Corporate Social Responsibility in Developing Country Multinationals: Identifying Company and Country-Level Influences

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ABSTRACT: The extant literature on cross-national differences in approaches to corporate social responsibility (CSR) has mostly focused on developed countries. Instead, we offer two inter-related studies into corporate codes of conduct issued by developing country multinational enterprises (DMNEs). First, we analyse code adoption rates and code content through a mixed methods design. Second, we use multilevel analyses to examine country-level drivers of differences in code content—specifically, elements of a country's National Business System (NBS). We find that DMNEs are much more likely to adopt a code of conduct than their domestic counterparts; however, this does not translate into greater code comprehensiveness. We also find support for the 'substitute view' of CSR in developing countries, i.e. that MNEs from poorer countries and from countries with lower governance effectiveness tend to express more comprehensive commitments. However, this dynamic does not extend to a country's labour system; instead, CSR appears here to match the efficiency of a country's labour market, thus reflecting the 'mirror view' of CSR.

KEY WORDS: Codes of Conduct, Corporate Social Responsibility, Developing Country Multinationals, National Business Systems, Varieties of Capitalism

INTRODUCTION

CORPORATE SOCIAL RESPONSIBILITY (CSR), the notion that companies have a responsibility for their impact on society beyond a narrow economic one, is spreading across the globe (Visser & Tolhurst, 2010). For example, codes of conduct—as one of the most widespread CSR tools—have been adopted by well over 90 per cent of the largest companies in major developed markets, such as the United States or the United Kingdom (KPMG, 2008; Wheldon & Webley, 2013). At the same time, there is considerable heterogeneity in approaches to CSR between firms from different countries (Brammer & Pavelin, 2005). Explanations for such

differences often suggest that the CSR priorities of firms are influenced by national-level institutions (Campbell, 2007; Matten & Moon, 2008). In this respect, there is a debate in the literature whether CSR is a 'substitute' or a 'mirror' of national-level institutions, i.e. whether less robust institutions engender greater firm engagement in CSR or whether high quality institutions inspire firms to mirror these lofty standards (Brown & Knudsen, 2015; Koos, 2012).

The overwhelming focus in cross-national studies into CSR has so far been on developed countries (Egri & Ralston, 2008). Where academic research has ventured into studying CSR in developing countries, such research has usually either analysed single countries (e.g. Muller & Kolk, 2009) or compared a small number of developed and developing countries (e.g. Melé, Debeljuh & Arruda, 2006). By contrast, we are able to present data from two inter-related studies into the content of codes of conduct adopted by multinational enterprises (MNEs) from a wide range of developing countries. Our first study focuses on the level of the company and explores patterns regarding code adoption and code content across a sample of Forbes Global 2000 firms from 18 developing countries. Our second study examines country-level drivers of differences in code content and uses the National Business Systems (NBS) and Varieties of Capitalism (VoC)[1] perspectives as a theoretical lens. The two studies thus address three inter-related research questions: (1) are there differences in code adoption rates between developing country MNEs (DMNEs) and their domestic counterparts?; (2) what are the CSR priorities of DMNEs—as expressed in these codes (Study 1); and (3) how is code content shaped by the elements of their country's National Business System (Study 2)?

This article makes several contributions to the extant literature. First, in view of a relative lack of attention that has been given to CSR in developing countries as compared to developed ones (Egri & Ralston, 2008), we show that codes of conduct, as one prominent CSR tool, are increasingly being adopted by DMNEs, with countries like Brazil, South Africa and Thailand coming close to code adoption rates in developed countries. Crucially, DMNEs are much more likely to adopt a code of conduct than are their domestic counterparts; however, this does not translate into differences in terms of code comprehensiveness. Second, we offer insights into the content of codes of conduct adopted by a sample of 179 MNEs from 18 developing countries in Latin America, sub-Saharan Africa, the Middle East and Asia. Third, we provide evidence for the ways in which a country's NBS impacts companies' CSR-related commitments as expressed in their codes of conduct. In particular, we offer empirical support for the 'substitute' view of CSR in developing countries, i.e. that MNEs from poorer countries and from countries with lower governance effectiveness tend to express more comprehensive commitments in their codes of conduct. However, this 'substitute effect' does not appear to extend to the labour system; rather, here we identify a 'mirror effect', with the comprehensiveness of codes mirroring the level of labour market efficiency in a country.

The remainder of the article is structured as follows. The first section of Study 1 summarizes the literature on CSR in developing countries, introduces the object of our study, the code of conduct, and presents a multi-dimensional framework to capture cross-national differences in CSR. Next, the research methods section

details our sampling process and the statistical analyses we undertook in Study 1. Finally, the results section of Study 1 focuses on overarching patterns with regard to the adoption of codes as well as their content. In Study 2 we shift our attention to the context in which DMNEs operate, starting with an overview of the literature on National Business Systems (NBS) and Varieties of Capitalism (VoC) as a basis for drawing out national differences in the content of codes of conduct. After a brief presentation and justification of the research methods applied in this study, the results section tests a number of hypotheses regarding NBS/VoC drivers of differences between DMNEs in terms of code content. In the discussion section, we then put forward the key findings emerging from both studies. Finally, the conclusions summarize the paper, outline some of its limitations and present avenues for future research.

STUDY 1: INTERNATIONALISATION INFLUENCES ON DMNE CODE ADOPTION AND CONTENT

CSR and Developing Countries

CSR has been defined as "the responsibility of enterprises for their impacts on society" (European Commission, 2011: 6). As companies respond to the needs of the society they are embedded in, their CSR activities are likely to display a distinctly national flavour (Matten & Moon, 2008; Wood, 1991). Campbell (2007) argues that firms are more likely to engage in CSR if there is strong and well-enforced regulation and/or an effective system of self-regulation, shored up by active civil society organizations, institutional investors and the media (see also Aguilera, Williams, Conley & Rupp, 2006). Businesses worldwide have expressed a remarkable interest in CSR and its formalized infrastructure, which ranges from codes of conduct through CSR standards to sustainability reporting along the guidelines of the Global Reporting Initiative (Lee, 2008).

Considerable CSR research has so far been undertaken on firms from developed countries (Egri & Ralston, 2008). However, there are key differences in approaches to CSR between developed and developing countries. In part, such differences result from the stage of economic development a country has reached. Many developing countries face a trade-off between social development and environmental protection (Muller & Kolk, 2009). The regulation of corporate social and environmental impacts is also often less stringent than in developed countries (Blowfield & Frynas, 2005). Due to a limited capacity of regulators, compliance with even basic legislation cannot be taken for granted in many cases (Fox, 2004). The political system of many developing countries is furthermore shaped by a low salience of NGOs (Logsdon, Thomas & Van Buren, 2006), while ethical consumerism is often not an established phenomenon either (Newell & Muro, 2006).

At the same time, CSR is hardly a new idea for most developing countries. Albeit often termed differently, there have been similar conceptualizations of business responsibilities towards society in many countries (Blowfield & Frynas, 2005), whether these are based on the Confucian tradition in China (Wang & Juslin, 2009) or the social welfare tradition of the Catholic Church in Latin America

(Logsdon et al., 2006). Thus, distinctive local forms of engagement with CSR are emerging in developing countries (Fox, 2004).

MNEs find themselves subject to a particularly complex dynamic: Being exposed to various home and host country pressures to engage in socially responsible behaviour, they face not only increasingly complex but sometimes also competing social expectations (Arthaud-Day, 2005; Husted & Allen, 2006; see also Kolk, 2016). This situation has a number of consequences. MNEs have become a key mechanism for the global spread of CSR as they implement CSR policies and instruments within their own operations as well as along their supply chains (Gugler & Shi, 2009). At the same time, MNEs may perform well on some CSR dimensions and less well on others, well in some geographic contexts and less well in others (Strike, Gao & Bansal, 2006). An increasing professionalisation of CSR may also lead to a concentration of CSR-related decision-making at corporate headquarters, which may de-emphasize the needs of local communities where the MNE's subsidiaries operate (Barkemeyer & Figge, 2014). These dynamics have so far largely been studied with regard to MNEs from developed countries. However, in view of the rise of DMNEs, we would expect similar dynamics for these firms too. We propose to study these dynamics through an analysis of DMNE codes of conduct.

Codes of Conduct

The code of conduct is one of the most widely adopted CSR tools (KPMG, 2008; Wheldon & Webley, 2013) as well as being a highly visible aspect of global economic governance (Vogel, 2010). It has been defined as "an independent, company-specific document which delineates company responsibilities towards stakeholders and/or employee responsibilities" (Kaptein, 2004: 16). Internally, a code of conduct can encourage adherence to shared ethical aspirations and compliance with organizational rules (Erwin, 2011) as well as introducing coherent standards across the company (Carasco & Singh, 2003). Externally, codes can signal trustworthiness to outside stakeholders, such as regulators, customers, suppliers or shareholders (Cressey & Moore, 1983; Perez-Batres, Doh, Miller & Pisani, 2012). However, a major criticism of codes of conduct is that these documents do not have the same clout as government regulation (Vogel, 2010). Scholars also noted a high degree of variability in code quality among companies, which is likely to impact code effectiveness (Erwin, 2011).

