



Heterogeneous implementation of CSR in an MNE: the role of subsidiaries' institutional contexts and behaviors

Anne Servantie Jacqueminet

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EXTENDED ABSTRACT

The main objective of this dissertation is to explain heterogeneity in conformity within multinational enterprises (MNEs). More specifically, I focus on what makes an MNE's subsidiaries implement practices that are consistent with the policy designed by the MNE's headquarters. Given the increasing normative pressures on MNEs, managing conformity within them is of strategic importance. Corporate social responsibility (CSR) is an example of such mounting norms. This dissertation work relies on a unique set of data (including surveys, archival data and interviews) I collected on CSR practices in one MNE between 2012 and 2014. The first essay (chapter 2) looks at the influence of the subsidiaries' attention to CSR-related demands from inside and outside the MNE on their CSR practices implementation. The results suggest that subsidiaries increase their level of attention to certain demands in response to the norm conformity of their internal peers –other subsidiaries- and external peers –local rivals. These different levels of attention to internal and external demands further result in varying implementation levels among subsidiaries. In my second essay (chapter 3), I propose a model of subsidiary conformity that brings together arguments related to the top-down enforcement of the corporate policy and the pressures for conformity from intra-organizational peers and emphasizes the role of subsidiaries' internalization of the policy. Of particular interest is the finding that internalization not only fosters subsidiary conformity but also reduces the positive effects of headquarters' and peers' influence on conformity. And in the third essay (chapter 4), I study how the practices' characteristics and institutionalization stage influence their tendency to be either coupled or decoupled from the corporate policy. I find that for specific practices, periods of coupling and decoupling follow each other. In addition, the institutionalization of an issue in both the subsidiary's country and industry is necessary for coupling to last while and practices' lack of compatibility with a subsidiary's values is the main driver of sustained decoupling. Overall, the findings of my three essays

show that heterogeneous conformity within MNEs stems not only from diverse internal and external pressures exerted on subsidiaries, but also from (1) the subsidiaries' varying levels of attention to normative demands that depend on peers' behaviors, (2) their heterogeneous internalization of the Group policy which reduces peers' and headquarters' influence and (3) the specific characteristics and institutionalization levels of different practices.

RESUME

Cette thèse se donne pour objectif principal l'explication de l'hétérogénéité que l'on observe en matière de conformité au sein des multinationales. En particulier, je m'intéresse à ce qui pousse les filiales d'une multinationale à mettre en œuvre des pratiques conformes à la politique définie par le siège. Compte-tenu des pressions normatives croissantes exercées sur les multinationales, leur gestion de la conformité interne prend une importance stratégique. Et la responsabilité sociale d'entreprise (RSE) compte au nombre de ces normes émergentes. Mon travail repose sur des données uniques (dont des enquêtes, des données d'archive et des entretiens) sur la mise en œuvre de pratiques RSE que j'ai collectées de 2012 à 2014 au sein d'une multinationale. Le premier essai (chapitre 2) étudie l'influence sur la mise en œuvre de pratiques RSE par les filiales de l'attention qu'elles portent aux demandes émises par le siège et par leurs parties prenantes locales. Ses résultats suggèrent que les filiales augmentent leur niveau d'attention à certaines demandes en réponse à la conformité de leurs pairs internes – d'autres filiales- et externes –leurs compétiteurs locaux. Ces différents niveaux d'attention aux demandes internes et externes se traduisent alors par un niveau de mise en œuvre qui varie d'une filiale à l'autre. Dans le deuxième essai (chapitre 3), je modélise la conformité d'une filiale sur la base d'arguments relatifs à la diffusion top-down des pratiques et aux pressions exercées par les pairs internes, tout en mettant en exergue le rôle que joue l'internalisation de la politique par la filiale. Mes résultats révèlent notamment que non seulement l'internalisation de la politique par une filiale augmente son niveau de conformité mais aussi qu'elle limite les effets positifs des pressions exercées par le siège et les pairs sur ce même niveau de conformité. Et dans le troisième essai (chapitre 4), j'étudie comment les caractéristiques des pratiques ainsi que leur niveau d'institutionnalisation influencent leur tendance à être couplées ou découplées de la politique groupe. J'observe que, pour des pratiques données, les périodes de couplage et de découplage se succèdent. De plus,

l'institutionnalisation des thématiques RSE dans le pays et l'industrie d'une filiale sont nécessaires au couplage des pratiques dans la durée, tandis que le manque de compatibilité des pratiques avec les valeurs des filiales est la principale cause de découplage. Dans l'ensemble, les résultats de mes trois essais démontrent que les niveaux hétérogènes de conformité que l'on observe au sein des multinationales résultent certes des différentes pressions internes et externes exercées sur leurs filiales, mais également (1) de leurs divers niveaux d'attention aux demandes normatives en fonction de la conformité de leurs pairs, (2) du fait que les filiales internalisent plus ou moins la politique groupe, ce qui limite l'influence du siège et de leurs pairs et (3) des caractéristiques spécifiques et des niveaux d'institutionnalisation des diverses pratiques.

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Before I thank all the people who made this work possible, I would like to rapidly give an account of the genesis of this project. I actually already considered starting a PhD after my HEC Master's degree in 2006. But the desire and courage to join academia and become a researcher truly became irresistible in 2009, as I struggled to understand the social and environmental (non) conforming behaviors I observed in the context of my work. And as I was thinking hard about the department and the institution I would like to join, I received an email from HEC that announced the creation of the GDF SUEZ Business & Sustainability Chair headed by Professor Rodolphe Durand. What if I joined HEC and had the opportunity to work with him?

I would like to begin with thanking my family: Arnaud, who helped me take the plunge 5 years ago and has trusted and supported me since then in all possible ways; our children, Delphine and Arthur, an inexhaustible source of joy and pride; and my parents who have always believed in me. I could never thank you all enough.

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Research Center and the Strategic Management Master. In short, Rodolphe showed me the tools and recipes to become an impactful scholar, while leaving me the freedom I needed to develop my own ideas and capabilities. I could not have imagined a greater collaboration. Not to mention the fact that Rodolphe was also extremely supportive of my personal projects and enthusiastic about my personal accomplishments, although they represented additional challenges for the completion of this dissertation. Thank you Rodolphe for believing I could do it all!

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I dedicate this work to Arnaud, Delphine and Arthur. Please bear with me, the academic journey is only just beginning...

TABLE OF CONTENTS

EXTENDED ABSTRACT	3
RESUME	5
ACKNOWLEDGMENTS	7
TABLE OF CONTENTS	10
LIST OF FIGURES	14
LIST OF TABLES	16
INTRODUCTION	18
CHAPTER 1: MOTIVATION AND OVERVIEW	21
Stumbling blocks in the literature	21
Conformity: opening the black box	21
Decoupling: sources and motivations	24
Coupling as a micro-process	27
The case of MNEs and research question	30
Heterogeneous conformity pressures on subsidiaries	31
Conformity as an intra-organizational matter	33
Coupling and decoupling as dynamic processes	34
CSR practices in an MNE	36
Setting: CSR at XYZ	40
Dissertation structure	42
Peer conformity, attention, and heterogeneous implementation of practices in MNEs ...	45
Implementation of CSR in an MNE: a model of intra-organizational conformity	45
CSR policy-practices (de)coupling within MNEs: Paths to walking the talk	46
 CHAPTER 2: ESSAY 1 - PEER CONFORMITY, ATTENTION, AND HETEROGENEOUS IMPLEMENTATION OF PRACTICES IN MNES	 47

