006; Winter and Szulanski, 2001). Yet, as discussed earlier, CSR initiatives indicate corporate involvement in society and may not be replicated exactly elsewhere. Consider the example of the academic-industry collaboration initiatives in India. Infosys was unable to transfer the country-specific resources, such as certain crucial partners, Indian schools, to China and to the UK. Infosys also faced uncertainties about how potential external stakeholders such as universities in the UK and the Chinese government would receive the initiative. Unlike conventional operational initiatives, CSR initiatives largely remain external and are designed to benefit society rather than balance sheets. This study was motivated by this distinction between the two and I have examined the effects of certain attributes of CSR initiatives on their transferability.

What the literature expects

The literature on CSR with an international perspective largely focuses on the institutional effects on CSR. A general finding is that the larger the institutional distance between the host and the home country, the more difficult it is for an MNE to transfer its CSR (Kostova, 1999; Szulanski, 1996; Zaheer, 1995). This implies non-transferability.

Others predict transferability as long as the MNE possesses certain organizational factors such as superior social performance in the home country (Bouquet and Deutsch, 2007) and a level of communication between the source and the recipient (e.g. Hoffman, 2000). Although these studies are useful for developing theories about the conditions in which successful transfers occur, to a large extent they provide insufficient explanations about how different types of CSR initiatives affect transferability.

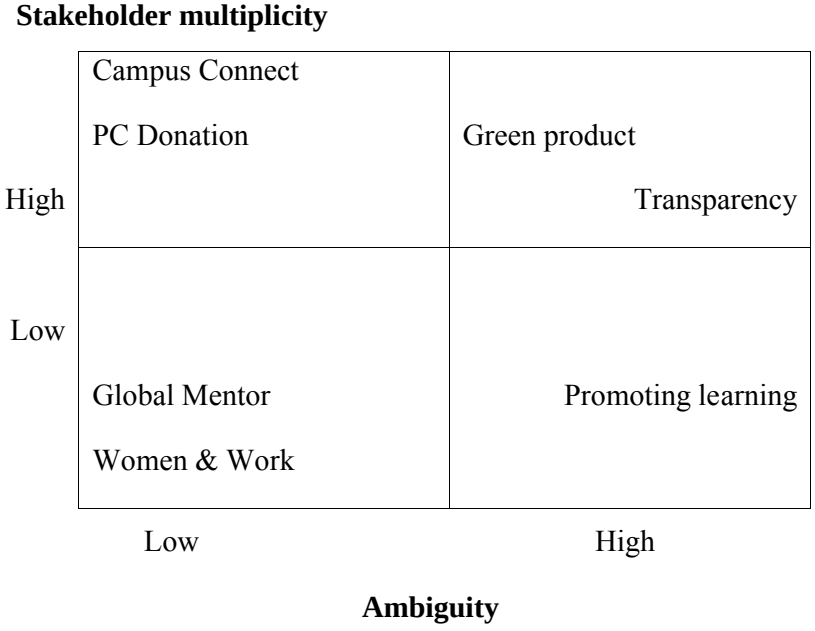
In operational initiative, by contrast, the effects of the type of initiative on success have been found to be significant in the literature. The literature implies that 'clarity' with little ambiguity is crucial in achieving success in transferring organizational initiatives. Focusing on the characteristics of an initiative, scholars identify certain attributes, such as tacitness (Kogut and Zander, 1992 ;Winter, 1987), communicability (Rogers, 1980), unproveness of knowledge (Szulanski, 1996), articulability (Bresman, Birkinshaw and Nobel, 1999), as central antecedents for transferability. The general tenet is that the more ambiguities involved in the transfer process, the more difficult it is to achieve a successful transfer.

Following this line of thinking, the literature regarding the effects of certain characteristics of CSR initiatives on transferability implies non-transferability of CSR initiatives for the following reasons: it would be difficult (1) because it is often hard to disentangle what constitutes CSR initiatives as they are inherently tacit, and this generates causal ambiguities which will hamper transfers (Kogut and Zander, 1992; Winter, 1987); and (2) because it involves society (an external recipient) which increases *ex ante* uncertainty as to the relevant environment and potential interactions between the initiative and its recipients (Leonard-Barton, 1988; Westney, 1987).

What the data from the study show

The first observation is that CSR initiatives differ in their transferability. CSR is constituted as a bundle of initiatives, not a single unitary one (e.g. diversity, green building initiatives). To examine these heterogeneous CSR initiatives in a systematic way, this study introduces the following typology of CSR initiatives drawn from Infosys' initiatives. CSR can be categorized by stakeholder orientation and the scope of the initiative (Figure 1). For simplicity, I placed the examples in quadrants. The horizontal axis is a continuum of the scope of initiatives while the vertical axis presents stakeholder orientations. Initiatives that are broad in scope tend to be tacit in nature (value-based CSR) while more specific ones tend to be less tacit. Some initiatives designed for benefitting external stakeholders, such as Campus Connect, may involve outcome ambiguities as it is more difficult to predict the reactions of recipients in this context.