Codes emerged first in the United States (Cressey & Moore, 1983). In recent decades, these documents have spread to other nations such as Canada and Australia (Singh, Carasco, Svensson, Wood & Callaghan, 2005), the United Kingdom (Preuss, 2010), France and Germany (Langlois & Schlegelmilch, 1990). However, studies into the adoption of codes by companies from developing countries are still rare (Melé et al., 2006; for exceptions see Callaghan et al., 2009; Welford, 2005). At the same time, these firms are under pressure to adopt codes from a variety of sources, ranging from requirements of international trade agreements (e.g. Mexico due to its membership of both OECD and NAFTA [Hood & Logsdon, 2002]), through demands by overseas customers and financial markets (e.g. China [Egels-Zandén, 2014]), to pressure for the improvement of corporate governance (e.g. South Africa [Fig, 2005]).

However, these pressures have so far been largely presented in isolation. Hence our aim—to provide a comparative global study by examining codes of DMNEs from Latin America, Africa and Asia—leads us to our first research question:

> *Research Question 1: Are there differences in code adoption rates between developing country multinationals and their domestic counterparts?*

Towards a Multi-Dimensional Framework of CSR

The literature has increasingly recognized that CSR has a multi-facetted nature (Arthaud-Day, 2005; Wood, 1991). As a key example of a multidimensional model, Carroll's (1979) influential pyramid of CSR encompasses a company's economic, legal, ethical and discretionary responsibilities towards society. Developing this work further, Wood (1991) presented a framework of corporate social performance that combines principles of social responsibility, processes of social responsiveness and concrete outcomes of social behaviour. Arthaud-Day (2005) developed a model that combines three dimensions: (1) a transnational dimension, which builds on Bartlett and Ghoshal's (2000) typology of international business strategies; (2) a content domain, which covers human rights, labour standards and the environment as suggested by the UN Global Compact; and (3) an operationalization perspective, covering what managers believe they should be doing, what society expects the firm to do and how the company operationalizes these concerns. However, such frameworks have proved difficult to operationalize (Acar, Aupperle & Lowy, 2001; Wood & Jones, 1995). With regard to Carroll's framework, for example, Visser (2006) has argued that the relative priorities of CSR in many developing countries differ from the North American ordering; hence "Carroll's CSR Pyramid may not be the best model for understanding CSR in general" (Visser, 2006: 29).

We propose a multi-dimensional framework that is more parsimonious but at the same time easier to operationalize—one that goes back to the work of Zenisek (1979). He suggests a conceptualization of CSR based on the fit between the ethic of a business and societal expectations regarding the private sector's proper conduct. The business ethic, in turn, consists of both an operational dimension, i.e. concrete actions by the firm, and a belief system, i.e. values and principles the company and its managers espouse. In the wake of Zenisek's (1979) work, we propose to operationalize the multi-dimensional nature of CSR as comprising three different dimensions:

- First, controversial behaviour that companies require their employees to avoid, such as not engaging in bribery. These issues are partly shaped by their national context but even more so by operational necessities, international regulation, stock market listing requirements and so forth. Hence, we would expect this dimension to show a high degree of similarity when firms from different countries are compared.
- Second, corporate commitments to society. Here, companies respond to the needs of a specific society. These are likely to be, in the first instance, requirements of the firm's home society; however, these may overlap with requirements from other countries it operates in. Hence, we would expect

      this dimension to show a medium degree of similarity when firms from different countries are compared.
- ▪ Thirdly, ethical principles and values that companies commit themselves to uphold. Of the three, these are the deepest manifestation of their national context and hence likely to be less responsive to global pressure for change. Consequently, we would expect this dimension to show a low degree of similarity when firms from different countries are compared.

We explore these dimensions of CSR through an analysis of the content of codes of conduct adopted by DMNEs, which leads us to our second research question:

> *Research Question 2: What are the CSR priorities of DMNEs – as expressed in their codes of conduct?*

    In summary, we focus on codes of conduct as a representation of a company's CSR values, principles and actions. We expect code adoption rates and content to vary but with common patterns emerging among developing countries. Furthermore, we expect those differences to be visible in the three dimensions we identified on the basis of Zenisek's (1979) framework.

STUDY 1: METHODS

In this study, we sought to uncover whether levels of internationalization influence the adoption of codes of conduct, and what the differences in espoused CSR priorities—as expressed in these codes—are among DMNEs from different world regions. We analysed codes using a content analysis method that builds both on Zenisek's (1979) conceptualization of CSR and an established framework that Kaptein (2004) used in a prior study of codes adopted by firms from developed countries. Content analysis has been extensively used in prior research (for an explanation, see Krippendorff, 2004), including research on CSR (for examples, see Aguinis & Glavas, 2012; LaPlume, Sonpar & Litz, 2008). Once we had established whether a company had adopted a code, we used logistic regression to test if its level of internationalization influences code adoption (i.e. research question 1). To uncover priorities in code content (i.e. research question 2), we first used content analysis to reveal firm priorities. Then we conducted a series of quantitative analyses (e.g. ANOVA, exploratory as well as confirmatory analysis) to validate these findings. In summary, we used mixed methods with a qualitative method being employed for exploratory analyses followed by quantitative methods for confirmatory analyses.

Selection of Study Firms

Given the wide range of ownership patterns in many developing countries (Dam & Scholtens, 2012), we sought to identify large DMNEs irrespective of ownership (i.e. covering publicly limited corporations, private companies as well as state-owned enterprises). As share indices could not be used, companies were identified through the Forbes Global 2000 Index, which applies four measures—sales, market value,

assets and profits—to generate a composite measure of company size. The Forbes Global 2000 Index of 2014 included a total of 606 companies from 35 developing countries. Our classification of countries as 'developing country' follows that of UNCTAD (2013), which classified all OECD member countries except Chile, Mexico, South Korea and Turkey as well as a number of European non-OECD member states as 'developed' countries.[2] Bermuda (9 companies) and Cayman Islands (1 company) were excluded due to their status as tax havens (for CSR in tax haven-based companies, see Preuss, 2012). Also, in order to ensure a minimum level of representativeness of the country subsamples, only countries with at least 5 codes were included in the final sample. For this reason, Bahrain (2 companies in the Forbes Global 2000), Egypt (1), Jordan (1), Kazakhstan (3), Kuwait (4), Lebanon (2), Mauritius (1), Morocco (3), Oman (1), Pakistan (2), Peru (2), Puerto Rico (1), Togo (1) Venezuela (2) and Vietnam (2) were excluded from the sample.

The resultant set of 568 companies was screened using the Bureau van Dijk Orbis and EBSCO Business databases in order to distinguish between multinational and purely domestic firms. Overall, the sample of 568 companies consisted of 407 DMNEs and 161 domestic firms. The full sample of 568 companies was used to analyse code adoption rates. Codes of conduct were obtained through a search of the respective company websites, as these are an approved, formal and official expression of corporate policy (Bondy, Matten & Moon, 2008). Subsequently, content analysis was performed on all available DMNE codes of conduct. This resulted in a final sample of 179 DMNE codes from 18 countries (see Table 1). Data collection was performed between November 2014 and January 2015.

Data Analyses

Content analysis. Code content was analysed by counting the frequency of an item being mentioned rather than attempting to measure the degree to which it is discussed (Wood, 2000). The analysis followed the protocol of a prior study into codes by OECD country firms (Kaptein, 2004)[3] but used this in an iterative fashion. The OECD study was taken as a starting point for examining the content of the DMNE codes. However, the content analysis remained open to pick up issues that had not been mentioned in the OECD study. Building on Zenisek's (1979) typology, themes identified in the code content analysis were then grouped into the three dimensions of *controversial behaviour*, *corporate commitments to society* and *ethical principles*.

Once a coding frame had been established, coding was performed on the sample of DMNE codes. Items were coded as '1' if they were referred to at least once in a given code and '0' if no reference was made to the item concerned. Similar words and expressions were considered as long as they carried very close meanings, such as 'loyalty', 'devotion' and 'dedication'. Coding was undertaken by two of the three authors. Inter-rater agreement, calculated for a randomly selected sample (accounting for 40% of the overall sample) and expressed as Cohen's Kappa (Cohen, 1960) was .91.