<u>Theory background and hypotheses</u>	50
<i>The role of attention to demands</i>	53
<i>Peer conformity drives attention</i>	55
<i>Attention increases practice implementation</i>	58
<u>Methods</u>	59
<i>Data and Sample</i>	59
<i>Measures</i>	63
<i>Empirical approach</i>	66
<u>Results</u>	69
<i>Simultaneous equation modeling</i>	69
<i>Robustness tests</i>	75
<u>Discussion and conclusion</u>	76
<i>Limitations and directions for future research</i>	79
<u>CHAPTER 3: ESSAY 2 - IMPLEMENTATION OF CSR IN AN MNE: A MODEL OF SUBSIDIARY CONFORMITY</u>	82
<u>Theory and hypotheses</u>	87
<i>Intra-organizational influences on a subsidiary's conformity</i>	87
<i>Policy internalization as central to conformity</i>	89
<u>Methods</u>	93
<i>Sample</i>	93
<i>Measures and Model</i>	96
<u>Results</u>	101
<i>General models</i>	106

<u>Models by issue</u>	109
<u>Robustness Tests</u>	117
<u>Discussion and Conclusion</u>	118
<u>Limitations and Directions for Future Research</u>	120
<u>CHAPTER 4: ESSAY 3 - CSR POLICY-PRACTICES (DE)COUPLING WITHIN MNES: PATHS TO WALKING THE TALK</u>	123
<u>Theory background</u>	124
<u>Policy-practice coupling and policy-practice decoupling as processes</u>	124
<u>CSR issues vary in their perceived attributes</u>	125
<u>CSR issues are diversely institutionalized</u>	127
<u>Data and method</u>	129
<u>Results</u>	135
<u>First period</u>	135
<u>Second period</u>	138
<u>Summary of results</u>	147
<u>Robustness tests</u>	147
<u>Discussion and conclusion</u>	148
<u>Limitations and directions for future research</u>	149
<u>CONCLUSION</u>	151
<u>Contribution to the neo-institutional theory</u>	152
<u>Heterogeneous pressures on subsidiaries and strategic conformity</u>	152
<u>Intra-organizational (de)coupling processes</u>	153
<u>Contribution to the international management literature</u>	154
<u>Subsidiary attention to demands</u>	155
<u>Subsidiary conformity</u>	155

<u>Subsidiary policy internalization</u>	155
<u>Subsidiaries' perceptions of practices' attributes</u>	156
<u>Contribution to the CSR literature</u>	156
<u>Motives for CSR implementation</u>	156
<u>CSR dynamics within MNEs</u>	157
<u>CSR as a heterogeneous domain</u>	157
<u>Contribution to management practice</u>	158
<u>Limitations</u>	159
<u>Ideas for a research agenda</u>	161
<u>Conformity as standard behavior in the MNE context</u>	161
<u>A network approach to subsidiaries' mutual influences</u>	161
<u>Understanding conformity at the practice level</u>	162
<u>The role of subsidiaries' managers in conformity</u>	162
<u>REFERENCES</u>	164
<u>APPENDIX A: IMPLEMENTATION OF CSR PRACTICES – LIST OF SURVEY ITEMS</u>	182
<u>APPENDIX B: EXTERNAL PEERS' CONFORMITY – LIST OF ASSET4 ITEMS</u>	183
<u>APPENDIX C: ESSAY 1 – LIST OF IDENTIFYING VARIABLES</u>	185
<u>APPENDIX D: ESSAY 1 – MEDIATION ANALYSIS</u>	187
<u>APPENDIX E: ESSAY 2 – VALUE-CONSISTENCY – LIST OF ITEMS AND PRINCIPAL COMPONENT ANALYSIS</u>	191
<u>APPENDIX F: ESSAY 3 – PRACTICES' CHARACTERISTICS – LIST OF ITEMS AND CALIBRATION</u>	194
<u>APPENDIX G: ESSAY 3 – REGRESSION RESULTS</u>	196

LIST OF FIGURES

<u>Figure 1: Visual presentation of the three dissertation essays</u>	43
<u>Figure 2: Visual summary of the dissertation</u>	44
<u>Figure 3: Essay 1 - Internal and external environmental influences on a subsidiary's behavior</u>	52
<u>Figure 4: Essay 1 - Summary of the research hypotheses</u>	59
<u>Figure 5 : Essay 2 - A model of subsidiary conformity</u>	92
<u>Figure 6: Essay 2 - Influence of headquarters' pressure on conformity when value consistency is low vs high – all observations</u>	108
<u>Figure 7: Essay 2 - Influence of implementation of peers on conformity when value consistency is low vs high – all observations</u>	108
<u>Figure 8: Essay 2 - Influence of pressure from the headquarters on conformity when value consistency is low vs high - safety</u>	115
<u>Figure 9: Essay 2 - Influence of implementation of peers on conformity when value consistency is low vs high – safety</u>	115
<u>Figure 10: Essay 2 - Influence of pressure from the headquarters on conformity when value consistency is low vs high - biodiversity</u>	115
<u>Figure 11: Essay 2 - Influence of implementation of peers on conformity when value consistency is low vs high – biodiversity</u>	115
<u>Figure 12: Essay 2 - Influence of pressure from the headquarters on conformity when value consistency is low vs high – women in management</u>	115
<u>Figure 13: Essay 2 - Influence of implementation of peers on conformity when value consistency is low vs high – women in management</u>	115

<u>Figure 14: Essay 3 - Distribution of practices along the coupling paths</u>	134
<u>Figure 15: Essay 3 - Paths to enduring PPC</u>	140
<u>Figure 16: Essay 3 - Paths to PPD following PPC</u>	142
<u>Figure 17- Essay 3: Paths leading to PPC following PPD</u>	144
<u>Figure 18: Essay 3 - Paths leading to enduring PPD</u>	146

LIST OF TABLES

<u>Table 1: Essay 1 - Descriptive statistics and zero-order correlations</u>	70
<u>Table 2: Essay 1 - Variance inflation factors</u>	71
<u>Table 3: Essay 1 - 3SLS models estimating simultaneously the effect of attention on practices' implementation and the effect of peers' conformity on supportive attention</u>	72
<u>Table 4: Essay 2 - Descriptive statistics and correlations – all observations</u>	103
<u>Table 5: Essay 2 - Variance inflation factors – all observations</u>	104
<u>Table 6: Essay 2 - Linear regressions estimating the effect of headquarters' pressure, peers and value consistency on subsidiary conformity^a</u>	105
<u>Table 7: Essay 2 - Linear regressions estimating the effect of headquarters, peers and value consistency on subsidiary conformity regarding safety^b</u>	110
<u>Table 8: Essay 2 - Linear regressions estimating the effect of headquarters, peers and value consistency on subsidiary conformity regarding biodiversity^c</u>	111
<u>Table 9: Essay 2 - Linear regressions estimating the effect of headquarters, peers and value consistency on subsidiary conformity regarding the employment of female managers^d</u>	112
<u>Table 10 - Essay 3: Calibration of the measures</u>	133
<u>Table 11: Essay 3 - Configurations leading to PPC in period 1</u>	135
<u>Table 12: Essay 3 -Configurations leading to PPD in period 1</u>	138
<u>Table 13: Essay 3 -Configurations leading to continued PPC</u>	139
<u>Table 14: Essay 3 -Configurations leading to PPD following PPC</u>	140
<u>Table 15: Essay 3 -Configurations leading to PPC following PPD</u>	143
<u>Table 16: Essay 3 -Configurations leading to continued PPD</u>	145

<u>Table 17: Essay 3 - Summary of the FsQCA results</u>	147
<u>Table 18: Appendix D: Clustered linear regressions estimating the effect of peers' conformity and attention on CSR practices implementation</u>	188
<u>Table 19: Appendix D: Clustered linear regressions estimating the effect of peers' conformity on attention to demands related to CSR</u>	189
<u>Table 20: Appendix E - Value consistency of safety: Factor analysis</u>	192
<u>Table 21: Appendix E - Value consistency of the employment of female managers: Factor analysis</u>	192
<u>Table 22: Appendix E - Value consistency of biodiversity: Factor analysis</u>	193
Table 23: Appendix G - Regression of practices characteristics and institutionalization level on their coupling extent.....	197

INTRODUCTION

This dissertation aims at explaining heterogeneity in conformity within multinational enterprises (MNEs) and its dynamics. More specifically, I focus on what drives the subsidiaries' implementation of practices that are consistent with the policy defined by the parent MNE.