Figure 1 CSR typology



Findings suggest that IWIN and some other initiatives in the upper right quadrant of Figure 1, were less successful despite the fact that they were not ambiguous. Infosys China had the exact template of IWIN and the same structure, meaning that it was replicated exactly, but little attention was given to fleshing out the details in a new context and it remained a ceremonial transfer. On the contrary, transparency-related initiatives were causally ambiguous and had multiple inputs and were thus seemingly difficult to transfer. However, their perceived importance on the part of Infosys China was high and they were in agreement that transparency-related initiatives were embedded in their DNA, which was identical with India's.

Flexibility not replication is central for transfer success

This finding suggests, at the very least, that replication is not a sufficient condition for transfer success. In other words, preserving the value of the original initiative (Jensen and Szulanski, 2004; Winter and Szulanski, 2001) may not be the ultimate objective of transferring CSR initiatives. The instrumental view of CSR (Jones, 1995), especially in international business contexts, implies that value creation, such as legitimacy and reputation (Deephouse, 1999; Gardberg and Fombrun, 2006), from engaging with stakeholders may be a primary objective. In order to successfully deal with multiple stakeholders on multidimensional social issues, 'flexibility' rather than 'clarity' appears to be the most promising attribute of the initiatives being transferred. Some scholars of organizational communication and management may implicitly support this finding. The theory of strategic ambiguity implies that when managers and employees meet multiple and conflicting demands from internal and external stakeholders they may "respond with communicative strategies, which do not always minimize ambiguity, but are nonetheless effective" (Eisenberg, 1984:227). This also echoes findings on the strategic management of public organizations. When formulating and implementing strategies across federal, state and local executive

branches and a variety of judiciaries, clear articulation of strategy may generate counter-productive consequences. For example, precise policy statements lead public decision makers to think there is less need for discretion (Mintzberg, 1978) and also open doors for political opposition (Ring & Perry, 1985).

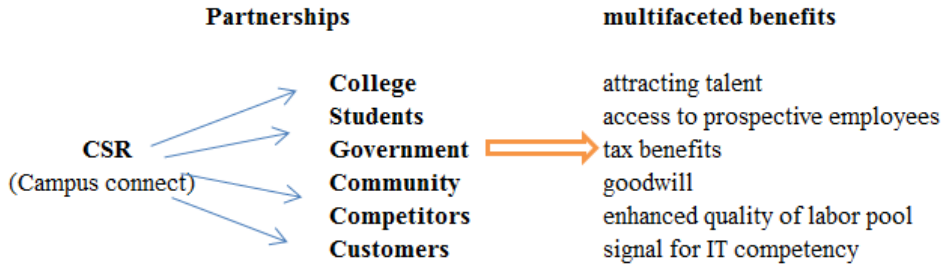
Stakeholder multiplicity and ambiguity as antecedents for flexibility

The two attributes of stakeholder multiplicity and ambiguity in certain CSR initiatives have emerged as significant causal factors that may enhance flexibility and facilitate transfer. Put differently, stakeholder multiplicity enhances flexibility by increasing the fit in the relationships of multiple stakeholders. Ambiguity improves flexibility in dealing with multiple issues. Both of the attributes promote 'flexibility' by creating multiple values for multiple stakeholders, or by allowing stakeholders to take a part in shaping the CSR initiative in multiple contexts.

Without any substantial changes from the original initiative, Campus Connect could engage with multiple stakeholders and enhance the probability of accruing values from the relationships (Figure 2). For example, in India, by implementing the Campus Connect initiative in rural communities, it met the learning aspirations of students, helped universities improve the quality of IT education and assisted competitors in reducing the costs of training by enhancing the quality of potential employees. In turn, Infosys gained an edge over competitors with respect to talent recruitment and built social capital in the community, which might have helped make the process of land acquisition smoother. In China, this initiative was particularly attractive to the Chinese government who had national plans for making China an IT hub in Asia. The government was a key partner in identifying schools and students for its own Campus Connect initiative. In turn, Infosys generated some

unexpected outcomes by cultivating relationships with public officials, including tax exemption and the ability to hire outside of the labor unions. IWIN, by contrast, was used for a limited number of stakeholder groups (female employees) and offered few benefits. In this study, the ability to serve different stakeholders is referred to as stakeholder multiplicity. The same CSR was able to generate different values from engaging with different stakeholders.