Quantitative analyses. After we had coded for code adoption, we used logistic regression to explore whether levels of internationalization influence code adoption

Table 1: Code Adoption by Developing Country Firms 2014

Country	All Companies			Domestic Companies			MNEs		
	No. of Companies	No. of Codes	Adoption [%]	No. of Companies	No. of Codes	Adoption [%]	No. of MNEs	No. of Codes	Adoption [%]
Brazil	25	22	88.0	4	3	75.0	21	19	90.5
Chile	8	5	62.5	2	0	0.0	6	5	83.3
China	149	8	5.4	84	1	1.2	65	7	10.8
Colombia	6	5	83.3	1	0	0.0	5	5	100
Hong Kong-China	58	9	15.5	19	0	0.0	39	9	23.1
India	54	17	31.5	20	1	5.0	34	16	47.1
Indonesia	9	6	66.7	2	1	50.0	7	5	71.4
Malaysia	17	9	52.9	1	0	0.0	16	9	56.3
Mexico	16	8	50.0	3	0	0.0	13	8	61.5
Nigeria	5	0	0.0	0	0	n.a.	5	0	0.0
Philippines	10	5	50.0	3	1	33.3	7	4	57.1
Qatar	8	0	0.0	1	0	0.0	7	0	0.0
Saudi Arabia	20	6	30.0	6	1	16.7	14	5	35.7
Singapore	17	6	35.3	0	0	n.a.	17	6	35.3
South Africa	15	12	80.0	1	0	0.0	14	12	85.7
South Korea	61	29	47.5	4	0	0.0	57	29	50.9
Taiwan	47	14	29.8	5	0	0.0	42	14	33.3
Thailand	17	15	88.2	3	3	100	14	12	85.7
Turkey	12	9	75.0	0	0	n.a.	12	9	75.0
United Arab Emirates	14	6	42.9	2	1	50.0	12	5	41.7
Overall	**568**	**191**	**33.6**	**161**	**12**	**7.5**	**407**	**179**	**44.0**

Note. Bermuda (9 companies) excluded due to its status as haven; also excluded due to low number of companies in Forbes Global 2000 Index 2014: Bahrain (2 companies), Cayman Islands (1), Egypt (1), Jordan (1), Kazakhstan (3), Kuwait (4), Lebanon (2), Mauritius (1), Morocco (3), Oman (1), Pakistan (2), Peru (2), Puerto Rico (1), Togo (1), Venezuela (2), Vietnam (2).

(i.e. research question 1). For the second research question (i.e. CSR priorities in code content), we first used ANOVA to test if there are differences in content. To validate the differences found in the content analysis, we then conducted exploratory and confirmatory analyses.

Measures

For the dependent variable code adoption, the existence of a code was used to code for adoption in a binary manner (0 = no code, 1 = code). For the independent variable, we coded the level of internationalization as a binary variable (0 = domestic firm, 1 = MNE) based on information from the EBSCO Business and Bureau van Dijk Orbis databases. For the control variables, a recent meta-analysis of the literature on CSR reporting identified three variables, which influence whether firms create such reports: firm size, industry sector and region (Fifka, 2013). Expecting a similar dynamic for codes of conduct, we used these three variables as controls.

For size, we used log of assets (from the Forbes Global 2000 database), which has been used in prior research on international CSR (e.g. Cheng, Ioannou & Serafeim, 2014). For industry sector, we created five dummy variables based on the six main sectors found per Forbes Global 2000 list (i.e. consumer goods, energy & utilities, financials, industrials, information technology & telecommunications and materials; here we used materials as the referent group). For region, we created two dummy variables based on the three main regions in the study (i.e. Latin America and Asia and used other regions as the referent group; China was considered separately given that it constituted by far the largest country subsample).

STUDY 1: RESULTS

Code Adoption

Of the 586 developing country companies considered in the sample, 34% made a code of conduct available through their website (see Table 1). For comparison, earlier studies of developed country firms found adoption rates of 92% for the largest 250 firms worldwide (KPMG, 2008) or 98% for the FTSE 350 companies in the UK (Wheldon & Webley, 2013), respectively. In our sample, a notable divide emerged between DMNEs and their domestic counterparts: whilst 44% of DMNEs issued a code of conduct, a mere 12 codes could be found among the 161 domestic firms (7.5%).

In addition, other patterns of code adoption can be found. Adoption rates are very unequal within the sample. Adoption among Brazilian, Chilean, Colombian, South African and Thai companies is 80% or higher. In stark contrast, companies from the Middle East and East Asia show very low adoption rates. Only 8 out of 149 Chinese companies (and 7 out of 65 Chinese DMNEs) published a code of conduct. It should be noted, however, that a relatively large number of Chinese companies appear to prefer a different format, such as commenting on core elements of their corporate culture and values, rather than providing a corporate code of conduct.[4] However, these statements on corporate values are usually light in terms of concrete company commitments and thus do not constitute a functional equivalent of a code

of conduct (on the difference between a code of conduct and a value statement see Murphy, 1995).

Confirmatory analysis. We further analysed our results through a logistic regression. Here, we also explored other variables, because sector affiliation and in particular company size may play a role in explaining differences in code adoption between multinationals and their domestic counterparts (a correlation matrix and the results of the logistic regression analysis are presented in Tables 2 and 3). As our results show, levels of internationalization clearly have a positive and significant effect on code adoption. In addition, we can indeed observe clear regional and sector-level differences in code adoption when compared to the reference groups *Other Regions* and *Materials*, respectively. Chinese firms stand out in terms of a significantly lower likelihood of issuing a code. Significantly higher levels of code adoption were identified among IT and telecommunication firms, as well as among Latin American firms. However, we found that company size does not have a significant impact on the likelihood of code adoption.

Code Content

With regard to code content, our analysis provides support for the assertion that content can indeed be grouped in the three dimensions derived from Zenisek's (1979) work (a summary of code content for the individual country subsamples is provided in Appendices A-D. In the following section, we highlight a few key themes regarding how code content varies in both depth and breadth of coverage. Some of the codes included in the analysis only cover a limited number of key terms, whereas others are substantial documents. For example, the code of Indian telecommunications firm Reliance Communications runs to 56 pages and that of Brazilian steel manufacturer Metalurgica Gerdau has 52 pages. The breadth of code content also reflects a considerable diversity of issues. Saudi Arabian industrial company Savola alerts its employees to the need not to spread gossip; United Arab Emirates NBD Bank prohibits the use of profane language; and Malaysian oil and gas firm Petronas bans cross-dressing.

Despite the variance in depth and breadth, a wide range of recurring themes can be identified across the sample of the codes of conduct (Table 4 summarizes code content along with more descriptive statistics). Not least, our analysis uncovered differences in the degree of coverage among the three dimensions. Codes typically discuss at considerable length, which types of controversial behaviour employees

Table 2: Correlation Matrix (Code Adoption)

		Mean	SD	i	ii
i	Code adoption	0.34	0.47	–	
ii	Level of internationalization	0.72	0.45	0.35***	–
iii	Size (log assets)	1.35	0.53	0.02	0.04

n = 179
*p < 0.05; **p < 0.01; ***p < 0.001.

Table 3: Logistic Regression Model for Adoption of Codes of Conduct as the Outcome Variable

	B	S.E.	Wald Test	Exp (B) (Odds Ratio)	95% Confidence Interval for Odds Ratio	
					Lower	Upper
Included						
Constant	-2.29	.54	18.25			
Consumer goods & services	-.36	.39	.83	.70	.32	1.51
Energy & utilities	.34	.47	.54	1.41	.56	3.51
Financials	-.65	.38	2.85	.52	.25	1.11
Industrials	-.39	.39	.99	.68	.31	1.46
IT & telecommunications	1.04*	.41	6.56	2.83	1.28	6.27
Asia excluding China	-.39	.28	1.81	.68	.39	1.19
China	-2.40***	.47	26.03	.09	.04	.23
Latin America	1.42**	.43	10.84	4.11	1.78	9.55
Size	.50	.26	3.69	1.65	.99	2.76
Internationalization	1.90***	.36	28.19	6.65	3.30	13.39

$n = 568$

$R^2 = 0.26$ (Hosmer & Lemeshow), 0.28 (Cox & Snell), 0.38 (Nagelkerke). Model $\chi^2(10) = 541.68$, $p < 0.001$.

*$p < 0.05$; **$p < 0.01$; ***$p < 0.001$. The reference group for Sector is *Materials* and for Region *Other Regions*.

should seek to avoid. On average, 72% of all items in this category are addressed. In contrast, code stipulations regarding the role business should play in society receive the lowest coverage at 18%. Occupying a middle position, 46% of all items in the ethical principles category are addressed.