In fact, the topic of this dissertation was primarily inspired by my experience as a consultant in sustainability. As I worked with MNEs, I was struck by the lack of knowledge by the headquarters of (1) what their various subsidiaries actually did in terms of Corporate Social Responsibility (CSR) and (2) how best to communicate their vision to their subsidiaries and get the CSR policy substantiated throughout the organization.

This practical puzzle seems to lack a clear answer in both the strategy and international management literatures. Indeed, conformity within MNEs has been understudied and there is a need, from a theoretical as well as a practical standpoint, to understand what drives this phenomenon. As described in the following chapter of the dissertation, neo-institutional scholars have either conceptualized decoupling and conformity as intended strategic responses to external normative demands or described coupling processes within small organizations. Neither of these two research lines permits a full depiction of the case of complex organizations such as MNEs. MNEs are multidivisional organizations, operating in several countries and several industries, with many hierarchic levels of decision, varying levels of ownership and autonomy of the subsidiaries, different legal structures, etc. As a result, within such complex organizations, decoupling can emerge between the policy designed by the headquarters and the practices implemented by the subsidiaries (Kostova & Roth, 2002; Crilly, Zollo, & Hansen, 2012). In addition, beyond local differences, the

antecedents of subsidiary conformity to corporate policies still need to be identified, so that we can understand intra-organizational heterogeneity.

In this dissertation, based on three complementary essays, I explain intra-organizational conformity based on subsidiary-level institutional and behavioral arguments. I focus on the case of Corporate Social Responsibility (CSR) practices within one large MNE (over 200,000 employees in 2012) operating in gas and energy production, energy services and environmental services. I rely on a rich set of data (3 rounds of survey, interviews, and archival data) on the implementation of CSR practices by up to 101 of the MNE's subsidiaries located in 30 countries.

Overall, the findings of my three essays show that heterogeneous conformity within MNEs stems not only from diverse internal and external pressures exerted on subsidiaries, but also from (1) the subsidiaries' varying levels of attention to normative demands that depend on peers' behaviors, (2) their heterogeneous internalization of the Group policy which reduces peers' and headquarters' influence and (3) the specific characteristics and institutionalization levels of different practices.

Thus, my dissertation speaks to international strategy research by focusing on the subsidiaries' conforming behavior and its antecedents inside and outside the MNE, nuancing a more top-down view of MNEs' strategy and practices diffusion. It also contributes to the neo-institutional literature by further adapting its arguments to the MNE context and advancing the understanding of subsidiary conformity. Previous works at the organizational level tend to reify organizational conformity and study its consequences for organizations. In this dissertation, I focus on intra-organizational processes that explain heterogeneous levels of conformity and conformity dynamics within complex organizations such as MNEs. By using behavioral explanations for the conformity of MNEs' subsidiaries, this dissertation also casts a new light on the conceptualization and underlying mechanisms of organizational attention

(Ocasio, 1997) and policy internalization. And while focusing on CSR allows uncovering novel mechanisms explaining conformity, it also provides a specific contribution to the CSR literature by articulating complementary motives for CSR implementation (e.g. Bansal & Roth, 2000; Aguilera, Rupp, Williams, & Ganapathi, 2007).

Finally, this work also has implications for practice as it proposes explanations for intra-organizational conformity in a way that can inform the design of strategy at both headquarters' and subsidiaries' management levels.

This document is organized as follows. In Chapter 1, I introduce the main concepts, the overarching research question, the literature gaps and the thesis developed in the following three chapters. In Chapter 2, I focus (1) on the influence of the subsidiaries' attention to CSR-related demands from inside and outside the MNE on their CSR practices implementation and (2) on the impact of the conformity of their internal and external peers. In Chapter 3, I propose a model for subsidiary conformity at the intra-organizational level, related to the pressures the subsidiary undergoes within the MNE as well as its internalization of the CSR policy. In Chapter 4, I look at the practices themselves and study how their perceived characteristics and institutionalization stage influence their tendency to be coupled and decoupled from the corporate policy over time. And in the concluding chapter, I summarize the main findings and contributions of the dissertation, I acknowledge its limitations and I present ideas for a future research agenda.

CHAPTER 1: MOTIVATION AND OVERVIEW

In this first chapter, I describe the theoretical background against which my thesis is written, I highlight theoretical gaps and show how my three dissertation essays offer to fill them in complementary ways. The primary theoretical lens I use throughout my thesis is the neo-institutional theory, applied at the organizational unit level – MNE's subsidiaries in my case.

Although some works have begun adapting the neo-institutional arguments to the MNE context (e.g. Delmas & Toffel, 2008; Kostova & Roth, 2002; Kostova, Roth & Dacin, 2008; Kostova & Zaheer, 1999), some intra-organizational mechanisms still lack a complete understanding. In particular, while it has been shown that the external and internal environments in which subsidiaries are embedded –the MNE, the country, the industry– highly influence their implementation of practices, little is known about the subsidiaries' characteristics and behaviors that might mediate or interact with those effects. In addition, most works focus on a specific practice, which does not allow studying how the practices' characteristics and varying institutionalization levels influence their varying (de)coupling levels within MNEs.

I further detail below the main arguments I use in my dissertation, the main puzzles I wish to tackle and the way my three essays are articulated.

Stumbling blocks in the literature

In the three paragraphs below, I review the literature on organizational conformity, decoupling and coupling and suggest that its arguments need to be adapted to the complex case of MNEs.

Conformity: opening the black box

Neo-institutional theory points to the need to consider the environment in which organizations are embedded in order to understand their strategic choices. Indeed, early neo-institutional scholars argued that organizations undergo normative, coercive and mimetic pressures that lead to isomorphism among members of a given institutional field (DiMaggio & Powell, 1983). As a result, within a field, organizations implement similar practices because they are faced with common institutional prescriptions enforced by field members with coercive power, or because they mimic their peers when experiencing uncertainty in their environment (Rao, Greve & Davis, 2001) or because the practices are considered as a norm in the industry or in certain professional cohorts. Organizations adopt structures and practices that reflect the “myths” in their institutional environments (Meyer & Rowan, 1977).

More recent developments of the neo-institutional theory have looked at situations in which institutional change occurred. In particular, new normative prescriptions can put organizations in a situation of conflict between logics (Dunn & Jones, 2010; Lounsbury, 2007; Thornton & Ocasio, 1999) or institutional complexity (Greenwood, Raynard, Kodeih, Micelotta & Lounsbury, 2011) and be promoted by field advocates, movements of activists (Rao, Monin & Durand, 2003) or institutional entrepreneurs (Greenwood & Suddaby, 2006; Leca, Battilana & Boxenbaum, 2008; Maguire, Hardy & Lawrence, 2004). In such cases, the changing nature of institutional pressures and the institutional work (Lawrence & Suddaby, 2006) of specific field members lead to the implementation of new organizational practices. Organizations can also strategically conform to a new logic in order to counterbalance the influence of dominant advocates of the main logic (Durand & Jourdan, 2012). All these works suggest that organizations can respond to institutional pressures or even manipulate them in a strategic manner.

Among these organizational responses to institutional pressures, conformity was considered as strategic only recently. Most conformity studies focus on situations in which

organizations are confronted with two different logics, rather than the introduction of a new norm, and conform more or less to one or the other. For instance, Thornton (2002) looks at the influence of conformity to editorial vs. market logic on the adoption of the multidivisional organizational form by higher education publishing. Dunn and Jones (2010) find that conformity to the care logic as opposed to the science logic in American medical schools depends on some changes in the profession (increased competition with public health schools, proportion of women entering the schools, calls for change) as well as increased demands from the public. In those papers, organizations seem to give in to logics rather than strategically conform to either of them.