Figure 2: Stakeholder multiplicity: A fit with different stakeholders generating different values



The success of transferring transparent initiatives is attributable in part to their characteristics. They promote flexibility in the sense that a certain level of abstraction helps to address the multidimensional issues that firms often face in engaging in CSR (see Figure 3 below). For example, transparency can be used in contexts such as 'financial transparency', 'transparent dealings', 'corporate governance', 'recruitment transparency', 'transparent communication', 'walk the talk', and 'information protection.' In other words, this type of CSR allows for multiple interpretations on the part of stakeholders, or recipients, in different situations while simultaneously promoting a sense of unity. It was not the case that the source and the recipients were moved toward the same initiative, but rather abstraction allowed them to maintain multiple interpretations customized to the needs of each other while believing that they were in agreement. Therefore, the company engaged with stakeholders by letting them play a part in shaping the specific content of an initiative as a result of internal

processes, thus allowing multiple paths that achieve transparency. I refer to this as the ambiguity of CSR.

Towards a midrange theory of the transfer of CSR initiatives

There may be few reasons to believe that a given CSR initiative attribute uniquely influences transfer success. Surely, the empirical analysis points to the view that both the nature of an initiative and the nature of a context matter. In other words, the transfer of CSR initiatives is influenced by the type of CSR initiative combined with the cultural context of the host country. The variations in the level of partnerships and a business unit's network can also generate substantial heterogeneity in the success of transfer.

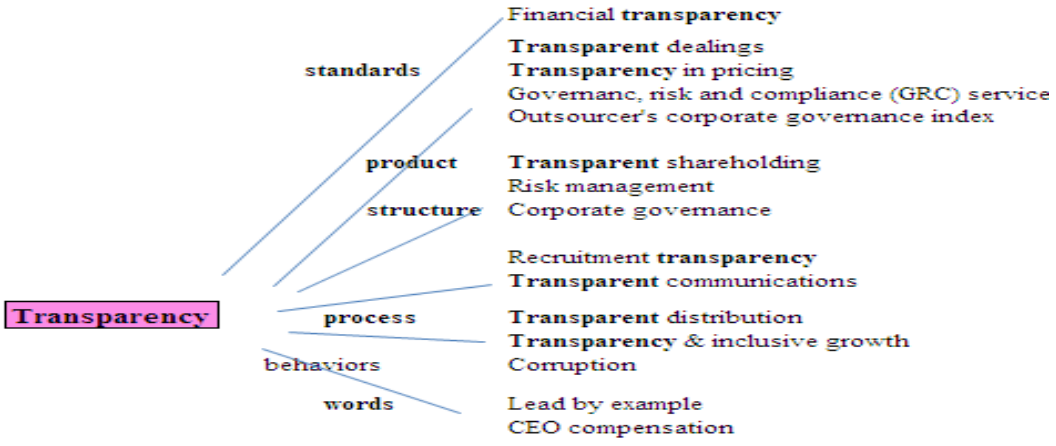
The findings on the importance of relational variables in facilitating transfers are not new to organizational theorists. Many researchers highlight the importance of socialization and communication for promoting transfers in complex organizations (e.g. see Hoffman, 2001; Lonox and Toffel, 2008 for environmental initiatives; Ghoshal and Bartlett, 1988 for innovation). The influence of socio-cultural characteristics on MNEs' corporate citizenship activities is well documented by institutional theorists (e.g. Gardberg and Fombrun, 2006). This research provides some additional empirical support for these theories in the specific empirical context.

However, it is not as consistent or unequivocal with regard to the effects of the type of CSR initiative being transferred. My incorporation of the analysis of the types of CSR initiatives, rather than limiting consideration to institutional and strategic variables alone, also helps to explain the transfer of CSR initiatives despite their apparent complexity. The findings suggest that the existing theory of transfer has to be nuanced to take account of initiatives that differ in some ways from those studied in prior research. The two attributes discussed above – stakeholder multiplicity and ambiguity – appear particularly salient in the

context of transfers. Initiatives such as Campus Connect and Green Product involving greater stakeholder multiplicity, have been transferred to the UK more successfully than to China. By promoting coordination among local stakeholders in the UK, where local coordination is not difficult to achieve, stakeholder multiplicity has helped to facilitate transfers. On the other hand, transfers of ambiguous CSR practices such as transparency initiatives were more successful in the high-context culture of China. CSR ambiguity provided the recipients with the freedom for different interpretations.

Taken in combination, a midrange theory approach arises (Bourgeois, 1979; Eisenhard and Bourgeois, 1988; Merton, 1968), linking relationships between variables in a particular context: the transfer of a CSR initiative. Using Boolean methodology, I have shown that the combination of these variables can predict transfer success. A theory of the transfer of social initiatives may be possible, and it can also be supported by data from other empirical settings. Such a theory could inform a more general theory of social diffusion.