In addition, our analysis uncovered common themes within each dimension. In the ***Controversial Behaviour*** dimension, observing laws, conflicts of interest and confidentiality of information stand out as the three most frequently mentioned items across the sample. Other items that are addressed by at least two-thirds of all codes are bribery, sound accounting, gift giving, protection of company assets, insider information and protection of intellectual property. In the ***Society*** dimension, only the two items improving the quality of life for communities and political neutrality emerge as relatively widespread in the sample with coverage of 43% and 39%, respectively. In contrast, the prioritization of items in the ***Ethical Principles*** dimension is more diverse. Twenty-one distinct themes were identified, all of which are at least reasonably widespread with coverage levels between 17% and 87%. Fairness/impartiality is the most frequently mentioned item in this category at 87%, followed by honesty/truth at 81% and integrity at 73%.

Beyond these general patterns, there is a considerable amount of country-level variation within the sample (see Appendix D). Whilst controversial behaviour receives the highest coverage in all countries, followed by ethical principles and commitments to society, there are clear differences in the comprehensiveness of codes.

Codes by Brazilian and Mexican DMNEs appear most comprehensive and address a wide range of items, in particular in the ethical principles dimension, while Asian (and in particular East Asian) DMNEs provide comparatively little information in their codes. Singaporean DMNEs typically provide no information in the society category; neither do Taiwanese and Saudi Arabian DMNEs. Brazilian DMNE codes prioritize items in the society and ethical principles categories, while Chilean codes emphasize controversial behaviour. Saudi Arabian codes

Table 4: Code Content 2014 (*n* = 179)

		Average Coverage by Category/Item	2014	
			%	Rank
		Controversial behaviour	72.3	1
		Society	17.6	3
		Ethical principles	45.7	2
		TOTAL	**45.2**	n.a.
Controversial Behaviour	1.01	Observe laws	0.93	1
	1.02	Confidentiality of information	0.93	1
	1.03	Conflict of interests	0.91	3
	1.04	Bribery	0.86	4
	1.05	Sound accounting	0.83	5
	1.06	Gifts	0.82	6
	1.07	Protection of company assets	0.80	7
	1.08	Insider information	0.73	8
	1.09	Intellectual property, copyright	0.67	9
	1.10	Fraud, embezzlement	0.59	10
	1.11	Nepotism, favouritism	0.58	11
	1.12	Misrepresentation of product	0.40	12
	1.13	Use of electronic media	0.37	13
Society	2.01	Improve quality of life for community	0.43	1
	2.02	Political neutrality	0.39	2
	2.03	Respect human rights	0.31	3
	2.04	Support national development	0.25	4
	2.05	Donations, sponsorship, education	0.22	5
	2.06	Promote employee volunteering	0.16	6
	2.07	Government as stakeholder	0.14	7
	2.08	Pay taxes timely	0.13	8
	2.09	Foster citizenship	0.12	9
	2.10	Recognize the role of the media	0.06	10
	2.11	Work with NGOs	0.05	11
	2.12	Support democracy	0.04	12
	2.13	Compensate for damage	0.01	13

Table 4: continued

	Average Coverage by Category/Item		2014	
			%	**Rank**
	Average Coverage by Item		%	Rank
	3.01	Fairness, impartiality	0.87	1
	3.02	Honesty, truth	0.81	2
	3.03	Integrity	0.73	3
	3.04	Professional standards	0.70	4
	3.05	Empathy, respect	0.70	4
	3.06	Equity, equality, justice	0.67	6
	3.07	Transparency, openness	0.65	7
	3.08	Trust	0.58	8
Ethical Principles	3.09	Care, diligence, prudence	0.46	9
	3.10	Teamwork, cooperation	0.45	10
	3.11	Efficiency, cost conscious	0.44	11
	3.12	Dignity	0.40	12
	3.13	Excellence	0.36	13
	3.14	Dialogue, open communication	0.35	14
	3.15	Loyalty, devotion	0.25	15
	3.16	Accountability	0.24	16
	3.17	Confidence, be upright	0.23	17
	3.18	Consistency	0.21	18
	3.19	Keep promises	0.17	19
	3.20	Reliability	0.17	19
	3.21	Harmony	0.17	19

provide relatively little information for any of the three CSR dimensions, whereas DMNEs based in the United Arab Emirates do typically acknowledge a range of items linked to controversial behaviour. Despite these country-level differences within the three categories, a clear pattern can be observed at the level of overall code content: In each of the 18 country subsamples, controversial behaviour is the most frequently addressed category, followed by ethical principles and commitments to society, respectively.

Confirmatory analyses. We then analysed the validity of the findings from the content analysis. We first tested whether differences in dimensions exist among companies. ANOVA results show that mean differences were significantly different for controversial behaviour, $F(17, 173) = 5.23$, $p < .001$, commitments to society, $F(17, 173) = 4.37$, $p < .001$, and ethical principles, $F(17, 173) = 5.26$, $p < .001$. Of the three dimensions, controversial behaviour had the highest coverage ($M = .77$, $SD = .30$) compared to commitments to society, ($M = .25$, $SD = .27$) and ethical principles ($M = .60$, $SD = .32$). This result is thus similar to the findings from the content analysis.

In the content analysis, we adapted an established measure for code content, which had been used for developed countries (Kaptein, 2004), but not for developing ones. Based on the work of Zenisek (1979), we then categorized the items into three categories (i.e. controversial behaviour, corporate commitments to society and ethical principles). In order to test whether a three-factor structure is appropriate, we performed an exploratory factor analysis (EFA) using Principal Axis Factoring and orthogonal Varimax rotation. In order to avoid using the same sample for both the exploratory and confirmatory factor analyses, we used a split-sample design (e.g. Koh, Steers & Terborg, 1995) in which the sample was randomly split into two. The split-half sample for the exploratory factor analysis consisted of codes of conduct by 94 companies from 18 countries. The split-half sample for the confirmatory factor analysis included 97 codes from 18 countries.

The Bartlett test of sphericity was significant, χ^2 (105) = 304.34, $p < .001$. In addition, Kaiser-Meyer-Olkin as well as anti-correlation matrix values for individual items were above the recommended cut-off value of 0.50 (Field, 2000). Moreover, the Kaiser-Meyer-Olkin measure of sampling adequacy was 0.72 ($p < .001$). Therefore the data showed that there was a patterned relationship between the items; or in other words, the data was sufficient for EFA (Field, 2000). Using an eigenvalue cut-off of 1.0, there were three factors that explain a cumulative variance of 47%. The scree plot confirmed that the three factors could be retained. We then removed items that did not fit the factors well, such as those that loaded on the factor below a cut-off value of 0.4 (Stevens, 1992).

Next, we conducted a confirmatory factor analysis (CFA) on the second sample that resulted from randomly splitting the original sample ($n = 97$). Despite the low statistical power, the model showed good fit according to recommended values (Hu & Bentler, 1999). The root-mean-square error of approximation (RMSEA) was 0.046 with 90% confidence intervals of 0.000 and 0.075 (Hu & Bentler, 1999). The standardized root mean square residual (SRMR) for the model was 0.074. The comparative fit index (CFI) for the model was 0.94 and the Tucker and Lewis index (TLI) was 0.93. Difference tests showed that a three-factor model was better than a two-factor model (χ^2 difference = 110.89, $df = 44$, $p < .001$) and a one-factor model (χ^2 difference = 293.46, $df = 89$, $p < .001$).

In summary, Study 1 uncovered company-level patterns that exist within the sample of developing country codes, not least that DMNEs are much more likely to adopt a code than their domestic counterparts.

STUDY 2: COUNTRY-LEVEL INFLUENCES ON DIFFERENCES IN DMNE CODES OF CONDUCT

Having identified patterns in code adoption and content in our sample of DMNE codes, we now develop and test hypotheses that could explain these patterns. To capture these relationships, we use the literature on National Business Systems (NBS) (Whitley, 1999; Witt & Redding, 2014) and Varieties of Capitalism (VoC) (Hall & Soskice, 2001; Hancké, Rhodes & Thatcher, 2007). Our Study 2 is thus guided by our third research question:

Research Question 3: How is the content of DMNE codes of conduct shaped by the elements of their country's National Business System?

Whitley (1999: 33) defines National Business Systems as "distinctive patterns of economic organization that vary in their degree and mode of authoritative coordination of economic activities, and in the organization, and interconnections between owners, managers, experts, and other employees". He draws out four major elements of an NBS, (1) the political system, (2) the financial system, (3) the education and labour system and (4) the cultural system.[5] These elements of an NBS or a VoC can combine in multiple ways, but only where the elements complement each other to form a coherent logic for economic activity is such a combination likely to attain a degree of stability over time. Here Hall and Soskice (2001) introduce the concept of institutional complementarity: two or more institutions are complementary if the presence or efficiency of one increases the returns from or efficiency of the other(s) (see also Andriesse & van Westen, 2009). At the firm level, Hall and Soskice (2001) stress that the interlinkages between the elements of an NBS/VoC reward those firms whose strategies have a high degree of fit with the opportunities and resources provided by the respective NBS/VoC and disadvantage firms whose strategies are not aligned with these elements (see also Carney, Gedajlovic & Yang, 2009).