By contrast, the work of Durand and colleagues stresses the strategic dimension of conformity. For instance, in the context of French cuisine, Durand, Rao and Monin (2007) study the impact of changes in chefs' signature dishes on Michelin ratings. They find that changes that maintain conformity to the prescriptions of either the classical or the nouvelle cuisine –“code preserving” changes- and changes that violate these prescriptions –“code violating” changes- both improve external evaluation. Durand and Jourdan (2012) show that filmmakers conform to the minority logic of market finance promoted by minority resource-holders, the *soficas* investment funds, in order to reduce the relative power of their main resource providers. Philippe and Durand (2011) study conformity to the environmental transparency norm and argue that it can be strategic, although it does not result from a choice between two logics. They propose that firms can conform to the norm's goals and/or commit to its prescribed procedures, following four distinct strategies: “abiding behaviors, strengthening behaviors, targeting behaviors, and finessing behaviors” (Philippe & Durand, 2011: 972). They find that goal conforming behaviors associated with either procedure conformity (“strengthening” strategy) or procedure non-conformity (“abiding” strategy) have a positive impact on reputation and that firms that conform to the norm's goal and procedure

simultaneously have a greater reputation. Their results also suggest that the absence of goal compliance can have a positive impact on reputation when associated with procedure conformity (“targeting” strategy), although not in sensitive industries.

What we know from previous work is therefore that (1) conformity involves actual changes in behaviors and the implementation of new practice (e.g. Joseph, Ocasio & McDonnell, 2014; Thornton, 2002), (2) conformity is strategic as it can enhance reputation (Philippe & Durand, 2011) and provide access to resources (Durand & Jourdan, 2012) and (3) it depends on organizations’ and top managers’ strategic intent (Joseph et al., 2014) and statuses (Durand & Kremp, 2014).

But all these works consider conformity as a homogeneous organizational concept, while it might not always be the case: within MNEs, there is heterogeneity in practice implementation across subsidiaries. Explaining this heterogeneity is the first gap I wish to tackle, as detailed in the next section of this chapter.

In addition, as suggested by the review above, studies of the drivers of conformity are still limited –exceptions include Joseph and colleagues’ study of conformity to the shareholder value logic (Joseph et al., 2014). To better understand what fosters conformity in organizations, I draw on the decoupling literature that explains why organizations adopt facade conformity rather than actually conforming to norms in their concrete activities.

Decoupling: sources and motivations

First introduced by Meyer and Rowan (1977), decoupling is a process taking place within formal organizations which consists in favoring delegation of technical activities from management to professionals, implementing informal coordination, and minimizing control over and communication about these technical activities. Through decoupling, “the assumption that formal structures are really working is buffered from the inconsistencies and anomalies involved in technical activities [...]”. Thus, decoupling enables organizations to

maintain standardized, legitimating, formal structures while their activities vary in response to practical considerations.” (Meyer & Rowan, 1977: 357) However, organizations can maintain legitimacy thanks to the “confidence and good faith” of internal and external stakeholders which is made possible by avoidance, discretion and overlooking. (Meyer & Rowan, 1977: 357-358). Similarly, in Oliver’s work (1991), one of the avoidance tactics is concealment, which echoes Meyer and Rowan’s definition of decoupling (Meyer and Rowan, 1977). Indeed, Oliver explains that “concealment tactics involve disguising nonconformity behind a facade of acquiescence. [...] Organizations may, additionally, engage in "window dressing"; ritualism; ceremonial pretense; or symbolic acceptance of institutional norms, rules, or requirements [...]. Concealment can therefore be distinguished from the acquiescent strategy of compliance by the degree to which conformity is apparent or real.” (Oliver; 1991: 154-155)

Using the example of equal employment opportunity and affirmative action, Edelman (1992) shows that, when norms are “ambiguous, procedural in emphasis and difficult to enforce”, that is to say when there is no “specific substantive requirements”, organizational responses can be merely symbolic (Edelman, 1992: 1542-1543). Organizations then create a visible commitment, through the establishment of a formal structure (Affirmative Action offices or EEO policies in their case) without the implementation of change in practices. Thus, Edelman introduces the idea that the nature of the norms influences the ability to implement strategic decoupling.

Westphal and Zajac have also devoted extensive work to decoupling as an organizational strategy to obtain legitimacy without implementing substantive change, studying its antecedents and consequences. Looking at the decoupling of long term incentive plan (LTIPs) adoption they showed that decoupling results from “micro-political and macro-institutional forces” (Westphal & Zajac, 1994:367). They found that firms with strong CEOs trying to avoid actual implementation and firms with poor past performance were more

inclined to recourse to decoupling. The propensity to decouple increased as LTIPs became institutionalized and was more prevalent among late adopters than early adopters of LTIPs. In a later paper, Westphal and Zajac (1998) looked at the consequences not only of structural decoupling, but also of symbolic language, and found that the symbolic adoption of LTIPs could generate positive stockholder reactions and deter more substantive governance reforms. Next to the focus on the consequences of decoupling, an interesting addition of their work to the above cited papers is thus the recognition that language and discourse are important vectors of decoupling. In this paper, Westphal and Zajac move away from the opposition between formal structure and practices to observe policy-practice decoupling. In their 2001 piece, they focus on the implementation of stock buyback programs and demonstrate that decoupling by connected firms and prior decoupling also influenced decoupling. Thus, isomorphic pressures play a role in the decoupling process.

Fiss and Zajac (2004; 2006) applied the same kind of definition of policy-practice decoupling to their studies of the adoption of shareholder value orientation by German companies. They highlighted the role of powerful and committed actors in reducing the likelihood of decoupling (Fiss & Zajac 2004) and showed that, while the companies that really implemented the change in orientation towards shareholder value tended to use a “balancing framing” to “soften the blow”, decoupling companies rather used an “acquiescence framing” (Fiss & Zajac, 2006). Again, decoupling is presented as an intended strategy at the corporate level that involves a framing tactic based on discourse.

In sum, most recent works on decoupling have explained policy-practice decoupling at the organizational level and highlighted the importance of discourse for conformity. They thus echo the works of Vaara and colleagues on the strategic legitimizing role of discourses: in the global context of mergers and acquisitions, they show that discourse allows framing success or failure, change and decisions as legitimate or illegitimate, and organizational members as

responsible or not, while reshaping organizational identities (Vaara, 2002; Vaara & Tienari, 2011; Vaara, Tienari & Laurila, 2006).

But in the case of complex organizations such as MNEs, decoupling occurs between the discourse and policies defined by the headquarters and the practices implemented by the subsidiaries, because MNEs have loosely coupled structures (Weick, 1976; Orton & Weick, 1990; Ocasio & Joseph, 2005; Ocasio, 2012) which allow managers at all levels of the organization certain levels of discretion over the actual implementation of practices (Crilly, Zollo & Hansen, 2012, 2012). **There is thus a need to acknowledge that conformity is an intra-organizational matter in MNEs and focus on its intra-organizational antecedents. This is the second gap this dissertation aims at filling, as explained in the next section of this first chapter.**

Coupling¹ as a micro-process

As detailed in the previous section, research on decoupling has not paid much attention to the intra-organizational processes at play. This gap has partially been addressed by coupling studies, although in settings that differ a lot from the MNE context.