Figure 3: Ambiguity: A fit with multidimensional issues



Implications

This study controlled for factors at the company level and investigated factors at a more micro level. The combination of employing several theoretical bases and supporting each with empirical evidence contributes to current debates in several domains.

First, this research has shed light on the transferability of CSR initiatives. The findings may provide a more specified prediction of transfer success than the alternative explanations, which have been developed from a particular or an aggregated CSR. Much of the discussion of institutional perspectives reflects the problems of deviations from the original initiative. According to Brannen (2004), domestic stakeholders recontextualize the meaning of companies' CSR actions, as filtered through their socially-constructed outlook. They thus lack transferability and sustainability. In this view, the lack of fit between the values underpinning CSR in the home market and the host market devalues the CSR-based advantages. This might be true for country-specific CSR initiatives but it fails to address the fact that ambiguous CSR initiatives like the transparency example encourage local interpretations and thus enhance internalization by recipients. A higher level of internalization by recipients points towards transfer success rather than failure (Kostova, 1999).

Second, this study suggests that, to some extent, transferring social initiatives may engage common theoretical conceptualizations of business transfer in different ways. This may suggest the need to revisit the assumption that ambiguities are barriers to transferability and that replication is the source of competitive advantage in transferring initiatives (Argote and Ingram, 2000; Jensen and Szulanski, 2007; Teece et al, 1997). The common wisdom in the standard transfer literature suggests that characteristics such as 'codifiability' (Kogut and Zander, 1995; Rogers, 1983; Winter, 1987) and 'communicability' (Rogers, 1980) are

antecedents for transfer success. Szulanski, Winter and Cappetta (2002) imply that a poor implementation of the template could lead to unsatisfactory performance. In the case of initiatives beyond the organizational domain, which involve multiple recipients and multiple issues, perhaps a certain level of ambiguity in capitalizing on heterogeneities and achieving a symbolic convergence (Eisenberg, 1984) maybe a better strategy than replication. In the end, CSR is a corporate act intended to solve certain social problems. The years of experience of development organizations like the World Bank indicate that enforcing one-size-fits-all approaches for various countries' social problems is not always the best.[32]

Finally, understanding how different types of CSR initiatives affect transferability may lead to a better theory linking CSR to strategic global management, which has implications for the international literature (e.g. Husted and Allen, 2006). What makes the findings potentially useful is that firms can generate economies of scale/scope in the provision of CSR through transfer by being more cognizant of the attributes of CSR initiatives. McWilliam and Siegel's work (2001) also support the potential of generating economies of scale but their explanations are limited to firms' attributes (e.g. size of firm) rather than the attributes of initiatives. Further, this study has shown that CSR initiatives differ in their ability to affect and productively involve a range of stakeholders. The more stakeholder multiplicity a CSR initiative has, the more likely it is that it induces collaboration with a variety of stakeholders. Coordination and partnerships with stakeholders facilitate transfers at a low cost. In international business, the global management of initiatives has long been viewed in terms of a firm making choices between standardization and adaptation (Bartlett and Ghoshal, 1998; Prahalad and Doz 1987). A number of CSR researchers concur with the assumption that the locus of adaptation is mainly internal, since the same logic applies to the global management of CSR (Husted and Allen, 2006). These findings may

[32] BBC, 2003

enrich the current debate on the global management of CSR by shifting our attention to issues at a more disaggregated level.

Conclusion

This research aimed to develop a middle-range theory of the transfer of CSR initiatives, explaining the relationships between significant variables. The study of CSR transfer raises issues, such as practice transfer and global management, which are familiar to organizational theorists but which have been less studied in the social domain. To a large extent, the theory of CSR as discussed above neglects the characteristics of CSR initiatives by focusing on organizations as the primary unit of analysis for understanding the variations in a firm's social and, subsequently, financial performance. Because social issues are complex, a company's engagement in society is also complex, with multiple stakeholders and multiple issues.

In contrast to a perspective based primarily on the influence of nations on a firm's social activities, which implies the non-transferability of CSR and provides a fit prescription, I began with the view that CSR initiatives differ in their transferability. There are certain types of initiative that facilitate transfer and help firms build flexibility into their global management of CSR. This flexibility makes a fit into a local setting more sustainable when the situation changes. Despite the popular notion of ambiguity as a hindrance to transfer, it can in practice provide the vital flexibility that facilitates transfers and improves the global management of social initiatives.

Without question, many issues remain, such as the matching of an initiative type to the cultural context of a host country and the development of the social competencies of

individual managers. However, two are here clarified: the firm is not always the most appropriate unit of analysis for transfer and when managing CSR initiatives globally, the characteristics of the initiative itself need to be considered beyond the institutional or strategic logics.

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