The NBS/VoC approach has seen a growing application, not only to developed but also to developing countries (Andriesse & van Westen, 2009; Carney et al., 2009; Witt & Redding, 2014). Furthermore, the concept of an NBS has spawned a growing literature on cross-national differences in CSR priorities (Jackson & Apostolakou, 2010; Matten & Moon, 2008). For example, Ioannou and Serafeim (2012) present data on companies from 42 countries, predominantly developed ones, to show that institutions linked to the political system have the clearest impact on corporate social performance.

The literature has proposed two opposing views on how exactly differences between NBSs and VoCs foster differences in approaches to CSR, according to which CSR is either a 'substitute' or a 'mirror' of national institutional structures (Brown & Knudsen, 2015; Koos, 2012). According to the 'substitute' view, countries with less robust regulatory systems, a weaker government role in welfare provision or less developed forms of stakeholder participation have a greater need for CSR, and firms in such countries are more likely to engage in CSR activities to counter these institutional deficiencies (Hiss, 2009; Jackson & Apostolakou, 2010). Following the 'mirror' view, firms are more likely to engage in CSR where national institutional structures are shaped by strong government regulation, an active civil society, well-functioning industrial relations structures or strong normative pressure to engage in socially responsible behaviour (Campbell, 2007; Gjølberg, 2009). Either way, the individual elements of an NBS can be expected to have profound implications for the ways in which firms from different countries engage with CSR. In the following sections, we focus on the political, financial and labour elements of an NBS, and put forward hypotheses as to how the content of codes of conduct is affected by each of these elements of an NBS.

Political System

According to Whitley (1999: 48), countries differ in the extent to which governments "directly or indirectly regulate market boundaries, entry and exit, as well as set constraints on the activities of economic actors", whether through pursuing active industrial policies, supporting collective intermediate organizations or the regulation of markets. While some states, such as France, Japan or more recently China (Nee, Opper & Wong, 2007), have at various times pursued an active industrial policy, many developing countries suffer from inefficient government organizations, high levels of corruption or even civil unrest (Hamann, Kapelus, Sonnenberg, Mackenzie & Hollesen, 2005). Therefore, we would expect the content of codes of conduct by DMNEs from different countries to be shaped by key factors of the political system, like the quality of political institutions. Following the 'substitute view' of CSR as explained above (Hiss, 2009; Jackson & Apostolakou, 2010), we expect companies based in countries characterized by weak political institutions to communicate a wider set of responsibilities in their codes of conduct.

> *Hypothesis 1. The political system affects the comprehensiveness of codes of conduct, such that the quality of political institutions is negatively related to total code coverage.*

Financial System

Following Whitley (1999: 49), the financial system "deals with the processes by which capital is made available and priced. In particular, is it allocated by capital markets through competition […] or is it provided by some set of intermediaries that deal directly with firms and become locked into their particular success?" In many developing countries stock markets and institutional investors play a much smaller role than in the Anglo-American system and many emerging economies have also been more volatile, which leaves firms with fewer financing options (Céspedes, González & Molina, 2010). For example, Chilean firms have been found to often operate as business groups with common family ownership among all the group's firms because this organizational form overcomes the lack of financing through capital markets (Silva, Majluf & Paredes, 2006). These differences between countries again can be expected to have repercussions for the CSR-related commitments firms make. In line with the 'substitute view' of CSR (Hiss, 2009; Jackson & Apostolakou, 2010), we would expect weaker financial market-related institutional structures to trigger higher levels of CSR engagement by firms from these countries. Companies are therefore likely to communicate a wider set of responsibilities in weaker macroeconomic environments.

> *Hypothesis 2. The financial system affects the comprehensiveness of codes of conduct, such that the quality of the macroeconomic environment is negatively related to total code coverage.*

Labour System

Whitley (1999: 50) furthermore argues that NBSs differ in terms of "the system that develops and certifies competences and skills: the education and training system"

as well as "the institutions that control the terms on which the owners of those skills sell them in labour markets and how those markets are organized", i.e. the labour system. According to the World Economic Forum (2014), efficient labour markets promote meritocracy in the workplace and "allow for wage fluctuations without much social disruption" (World Economic Forum, 2014: 7). In this respect, key differences between developed and developing countries can again be observed, although there are of course huge differences within either group, too. Many developing countries face challenges in terms of labour market efficiency. Earnings levels are often low despite long working hours, income is often more uncertain and there is a greater reliance on non-wage labour, particularly in agriculture. Moreover, in many countries women are particularly disadvantaged in getting access to labour markets (Fields, 2011). These differences in labour market efficiency are likely to influence the content of a firm's code of conduct. Following the 'substitute view' of CSR again, we expect code content to be more comprehensive in countries where labour market efficiency is low.

> *Hypothesis 3. The labour system affects the comprehensiveness of codes of conduct, such that labour market efficiency is negatively related to total code coverage.*

STUDY 2: METHOD

Sample

The same sample of 179 DMNE codes from 18 countries used in Study 1 was also used for Study 2 (see Table 1). However, the software that we used for multilevel modelling (HLM Version 7; Raudenbush, Bryk, Cheong, Congdon & du Toit, 2011) deletes groups (i.e. countries in our study) if there is missing data at the group level (i.e. in our study independent variables at the country level). This process resulted in a final sample for Study 2 of 164 DMNE codes from 15 countries.

Measures

Dependent variable: coverage in codes of conduct. We used the measure that resulted from the confirmatory factor analysis in Study 1. The final measure consists of 15 items, with 5 items for each of the three factors (i.e. controversial behaviour, commitments to society, ethical principles). As explained previously, they were coded as '1' if they were referred to at least once in a given code and '0' if no reference was made to the item concerned. We then used the mean of the items, resulting in a variable that measures the amount of coverage in codes of conduct.

Independent variables. Building on previous studies (Ioannou & Serafeim, 2012; Whitley, 1999), a number of additional independent variables were used to identify relationships between the elements of a National Business System and code content. For Hypotheses 1, 2 and 3, we used data from the 2014-2015 Global Competitiveness Report (World Economic Forum, 2014), which has been and used in prior research (e.g. Shaner & Maznevski, 2011; Wan & Hoskisson, 2003). Specifically, for the political system (Hypothesis 1), we used quality of political institutions (World Economic Forum, 2014). For the financial system (Hypothesis 2),

we used quality of the macroeconomic environment (World Economic Forum, 2014). For the labour system (Hypothesis 3), we used labour market efficiency (World Economic Forum, 2014).

   Control variables. We used the same control variables as in Study 1: log assets of size and dummy variables for industry sector and region. In order to build on Study 1, we also included a control variable for the level of internationalization, which explored the influence of internationalization on code coverage. For levels of internationalization, we used foreign sales divided by total sales (from the Bureau van Dijk Orbis database), with the purpose to partial out international effects so that country effects could be more accurately analysed.

Data Analyses

Study 2 focuses on the effects of NBS elements on companies, which are head-quartered in these countries. In order to test our hypotheses and properly capture between-country differences, we employed hierarchical linear modelling (HLM Version 7; Raudenbush et al., 2011). As recommended by Bryk and Raudenbush (1992), our HLM model consisted of two levels. Company-level data was modelled at level 1 and country characteristics at level 2. Following recommended procedures for centring in order to facilitate interpretation and also to reduce multicollinearity, level-1 variables (i.e. size, level of internationalization) were group-centred except for dummy-coded variables (i.e. industry, region), while level-2 variables were grand-mean centred (Hofmann & Gavin, 1998). Due to high correlations between variables, we calculated variance inflation factors (VIF). The highest VIF was 1.76, which is well below the recommended cut-off value of 10, suggesting that multicollinearity was not an issue (Ryan, 1997). We used restricted maximum likelihood estimation. While estimation techniques will provide similar results for larger samples, for smaller samples such as ours it is important to choose the more reliable approach (Raudenbush & Bryk, 2002). Therefore we chose restricted maximum likelihood, because it reduces bias in the estimates of the variances (Snijders & Bosker, 2012). However, we also tested our data with full maximum likelihood, finding very similar results.