Coupling studies primarily looked at the role of individuals in the coupling of small organizations' practices with external norms. In his ethnography on the implementation of accountability in an elementary school, Hallet defines "recoupling" as "processes through which institutional myths and organizational practices that were once loosely connected become tightly linked" (Hallet, 2010: 53) and as "the process of creating tight couplings where loose couplings were once in place" (Hallet, 2010: 54). He finds that the hiring of a new principal allowed for coupling of the school's practices to the accountability logic

¹ Some researchers use the word recoupling, others coupling. For the sake of simplicity, I consistently write about coupling, because recoupling seems to suggest that some initial tight coupling of practices once existed, that they were decoupled, and then coupled again. Actually, the cases where such renewed coupling occurs should be rare in reality. This work will thus keep the more generic concept of coupling processes, reflecting the move from loose to tighter coupling, regardless of potential previous tight coupling.

through the implementation of reforms and monitoring of individual behaviors. However, this coupling process proved harmful for the atmosphere of the school, with the emergence of “turmoil”, and for the educational outcome, with a drop in reading scores. In this case, the coupling mechanism at play corresponds to the expression of coercive power from the management of the organization and is guided by an efficiency motivation. Spillane, Parise and Sherer (2011) studied coupling to governmental regulation in classroom teaching, and found that organizational routines were the designed mechanisms allowing the selective coupling of the formal structure and of the technical core to the government regulation. Indeed, according to the authors, thanks to the introduction of new routines, school leaders changed the formal structure (ostensive aspect of routines) as well as the administrative practice (performative aspect of routines) (Spillane et al., 2011). The coupling mechanisms at stake were standardization of practices, monitoring and transparency, consistent with Hallet’s observations (2010).

These two contributions focus on coupling processes that rely on enforcement by the management of the organization. However, other mechanisms linked to internalization can foster coupling within organizations as shown by Sauder and Espeland’s work (2009). In the context of the compliance of law schools with USN rankings’ evaluation methods, the authors borrow Foucault’s concept of discipline to explain why tight couplings are promoted in a case “where buffering would be desirable” (Sauder & Espeland, 2009:64). According to them, disciplinary practices stem from a continuous and diffuse disciplinary power. In particular, they find that two of Foucault’s disciplinary techniques, surveillance and normalization, apply to their case. They further show that three interpretations of rankings – “as sources of anxiety, as objects to resist, as pressures that become, for some, peculiarly seductive” (Sauder & Espeland, 2009:74) - generate internalization of norms and reinterpretation of practices that prevent buffering and facilitate tight coupling. Thus, they depart from the study of the

coercive effects of measures and look at internalization mechanisms that-is-to-say mechanisms that increase the extent to which actors are committed to given practices.

Finally, Tilcsik (2010) presents coupling and decoupling as dynamic processes since he focuses on what happens in organizations before and after the decision to decouple is made. He looks at coupling processes between the formal public fund allocation policy of a Governmental Agency (algorithmic system) and the allocation practices that are mostly discretionary. He observed that the main driver of the coupling process was the recruitment of new employees who saw the policy as economically beneficent and allowing them to enact their identities (Tilcsik, 2010). Like in the cases studied by Hallet (2010) and Spillane, Parise and Sherer (2011), the coupling process is engaged by the arrival of new actors who question the traditional way of operating. But, contrary to these works, the coupling mechanisms do not rely on the enforcement of the implementation in a coercive manner, but rather on the spread of a new ideology.

In short, the coupling literature improves our understanding of the micro-level coupling processes and point to explanations at the individual level. Adapting its arguments to the MNE will help me address the gap in the decoupling literature identified above. However, coupling studies do not explore the dynamic potential of coupling and decoupling processes as they present them as unidirectional: organizations move from a state of decoupling to a situation of conformity through a coupling process. In the case of MNEs, practices might display heterogeneous conformity levels, and coupling and decoupling periods might follow each other in varying ways depending on the practices considered. **Understanding the dynamics of coupling and decoupling over time in a complex organization is the third gap this dissertation is addressing, as described in the next section of this chapter.**

The case of MNEs and research question

This review of the existing literature related to decoupling, coupling and conformity suggests, as Kostova, Roth and Dacin explain, that the concepts at the basis of neo-institutional theory “have limited validity and require serious theoretical reconsideration for the [MNE]” (Kostova et al., 2008: 1001). In particular, conformity or decoupling in MNEs is not a fully intended and coordinated strategic response (Crilly, Zollo & Hansen, 2012) as the ones described so far. Indeed, conformity levels are neither homogeneous across the MNE’s entities nor stable over time. As described in the introduction to this document, MNEs are seen as multidivisional organizations made of more or less heterogeneous and independent entities. Thus, the implementation level and coupling state of policies will vary across the MNE. Indeed, the different subsidiaries are distinct from the headquarters and from each other in terms of activity, location, size, etc, so that they are bound to be loosely coupled (Weick, 1976; Orton and Weick, 1990; Ocasio 1997). In addition, this implies that the more independent and disconnected the subsidiaries are, the more they tend to decouple their activities from the headquarters’ discourse. But most neo-institutional works concerned with conformity and decoupling tend to present the organization as monolithic.

The main gap in the literature I wish to address in this dissertation is the lack of an explanation for heterogeneity in conformity levels (policy-practice coupling or substantive implementation of corporate policy) within complex organizations. Some works in international strategy have looked at institutional demands influencing subsidiaries’ decisions but they have paid rather limited attention to the dynamic dimension of conformity processes and to the strategic role of subsidiaries whose behavior is often reduced to mere isomorphism.

Therefore, the main research question of my dissertation is the following:

Why do the subsidiaries of an MNE display heterogeneity in their conformity to the corporate policy?

In order to address this question, the conceptualization of conformity needs to be adapted to the complex case of MNEs, as described below: (1) within an MNE, conformity is heterogeneous because pressures on subsidiaries vary; (2) subsidiary conformity is an intra-organizational matter; and (3) coupling and decoupling are dynamic processes.

Heterogeneous conformity pressures on subsidiaries

Since the MNE is not monolithic, the right level of analysis to study institutional pressures is not the organization's field, but rather the entities' fields that differ from each other. As Kostova, Roth and Dacin suggest, the definition of fields at the "meso" level, linked to countries and industries, does not apply as such to MNEs as wholes (Kostova et al. 2008). In fact, on top of their industry, the subsidiaries are embedded in two other different types of fields: the local institutional field on the one hand, and the intra-organizational institutional field on the other hand. This typology of institutional fields is consistent with international strategy literature according to which MNEs need to address both global integration and local responsiveness. Each subsidiary is torn between pressures for consistency within the MNE ("mirror effect") and isomorphic pressures of the differentiated local environments (Doz & Prahalad, 1991; Rosenzweig & Sinh, 1991; Westney, 1993; Kostova & Zaheer, 1999).

Several international strategy scholars extended institutional arguments to the case of MNEs' subsidiaries. These works include studies of "legitimacy spillovers" within MNEs (Kostova & Zaheer, 1999) and "institutional duality" (Hillman & Wan, 2005; Kostova & Roth, 2002). Kostova and Zaheer (1999) show that obtaining legitimacy is more difficult for MNEs than for organizations operating in a single country. Indeed, according to them, MNEs make the sources of legitimacy more complex: the legitimating environment, the organization, and the process of legitimation. In addition, they propose that the legitimacy of an