STUDY 2: RESULTS

Hypotheses Testing

Table 5 shows descriptives and a matrix of correlations of the variables employed in this study, while Table 6 displays the HLM results. We first tested a Null model with only the dependent variable in order to examine whether a multilevel model is necessary. The overall intra-class correlation (ICC) is 0.33; in other words, 33% of the variance in code coverage resided between countries. Then, in Model 1 of the HLM analysis, we included only the control variables. Finally, in Model 2, we added the independent variables. Dummy codes for industry and region are not displayed in Table 6 for purposes of brevity; however we included them in the analysis and none of the dummy variables were significant in either Model 1 or 2. Because HLM does not provide effect sizes when using restricted

Table 5: Correlation Matrix (Code Content)

		Mean	SD	i	ii	iii	iv	v
i	Code coverage			–				
ii	Internationalization	0.36	0.33	0.06	–			
iii	Size (log assets)	3.21	1.18	0.06	-0.25**	–		
iv	Quality of Institutions	4.22	0.75	-0.31**	0.30**	-0.13	–	
v	Macroeconomic Environment	5.53	0.83	-0.31**	0.02	0.03	0.32**	–
vi	Labour Market Efficiency	4.23	0.56	-0.22**	0.29**	-0.08	0.84**	0.58**

$n = 179$
*$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.

maximum likelihood, we followed procedures recommended by Hofmann (1997) to calculate effect size. Model 1 explained 34% of the variance in the dependent variable ($R^2 = 0.34$), while Model 2 showed an improvement with 83% of the variance explained ($R^2 = 0.83$).

Hypothesis 1 was supported as quality of political institutions was significantly and negatively related to code coverage ($\gamma = -0.46$, $p < .01$). Hypothesis 2 was supported as quality of the macroeconomic environment was significantly and negatively related to code coverage ($\gamma = -0.17$, $p < .01$). Hypothesis 3 was not supported as labour market efficiency was significantly but positively related to code coverage ($\gamma = 0.55$, $p < .01$), whereas we had hypothesised a negative relationship.

Post Hoc Analysis

We also analysed the full sample that included both multinationals and domestic companies ($n = 191$) and results for all the hypotheses in Study 2 were similar. Quality of political institutions was significantly and negatively related to code coverage ($\gamma = -0.42$, $p < .01$). Quality of the macroeconomic environment was significantly and negatively related to code coverage ($\gamma = -0.18$, $p < .01$). Labour market efficiency was significantly and positively related to code coverage ($\gamma = 0.60$, $p < .01$).

Table 6: Hierarchical Linear Models for Coverage of Codes of Conduct as the Outcome Variable

Variables	*Model 1[a]*		*Model 2[a]*	
	Coefficient	SE	Coefficient	SE
Intercept	0.53***	0.09	0.71***	0.10
Size (log of Assets)	0.02	0.02	0.02	0.02
Internationalization (Foreign Sales / Total Sales)	0.06	0.06	0.05	0.06
Quality of Institutions			-0.42**	0.11
Macroeconomic Environment			-0.17**	0.05
Labour Market Efficiency			0.55**	0.15

$n = 164$ companies at Level 1; $n = 15$ countries at Level 2; SE = Standard errors
*$p < 0.05$; **$p < 0.01$; ***$p < 0.001$.
(a) The analyses included dummy variables for sector and region as control variables, but are not shown in the Table above.

DISCUSSION

A number of general patterns with regard to code adoption and content have emerged from the two studies above. First of all, codes are being adopted by developing country firms—and in particular DMNEs—but adoption rates still lag behind firms from developed countries (cf. Kaptein, 2004; KPMG, 2008; Wheldon & Webley, 2013). It is important to note that adoption is also very unequal across the sample. Whilst 44% of the DMNEs issued a code of conduct, only 7.5% of their domestic counterparts did so. In geographic terms, codes have become widespread among Brazilian, Colombian, South African, Thai and Turkish MNEs, whereas MNEs from other developing countries have adopted codes in much smaller numbers. Some countries, furthermore, seem to use somewhat different formats to express commitments to stakeholder demands. One example is a high number of Chinese companies which have opted for a short 'corporate culture' section on their corporate website rather than a comprehensive code of conduct.

Beyond code adoption rates, the content of the codes—analysed across the three dimensions derived from Zenisek's (1979) conceptualization of CSR—has revealed a number of patterns too. Controversial behaviour is the most comprehensively addressed dimension across the sample, with societal commitments and ethical principles playing a less prominent role. In addition, code content appears most homogeneous in the controversial behaviour category. At the other end of the spectrum, the category ethical principles contained a wider range of themes (21 compared to 13 each in the other two categories), with the majority of these only being addressed by relatively few DMNEs. In other words, code content is more heterogeneous in this category. The society category emerges as a middle ground in terms of diversity, but items in this category show very low coverage.

In the second study, the National Business Systems perspective has helped us to reveal a number of factors that shape the content of DMNE codes of conduct, and thus to explain some of the patterns identified in the first study. The dominant picture here is that of a 'substitute role' of CSR (Hiss, 2009; Jackson & Apostolakou, 2010), with companies from countries with weaker governance structures and a weaker macroeconomic environment communicating a wider set of social responsibilities in their codes of conduct. This negative link appears to be particularly pronounced in relation to commitments to society. These findings confirm prior findings in the literature (e.g. Hamann, Kapelus & O'Keefe, 2011) that, in the light of governance deficits or failures, companies may assume a more proactive role as corporate citizens. These results therefore provide support for the argument that a more exposed role of DMNEs in society leads to more comprehensive codes of conduct.

However, this relationship does not appear to apply to a country's labour system. Here, a 'mirror effect' (Campbell, 2007; Gjølberg, 2009) can be observed, where—contrary to our expectation—the higher the quality of labour-related governance, the more likely companies from these countries are to issue comprehensive codes of conduct. One explanation could be that companies are more reluctant to address issues that are more closely related to their core business (such as labour relations) than those issues that mainly pose challenges outside of the company gates.

In any case, these results tally with earlier findings in the literature in that a company's CSR activities geared towards internal and external stakeholders do not necessarily follow the same trajectory (Hine & Preuss, 2009; Wood & Jones, 1995). Our findings thus allow for a more nuanced view on the 'substitute versus mirror' debate in international CSR: rather than constituting a blanket ('substitute' or 'mirror') effect, different NBS elements appear to trigger different dynamics, leading to the existence of both 'mirror' and 'substitute' effects at the level of different NBS elements.

Furthermore, the DMNEs in our sample were found to be much more likely to adopt a code of conduct than their purely domestic counterparts. This finding is in line with arguments in the literature that—in comparison with purely domestic firms—MNEs are confronted with particularly complex expectations regarding their engagement in CSR activities. Not only does the MNE have its own home country-based heritage and predisposition towards a particular form of engaging in CSR, which may conflict with expectations in some of the multiple host countries it operates (Arthaud-Day, 2005); the multiple host countries themselves are likely to differ in terms of geographic and cultural distance from the MNE home country (Campbell, Eden & Miller, 2012). However, the degree of internationalization does not constitute an automatic effect. Not least, higher levels of internationalization—measured in terms of FSTS—did not translate into more comprehensive codes. Furthermore, the impact of these internationalization pressures was found to be affected by other factors, not least those relating to the country's National Business System.

CONCLUSIONS

The rise to economic prominence of multinational firms from developing countries (Luo & Tung, 2007), on the one hand, and the rapid spread around the world of CSR (Visser & Tolhurst, 2010), on the other hand, were the starting points for two inter-related enquiries into CSR-related commitments by DMNEs. We investigated these commitments through a content analysis of a sample of 179 codes of conduct adopted by MNEs from 18 developing countries in Latin America, Africa and Asia. Our initial study examined general patterns regarding code adoption and code content. Extending the work of Zenisek (1979), we analysed our data through the lens of a multi-dimensional framework of CSR, which captured (1) controversial behaviour companies require their employees to avoid, (2) commitments companies make to improve society and (3) ethical principles and values companies promise to uphold. We followed this first study up with a second study in which we used the National Business Systems (NBS) and Varieties of Capitalism (VoC) perspective as a theoretical lens to investigate country-level drivers of differences in code content.

Overall, our application of both Zenisek's (1979) three-dimensional conceptualization of CSR and a National Business Systems perspective to the analysis of the content of DMNE codes of conduct has uncovered a number of interesting patterns. In general, different patterns emerged at the level of the three CSR dimensions,

thereby also confirming the explanatory power of the three-dimensional CSR model (which was further supported by the results of the confirmatory factor analysis). Our findings show that the dimension of controversial behaviour is the most uniform of the three, whereas the dimensions commitments to society and ethical principles appear more diverse and more context-specific.

Regarding the impact of contextual factors on overall code content, our study provided empirical support for the 'substitute' view of CSR in developing countries (Hiss, 2009; Jackson & Apostolakou, 2010)—DMNEs from poorer countries and from countries with lower governance effectiveness tend to express more comprehensive commitments to society. However, this pattern does not extend to a country's labour system. Here, firms from countries with more efficient labour markets communicate a more extensive set of social responsibilities, thereby conforming to the 'mirror' view of CSR (Campbell, 2007; Gjølberg, 2009). Furthermore, we can report that multinationals from developing countries are much more likely to adopt a code of conduct than their purely domestic counterparts; however, this does not translate into differences in terms of code comprehensiveness. Yet, rather than constituting a blanket effect, the impact of the degree of internationalization is affected by other factors relating to a country's National Business System, in particular those relating to the political, financial and labour systems.

The paper has a number of limitations. First, the research design captured espoused values rather than corporate practice. A long-standing research stream has shown that practice does not automatically follow values (Christmann & Taylor, 2006); rather, they can form a complex and often contradictory relationship (Devinney, 2009). The relationship between corporate values and practice is particularly complex for MNEs, where CSR strategy is often designed at the company's headquarters whereas actual practice needs to take account of the situation in a number of different countries (Barkemeyer & Figge, 2014; Strike et al., 2006). Furthermore, our research explicitly focused on DMNEs and hence may not be generalizable to smaller (and in particular to purely domestic) firms outside the Forbes Global 2000. In addition, the research design focused on the level of the nation state, and therefore treated nations as homogeneous entities (see the critique by McSweeney, 2009). Finally, there are limitations that arise from the relatively small sample size available for this study. Given that codes of conduct are still relatively scarce among developing country DMNEs, the above analysis is exploratory in nature, focusing on the identification of general patterns across a diverse set of countries and companies.

Notwithstanding these limitations, we suggest that the codes analysed in this paper cumulatively allow us to uncover differences in CSR priorities of MNEs from different developing countries. Given the increasing weight of DMNEs in the global economy, future research will be able to employ larger samples that can validate the patterns identified in this paper. Likewise, future research could produce a validated CSR scale that can be applied to codes of conduct. Moreover, larger sample sizes than the one we used, and thus higher statistical power, might result in a reliable scale that has more items per dimension. A larger sample will also enable enquiries into in-country differences in approaches to CSR, such as between industries or between DMNEs of different types of ownership.

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NOTES

1.   While there are differences between the NBS and the VoC strands, we argue that, for the purposes of this article, these two literature bodies can be considered as one theory stream.

2.   Classifications of countries as developing countries, emerging economies or newly industrialized counties are in some cases contentious. Our classification of developing countries includes Hong Kong, Singapore, South Korea and Taiwan. This is not only in line with the classification by UNCTAD (2013) but also driven by the fact that companies from these countries traditionally had less exposure to the CSR discourse.

3.   Kaptein (2004) examined the adoption rate of codes of conducts among the 200 largest companies in the world. While not explicitly designed as an OECD study, it is de facto one, as all the companies in his sample are based in OECD countries.

4.   For example, it is Form 20-F, filed with the US Securities and Exchange Commission in 2009, Sinopec-China Petroleum wrote: "We have not adopted a code of ethics […] since it is not a customary practice for a PRC company to adopt such code of ethics."

5.   For reasons of greater clarity, our terminology here follows Matten and Moon (2008). The original terminology by Whitley (1999) is: (1) the state, (2) the financial system, (3) the skill development and control system and (4) norms and values governing trust and authority relations. Furthermore, we acknowledge that our discussion of the NBS elements takes a broad-brush approach. Nonetheless, we maintain that there is value in considering the individual elements as separate analytical categories.

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APPENDIX A: Code Content – Controversial Behaviour (DMNEs, 2014)

PERCENTAGES		Brazil	Chile	China	Colombia	Hong Kong	India	Indonesia	Malaysia	Mexico	Philippines	Saudi Arabia	Singapore	South Africa	South Korea	Taiwan	Thailand	Turkey	UAE	Average DMNEs (n=179)		
		M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	Rank	s
1.1	Observe laws	1.00	1.00	0.86	0.80	1.00	0.94	0.60	1.00	1.00	1.00	0.80	1.00	0.83	0.97	0.93	0.92	1.00	0.80	0.93	1	0.25
1.2	Confidentiality of information	1.00	1.00	0.86	1.00	1.00	1.00	0.80	1.00	0.88	1.00	0.80	1.00	0.83	0.93	0.86	0.83	1.00	1.00	0.93	1	0.25
1.3	Conflict of interests	0.89	1.00	1.00	1.00	1.00	1.00	0.80	1.00	1.00	1.00	0.40	1.00	0.92	0.76	0.79	1.00	1.00	1.00	0.91	3	0.29
1.4	Bribery	0.84	1.00	1.00	1.00	1.00	0.94	0.60	1.00	1.00	0.75	0.60	0.83	0.83	0.76	0.93	0.83	0.56	1.00	0.85	4	0.35
1.5	Sound accounting	0.89	1.00	0.86	1.00	0.89	0.81	0.80	0.89	0.88	0.75	0.60	0.67	0.67	0.83	0.71	0.92	0.89	0.80	0.83	5	0.38
1.6	Gifts	0.84	0.80	1.00	1.00	0.78	1.00	0.60	0.89	0.75	0.75	0.60	0.83	0.75	0.66	0.71	1.00	1.00	0.80	0.82	6	0.39
1.7	Protection of company assets	0.89	1.00	1.00	0.80	0.78	1.00	0.20	0.89	1.00	0.75	0.20	0.67	0.75	0.76	0.64	0.92	0.89	0.60	0.80	7	0.40
1.8	Insider information	0.68	1.00	1.00	0.80	1.00	0.94	0.20	0.89	0.88	0.75	0.20	0.50	0.67	0.59	0.57	1.00	0.78	0.40	0.73	8	0.45
1.9	Intellectual property, copyright	0.74	1.00	0.86	0.60	0.89	1.00	0.00	1.00	0.63	0.50	0.20	0.67	0.83	0.34	0.57	0.75	0.78	0.40	0.66	9	0.47
1.10	Fraud, embezzlement	0.58	0.80	1.00	0.80	0.89	0.81	0.00	1.00	0.50	0.25	0.20	0.67	0.58	0.38	0.64	0.33	0.56	0.60	0.59	10	0.49
1.11	Nepotism, favouritism	0.74	1.00	0.57	0.80	0.56	0.81	0.40	0.89	0.50	0.75	0.40	0.67	0.42	0.31	0.71	0.50	0.56	0.20	0.58	11	0.49
1.12	Don't misrepresent product	0.26	0.40	0.57	0.20	0.56	0.63	0.40	0.33	0.63	0.75	0.40	0.33	0.33	0.31	0.14	0.33	0.67	0.60	0.40	12	0.49
1.13	Use of electronic media	0.42	0.80	0.14	0.80	0.56	0.50	0.00	0.67	0.50	0.00	0.20	0.33	0.50	0.17	0.07	0.08	0.78	0.80	0.37	13	0.49

APPENDIX B: Code Content – Commitments to Society (DMNEs, 2014)

PERCENTAGES		Brazil	Chile	China	Colombia	Hong Kong	India	Indonesia	Malaysia	Mexico	Philippines	Saudi Arabia	Singapore	South Africa	South Korea	Taiwan	Thailand	Turkey	UAE	Average DMNEs (n=179)		
		M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	Rank	s
2.1	Improve quality of life for community	0.74	0.40	0.14	0.60	0.33	0.56	0.20	0.44	0.63	0.25	0.00	0.17	0.25	0.55	0.00	0.50	0.44	0.40	0.42	1	0.49
2.2	Political neutrality	0.63	0.40	0.00	0.40	0.56	0.38	0.40	0.56	0.50	0.00	0.00	0.00	0.42	0.34	0.00	0.67	0.78	0.40	0.39	2	0.49
2.3	Respect human rights	0.68	0.20	0.29	0.80	0.11	0.38	0.00	0.11	0.50	0.00	0.00	0.00	0.25	0.31	0.29	0.33	0.44	0.00	0.31	3	0.46
2.4	Support national development	0.37	0.00	0.29	0.20	0.00	0.44	0.00	0.00	0.25	0.25	0.00	0.00	0.00	0.48	0.00	0.50	0.33	0.20	0.25	4	0.43
2.5	Donations, sponsorship, education programs	0.53	0.20	0.00	0.20	0.33	0.19	0.00	0.11	0.13	0.00	0.00	0.00	0.08	0.38	0.00	0.25	0.44	0.00	0.22	5	0.41
2.6	Promote employee volunteering	0.32	0.00	0.14	0.00	0.22	0.25	0.20	0.33	0.50	0.00	0.00	0.00	0.00	0.17	0.00	0.17	0.11	0.00	0.16	6	0.37
2.7	Government as stakeholder	0.42	0.40	0.00	0.20	0.11	0.25	0.00	0.00	0.38	0.00	0.00	0.00	0.08	0.00	0.00	0.33	0.00	0.20	0.14	7	0.35
2.8	Pay taxes timely	0.05	0.20	0.00	0.40	0.11	0.19	0.00	0.11	0.13	0.00	0.00	0.00	0.00	0.41	0.07	0.00	0.00	0.00	0.13	8	0.34
2.9	Foster citizenship	0.47	0.20	0.00	0.00	0.00	0.06	0.00	0.33	0.25	0.00	0.00	0.00	0.08	0.03	0.00	0.25	0.11	0.00	0.12	9	0.33
2.10	Recognize the role of the media	0.32	0.00	0.00	0.20	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.22	0.00	0.06	10	0.23
2.11	Work with NGOs	0.26	0.00	0.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.22	0.00	0.04	11	0.21
2.12	Support democracy	0.21	0.00	0.00	0.00	0.00	0.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.11	0.00	0.04	11	0.19
2.13	Compensate for damage	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	0.00	0.00	0.01	13	0.11