organization is linked to the legitimacy of its sub-entities because some internal spillovers exist. Thus “MNE subunits will face a greater challenge in establishing and maintaining legitimacy when the MNE as a whole or any of its other subunits experiences legitimacy problems; similarly, the MNE as a whole will also face a greater challenge in maintaining legitimacy if any of its subunits experiences legitimacy problems.” (Kostova & Zaheer, 1999: 75-76) Kostova & Roth (2002) introduce the idea of “institutional duality” to suggest that an MNE’s subsidiaries face institutional pressures from their host country as well as from their parent MNE. They study the diffusion of quality management, a practice at its semi-institutionalization stage, measuring the impact on internalization and implementation of the favorability of the host country and the relationship with the parent firm. Testing their hypotheses thanks to two surveys addressed to managers and employees of 104 subsidiaries of a US MNE, they find support for the influence of the cognitive institutional profile but not for regulatory and normative profiles of the host country. Regarding the relations with the parent firm, they find support for the influence of trust and identification, but not for dependence. Hillman and Wan (2005) build on Kostova & Roth’s work (2002) and look at the influence of the “institutional duality” the subsidiaries of MNEs have to face on their strategies targeting political decision-makers. The authors focus on the influence of internal and external legitimacy pressures on the type of political strategies implemented by the subsidiaries: information, financial incentive and constituency-building strategies. They test their hypotheses using a hierarchical linear model that allows them to include several levels of analysis. They obtain mixed results but find that the size and tenure of the subsidiary in its host country, the characteristics of the host country (pluralistic vs. corporatist) and the parent firm’s diversification significantly influence the tendency of the subsidiaries to recourse to certain types of political strategies. According to Delmas & Toffel (2008), the actual environmental pressures are prioritized differently by the different facilities of a company,

whose receptivity to external pressures varies. The environment includes market (customers, suppliers, competitors) and non-market constituents (local communities, environmental organizations, regulators, and the media). The authors expected and confirmed that the adoption of ISO 14001 was positively related to the receptivity to pressures from market constituents to improve environmental performance and negatively related to the receptivity to pressures from non-market constituents, while the adoption of government-initiated voluntary programs was positively related to the receptivity to pressures from non-market constituents to improve environmental performance.

Thus, institutional arguments have been applied to the MNE context, but with an emphasis on the isomorphic pressures subsidiaries undergo and are receptive to. I argue that an MNE's subsidiaries can react strategically to new normative demands and go beyond passive isomorphism. In particular, **subsidiaries can devote more or less attention (Ocasio, 1997) to their internal and local constituents' demands, which results in varying implementation levels (GAP 1).** There is a need to better conceptualize subsidiaries' attention and to understand why attention levels vary within MNEs. The research question of my first essay is thus:

When implementing new practices, how much attention do an MNE's subsidiaries pay to the demands of their external constituents and the demands of the MNE's headquarters and why?

Conformity as an intra-organizational matter

Works on decoupling or conformity within MNEs remain very scarce. However the potential for decoupling practices from discourse within MNEs is particularly high as MNEs produce a lot of legitimizing discourse at the corporate level (Vaara & Tienari, 2008, 2011), . A noticeable exception is the article by Crilly, Zollo and Hansen who conclude that decoupling is not necessarily a "calculated deception" from the headquarters because

managers have discretion at all levels of the organization (Crilly et al., 2012) and make the case for an “emergent” type of decoupling (Crilly et al., 2012: 1441). In MNEs, decoupling is the misalignment between the discourse or commitments of the headquarters on the one hand, and the actions of the subsidiaries on the other hand. It is an intra-organizational, but inter-entity phenomenon. Hence, decoupling occurs between various entities of the organization and there is variety in conformity levels across entities, which departs from the monolithic view of neo-institutional theorists. Therefore, we need to understand the subsidiaries’ conformity motivations to better explain intra-organizational heterogeneity.²

Consistent with the findings of Crilly and colleagues (2012), in this dissertation, I conceptualize conformity as an intra-organizational matter. **To improve our understanding of subsidiary conformity, there is a need to better articulate the role of the headquarters, the role of other subsidiaries and the role of the perception the subsidiaries have of the policy considered. (GAP 2)**

The research question of my second essay is the following:

Controlling for external influences, what are the intra-organizational mechanisms that foster conformity within an MNE?

Coupling and decoupling as dynamic processes

In the MNE context, I argue that coupling and decoupling are dynamic processes, so that a given subsidiary couples a specific practice to the corporate policy at times, and

² Regarding coupling processes, a recent piece by Egels-Zandén (2014) looks at the coupling of an MNE’s suppliers’ practices with its code of conduct. While studying coupling processes in an international and varying context, this paper departs from the coupling literature in that it moves away from the intra-organizational analysis. Therefore, it does not really study conformity processes or levers within MNEs and focuses on external demands rather than intra-organizational dynamics.

decouples it at other times. In addition, coupling and decoupling processes vary from one subsidiary to the next and from one practice to the next.

Again, an MNE's subsidiaries are embedded in several fields simultaneously: the parent organization, the industry and the country. As a result, a given subsidiary is pressed to implement practices that each are diversely institutionalized in its various fields. We do not know much about how this complex institutional setting influences (de)coupling mechanisms within MNEs.

In addition, empirical research on decoupling and coupling mechanisms has focused on single practices (e.g. TQM, LTIP, accountability, etc) although previous studies have suggested that observing and comparing several practices in one community might produce more nuanced understanding of the diffusion processes at play (Strang & Soule, 1998; Delmas & Toffel, 2008). As a result, research on conformity has overlooked the role of the practices' idiosyncratic differences in explaining varying and evolving levels of (de)coupling. Ansari, Fiss and Zajac (2010) specifically recommend that we study the influence of practices' characteristics on their adaptation extent and point to the technology diffusion literature as a promising source of ideas.

In sum, we need to understand the way in which the complex piling up of institutional pressures influences the (de)coupling level of different practices and about coupling and decoupling patterns (GAP 3).

Accordingly, the research question of my third essay is:

Under what conditions are practices coupled to or decoupled from the policy over time in an MNE?

CSR practices in an MNE

This section exposes how corporate social responsibility (CSR) is defined and why it is a relevant setting to study the subsidiary-level conforming mechanisms I wish to uncover.

In an early conceptualization, Carroll (1979) defined CSR as being of four types: economic, legal, ethical, and discretionary and covering a large set of issues such as consumerism, the environment, discrimination, product safety, occupational safety, and stakeholders' management. He further described firms' social responsiveness as covering a continuum from no response to a proactive response. A few decades later, the main elements that are commonly considered by scholars and practitioners attempting to define CSR are the types of issues addressed, the forms of the actions and the relationship with social and environmental legislation.

Regarding the type of issues addressed, the borders of CSR are quite blurred. Matten and Moon (2008) see CSR as “an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations” (Matten & Moon, 2008:405). It seems to be better defined by what it is not: “business fulfillment of core profit-making responsibility and [...] the social responsibilities of government” (Matten & Moon, 2008:405). And to make the definition of CSR even more complex, the authors notice that it varies across countries because of the varying national business systems. Rather than CSR, Marquis, Glynn and Davis (2007) focus on corporate social actions which include behaviors and practices, to avoid debating whether corporations actually have a responsibility to implement such actions. According to the authors, these actions can deal with “the arts, housing, the physical environment, education and schooling, human welfare, poverty, disease, wellness, and general improvement in the quality of life” (Marquis et al., 2007:926). On the practitioners' side, CSR is defined by the triple bottom line: increasing economic, environmental and social benefits, while minimizing environmental and social impacts. This

categorization is also used by CSR researchers (e.g. Aguilera et al., 2007; Bansal, 2005). In terms of issues CSR should address, two main references are the Global compact and the ISO 26000. The Global compact is concerned about human rights, labor, environment and anti-corruption. And the ISO 26000 is structured around seven axes: governance, customer-related questions, environment, social involvement, human rights, working conditions and relationships. In this dissertation, I consider CSR in a wide sense, although I focus on specific practices in my empirical analysis, related to one environmental issue (biodiversity), one social issue (gender equality) and safety which is also very relevant to the industries I study.

Marquis and colleagues define the forms taken by CSR actions: “cash contributions, investments in social initiatives or programs, employee volunteer efforts, and in-kind donations of products or services” (Marquis et al., 2007:926), with varying levels of monetary and time commitment. These forms mainly reflect a posteriori compensating measures, so that more upstream practices might be missing. Going back to the triple bottom line suggests that investments in eco-friendly equipments and installations, product innovation and design as well as responsible procurement are additional forms of CSR.