APPENDIX C: Code Content – Ethical Principles (DMNEs, 2014)

PERCENTAGES		Brazil	Chile	China	Colombia	Hong Kong	India	Indonesia	Malaysia	Mexico	Philippines	Saudi Arabia	Singapore	South Africa	South Korea	Taiwan	Thailand	Turkey	UAE	Average DMNEs (n=179)		
		M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	M	Rank	s
3.1	Fairness, impartiality	0.89	1.00	0.86	0.80	0.89	0.81	0.40	1.00	0.88	1.00	1.00	0.67	0.92	1.00	0.79	0.75	0.78	0.80	0.87	1	0.34
3.2	Honesty, truth	0.84	0.80	0.86	0.80	1.00	0.94	0.40	0.89	1.00	0.75	0.80	0.83	1.00	0.55	0.79	0.83	0.89	0.80	0.81	2	0.39
3.3	Integrity	0.89	1.00	0.57	0.80	0.78	0.94	0.20	1.00	1.00	0.75	0.60	0.67	1.00	0.31	0.64	0.92	0.67	0.80	0.73	3	0.44
3.4	Empathy, respect	0.95	0.80	0.43	1.00	0.89	0.75	0.00	0.78	0.88	0.50	0.40	0.33	0.83	0.79	0.21	0.75	0.78	0.60	0.70	4	0.46
3.5	Professional standards	0.89	0.80	0.86	0.40	0.78	0.88	0.40	1.00	0.88	0.75	1.00	0.67	0.58	0.48	0.29	0.83	0.78	0.80	0.70	4	0.46
3.6	Equity, equality, justice	0.89	0.80	0.29	0.60	0.67	0.75	0.20	0.78	0.50	0.00	0.40	0.33	0.75	0.79	0.50	0.83	0.89	0.60	0.67	6	0.47
3.7	Transparency, openness	0.95	0.80	0.29	0.80	0.22	0.81	0.40	0.67	0.75	0.75	0.40	0.17	0.42	0.86	0.50	0.67	0.56	0.60	0.65	7	0.48
3.8	Trust	0.68	1.00	0.43	0.60	0.78	0.44	0.20	0.67	0.50	0.25	0.40	0.17	0.75	0.76	0.36	0.67	0.56	0.40	0.58	8	0.49
3.9	Care, diligence, prudence	0.63	0.20	0.71	0.80	0.44	0.50	0.20	0.89	0.38	0.50	0.80	0.33	0.33	0.24	0.36	0.50	0.44	0.40	0.46	9	0.50
3.10	Efficiency, cost conscious	0.74	0.40	0.43	0.80	0.11	0.44	0.20	0.67	0.50	0.25	0.00	0.17	0.33	0.59	0.21	0.75	0.33	0.20	0.45	10	0.50
3.11	Teamwork, cooperation	0.84	0.60	0.57	0.20	0.33	0.19	0.00	0.67	0.75	0.75	0.20	0.17	0.50	0.41	0.14	0.42	0.56	0.40	0.44	11	0.50
3.12	Dignity	0.63	0.40	0.29	1.00	0.44	0.56	0.00	0.33	0.63	0.25	0.20	0.00	0.50	0.52	0.07	0.25	0.22	0.00	0.40	12	0.49
3.13	Excellence	0.53	0.60	0.43	0.20	0.44	0.56	0.20	0.56	0.50	0.50	0.00	0.00	0.67	0.14	0.00	0.67	0.11	0.20	0.36	13	0.48
3.14	Dialogue, open communication	0.63	0.00	0.14	0.20	0.44	0.25	0.00	0.56	0.63	0.25	0.20	0.00	0.33	0.48	0.14	0.08	0.78	0.00	0.35	14	0.48
3.15	Loyalty, devotion	0.42	0.20	0.29	0.80	0.11	0.13	0.00	0.56	0.63	0.75	0.20	0.17	0.08	0.03	0.29	0.08	0.33	0.40	0.25	15	0.44
3.16	Accountability	0.21	0.00	0.00	0.00	0.56	0.38	0.00	0.33	0.38	0.50	0.00	0.00	0.50	0.00	0.21	0.58	0.22	0.20	0.23	16	0.42
3.17	Confidence, be upright	0.11	0.20	0.00	0.40	0.00	0.31	0.00	0.56	0.13	0.00	0.20	0.17	0.33	0.45	0.07	0.17	0.33	0.00	0.23	16	0.42
3.18	Consistency	0.47	0.20	0.14	0.40	0.11	0.25	0.20	0.44	0.13	0.25	0.20	0.00	0.25	0.07	0.00	0.08	0.44	0.40	0.21	18	0.41
3.19	Keep promises	0.05	0.00	0.43	0.40	0.00	0.25	0.00	0.00	0.13	0.00	0.20	0.17	0.33	0.31	0.07	0.08	0.33	0.00	0.17	19	0.38
3.20	Reliability	0.37	0.00	0.00	0.00	0.11	0.13	0.00	0.00	0.25	0.00	0.00	0.00	0.17	0.17	0.07	0.33	0.44	0.40	0.17	19	0.37
3.21	Harmony	0.21	0.20	0.71	0.00	0.22	0.13	0.20	0.11	0.38	0.00	0.00	0.00	0.08	0.17	0.14	0.17	0.22	0.00	0.17	19	0.38

BUSINESS ETHICS QUARTERLY

APPENDIX D: Code Content – Country-Level Patterns (Averages for Country Subsamples, 18 Developing Countries, 2014)

	Brazil	Chile	China	Colombia	Hong Kong	India	Indonesia	Malaysia	Mexico	Philippines	Saudi Arabia	Singapore	South Africa	South Korea	Taiwan	Thailand	Turkey	UAE
	(n=19)	(n=5)	(n=7)	(n=5)	(n=9)	(n=16)	(n=5)	(n=9)	(n=8)	(n=4)	(n=5)	(n=6)	(n=12)	(n=29)	(n=14)	(n=12)	(n=9)	(n=5)
GDP per capita (PPP, 2014)	11,208	15,732	6,807	7,831	38,124	1,499	3,475	10,538	10,307	2,765	25,962	55,183	6,618	25,977	37,716	5,779	10,971	43,049
Quality of Institutions	3.47	4.82	4.22	3.32	5.63	3.84	4.11	5.11	3.40	3.86	4.97	5.98	4.50	3.70	4.84	3.66	3.90	5.69
Macroeconomic Environment	4.49	5.88	6.41	5.65	6.17	4.22	5.48	5.26	5.04	5.76	6.67	6.13	4.45	6.44	5.83	6.01	4.83	6.63
Labour Market Efficiency	3.83	4.36	4.55	4.08	5.57	3.81	3.81	4.80	3.71	4.03	4.25	5.69	3.8	4.07	4.59	4.24	3.48	5.14
Average Coverage per Category																		
Controversial behaviour	0.75	0.91	0.82	0.82	0.84	0.88	0.42	0.88	0.78	0.69	0.43	0.71	0.69	0.60	0.64	0.72	0.80	0.69
Society	0.39	0.15	0.08	0.23	0.14	0.21	0.06	0.15	0.25	0.04	0.00	0.01	0.09	0.21	0.03	0.25	0.25	0.09
Ethical principles	0.61	0.48	0.41	0.52	0.44	0.49	0.15	0.59	0.56	0.42	0.34	0.24	0.51	0.44	0.28	0.50	0.51	0.38
Total Sample	0.58	0.51	0.43	0.52	0.47	0.52	0.20	0.55	0.53	0.39	0.26	0.30	0.44	0.42	0.31	0.49	0.52	0.39
Average Coverage per Category (ranked)																		
Controversial behaviour	9	1	5	5	4	2	18	2	8	12	17	11	12	16	15	10	7	12
Society	1	8	13	5	10	6	14	8	2	15	18	17	11	6	16	2	2	11
Ethical principles	1	9	13	4	10	8	18	2	3	12	15	17	5	10	16	7	5	14
Total Sample	1	7	11	4	9	4	18	2	3	13	17	16	10	12	15	8	4	13