As far as the relationship to the law is concerned, the question is whether CSR only occurs when companies go beyond legal requirements. In their model of CSR supply and demand, McWilliams and Siegel (2001) limit CSR to “actions that appear to further some social good, beyond the interests of the firm and that which is required by law.” (McWilliams & Siegel, 2001:117). Matten and Moon (2008)’s standpoint differs from this approach, since they consider European companies’ CSR as a form of CSR, although it is more legally enforced than US companies’ CSR. Here, I include both legally enforced and voluntary practices in my research, since the level of legal requirements and enforcement varies across countries, as further discussed below.

In sum, I define CSR as the collection of practices implemented by companies to maximize their positive environmental and social impact, in line with or above the most demanding legal environment they face throughout their facilities. These practices include the consideration of environmental and social impacts and benefits throughout the activities of the company -operations, research and development, procurement, marketing and sales, human resources-, as well as partnerships and donations in money, time or kind. Thus, CSR is not limited to stakeholder engagement but means actual changes in the way organizations operate (Zollo et al., 2009).

CSR is a fruitful field to apply the neo-institutional perspective as is shown by previous research. For instance, Marquis, Glynn and Davis (2007) looked at local institutional pressures and found that community-level isomorphism influenced the “nature” (“focus” and form”) and the “level” of corporate social action. According to them, this happens because of “cultural cognitive”, “social normative” and “regulative” community forces.

But why is CSR well suited to observe the coupling and conformity mechanisms I wish to study? A discourse supporting sustainability at large and CSR in particular is very present in the media, as well as in the political world and among NGOs. It contributes to the institutionalization of CSR practices (Phillips, Lawrence, & Hardy, 2004). We can for instance take the examples of climate change and CO₂ emissions for the environment or child labor for social issues. This discourse, by stressing do’s and don’ts, fosters the institutionalization of practices considered as sustainable by external constituents. Within organizations, the institutionalization process of CSR is reinforced by the recourse to additional supporting texts: the CSR policy, internal communications and trainings related to CSR issues, the CSR report, CSR action plans, etc. These elements are part of what Green, Li and Nohria (2009) name the linguistic institutionalization in their study of TQM adoption. They show how a change in the structure of the arguments supporting practices reflects their

institutionalization. These different works emphasize the importance of the rhetoric and symbolic aspects of institutionalized practices. This prevalence of discourse and symbols, observable in the CSR context, does not necessarily reflect the actual practices of the organization, so that it might leave room for decoupling. Indeed, the existence of a CSR governance structure or of a CSR action plan does not guarantee the actual implementation of CSR practices or the improvement of the corporate social performance. In other words, the CSR policy is an “easily decoupled structure” (Weaver, Trevino and Cochran, 1999). The work of Philippe and Durand (2011) further illustrates the importance of communication in the CSR context as well as the potential disconnect between its procedural implementation and organizations’ internalization of its goals.

CSR demands on MNEs are particularly pressing. Global stakeholders gain importance (Devinney, McGahan & Zollo, 2013) and MNEs must respond to rising demands regarding their “triple bottom line”: increasing economic, environmental and social benefits, while minimizing environmental and social impacts at the global level (Aguilera et al., 2007; Bansal, 2005). And subsidiaries have to deal with CSR-related demands from the MNE’s headquarters as well as their local environments, in which the CSR legal requirements vary greatly for each CSR issue. Examples of the high discrepancies that exist between national regulations on health and safety, gender equality and biodiversity are given in the next chapters. Next to legal requirements, the countries in which the subsidiaries are embedded have diverse cultures, which influences the subsidiaries’ social performance (Ringov & Zollo, 2007).

CSR also includes a very wide set of issues, that need to be prioritized, and that might sometimes be conflicting. And the outcomes of the implementation of practices in terms of economic and social gain (Kennedy & Fiss, 2009) can prove uncertain as well. As a result, the subsidiaries have a different understanding of CSR (Crilly et al., 2012), a different

interpretation, and a different translation into practice (Jennings & Zandbergen, 1995; Sharma, 2000).

Setting: CSR at XYZ

My field of inquiry is the XYZ Group, a multinational corporation headquartered in country A and operating in gas and electricity production and supply, as well as infrastructure development and energy and environmental services³.

The Group only has a recent history, since it is the result of the merger of two companies, XY and Z, in 2008.

XY was a public organization exploiting, producing, importing and stocking gas and delivering it to professionals and households in country A. It was founded in the middle of the 20th century together with a sister company producing and delivering electricity. The two companies shared common services, in particular a joint distributor until 2008, when two distinct distributors were created, respectively 100% owned by each of the two sister companies. XY was partially floated in 2005, but the State of country A remained the main shareholder with an 80% stake in the company. Starting in May 2008, when the energy sector got liberalized in Europe, XY developed its electricity production activities and combined natural gas-electricity offerings.

The status of XY as a public utility operator in country A invested it with a specific role and provided it with specific responsibilities, which will continue to be endorsed by XYZ after 2008. According to a 2004 law related to public service of electricity and gas, the obligations of electricity and gas producers have to be formalized in a public service contract. This contract is regularly revised and includes items related to security of supply, service

³ The Group divested from its environmental services activities in late 2013, after most of the data was collected.

quality, service accessibility, tariff evolution, research and development policy and environment protection policy.

Z on the other hand was an MNE headquartered in country A operating in water, electricity and natural gas production and supply, as well as waste management services. It was created in 1997 as a result from the merger between Z1 and W. Z1 was initially created in 1858. Z1 entered the capital of W, a leading water company in country A in 1967 and became its main shareholder.

The merger of XY and Z was put on the political agenda of country A at the beginning of 2006. But because of the public status of XY, some legal adjustments had to be made first. Thus, a law authorizing the privatization of XY was passed in late 2006. In 2007, the two Groups agreed on the absorption of Z by XY, with the exchange of 21 XY shares for 22 Z shares. The merged company, XYZ was created on July 22nd, 2008, with 35% of its shares held by the State of country A.

In 2013, XYZ was present in 70 countries and employed over 200,000 people. It is a leading actor of the utilities sector, ranked first worldwide in its industry by Forbes Global 2000.

The State of country A is still the main shareholder of XYZ (36% of the shares at the end of 2010). It is represented by 6 out of 21 directors at the board and, for the activities in country A (41% of the Group's 2009 EBITDA) the public services contracts initiated with XY are still regularly renewed.

The activities of the Group, linked to environmental domains, its large production plants representing environmental and safety risks, as well as the location of its installations and activities, in part situated in developing countries, put CSR at the heart of XYZ's strategic

concerns. Moreover, in country A, the public service contract inherited from XY has a strong focus on social and environmental impacts of the Group's operations.

However, since XY and Z only merged their activities in 2008, the Group's common CSR approach is very recent. Thus, it defined and released group-wide quantitative and qualitative CSR objectives in 2011. These objectives cover HR (recruitment, training, proportion of female managers, employee shares) safety (frequency rate) and the environment (biodiversity and shares of renewable energies in the production)⁴.

The different issues covered by these objectives are more or less mature. For instance, health and safety concerns have long been central both to XYZ's activities and to labor regulations, whereas biodiversity has gained increasing visibility recently, with 2010-2020 being the United Nations' international decade for biodiversity. Thus, looking at different CSR issues tackled by XYZ gives the opportunity to test the diffusion of practices at different institutional stages: pre-, semi- and full institutionalization (Tolbert & Zucker, 1996).

This dissertation focuses on the objectives regarding the proportion of female managers, safety and biodiversity. Indeed, these topics are of particular interest because (1) they cover all facilities of the Group, regardless of their activity or location (unlike the shares of renewable energies in the production for example), (2) they can be easily translated into concrete actions in the operating units, (3) they are linked to three different domains: social, safety and environmental issues and possess varying characteristics (e.g. complexity, institutionalization stage, etc).

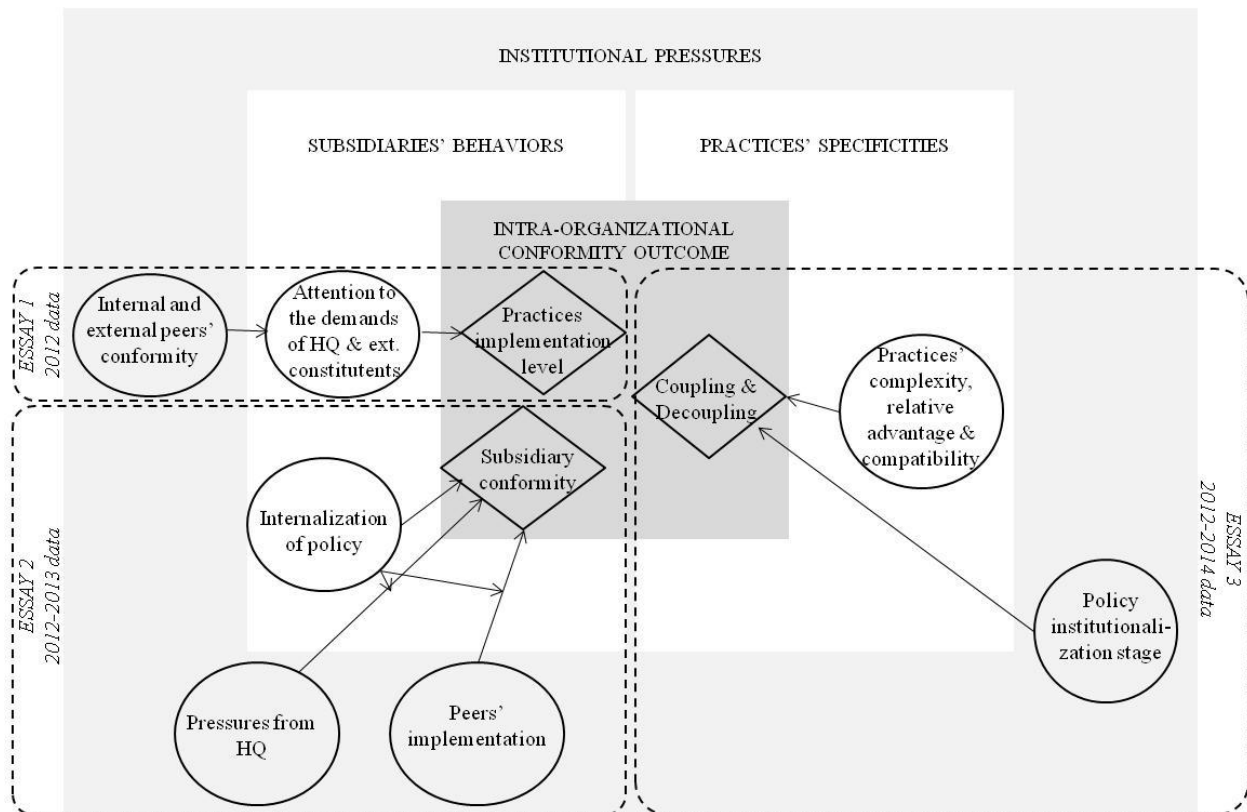
Dissertation structure

This dissertation consists of three essays that each attempts to fill one of the three gaps described in the previous section of this chapter. Figure 1 below shows how, using different

⁴ An objective related to CO₂ emission was later added to the initial list.

levels of analysis and different dependent variables, and with a starting point in neo-institutional theory and the behavioral theory of the firm, the three essays provide complementary explanations for heterogeneous conformity within MNEs.

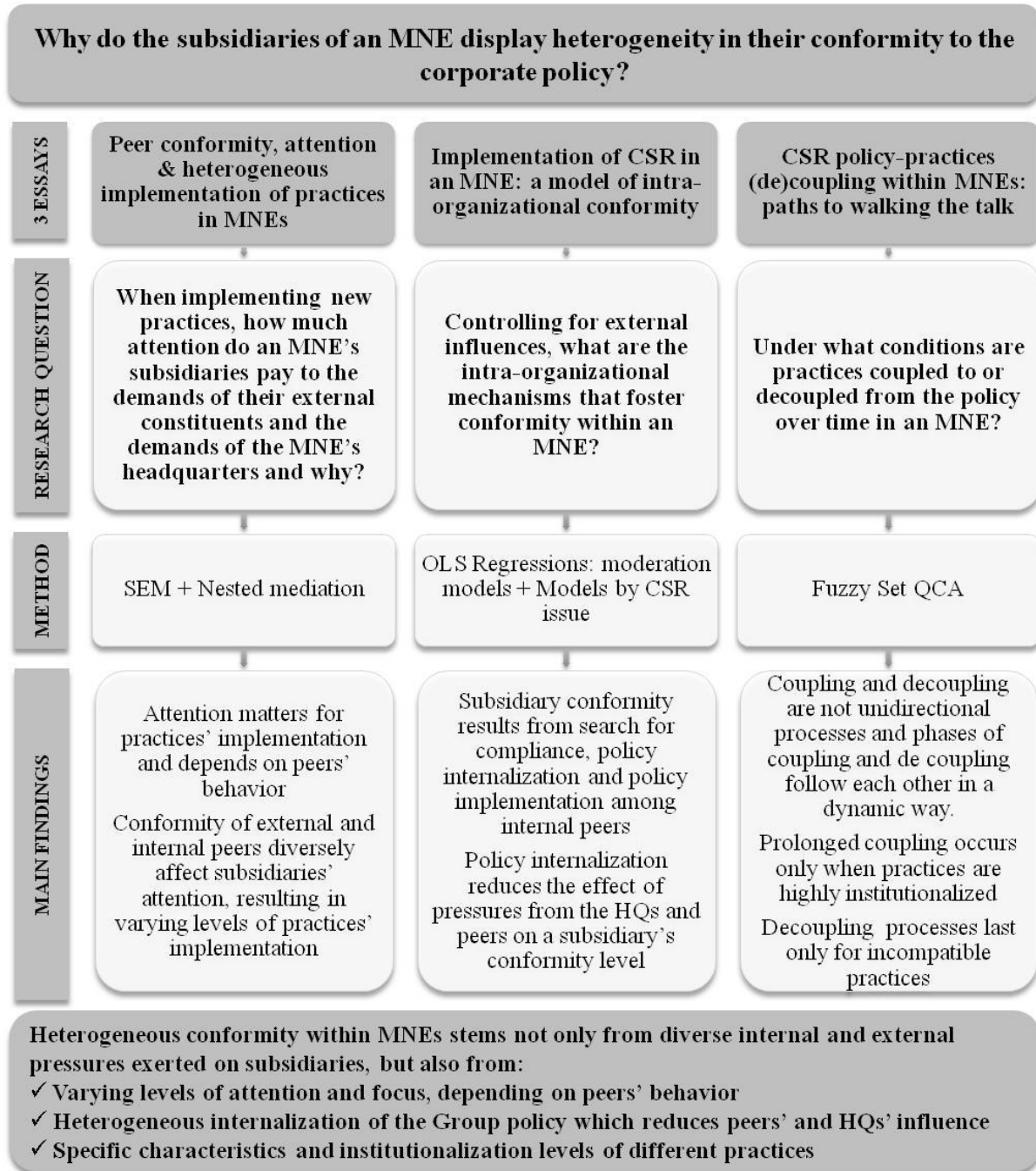
Figure 1: Visual presentation of the three dissertation essays



Legend: Lozenge boxes represent the outcomes I study in the three essays and round boxes represent the explanatory variable. Some explanations relate to institutional pressures on subsidiaries, they are placed in the light grey area, some to the subsidiaries' behavior, in the left white area and some to the practices' specificities, in the right white area. All outcomes relate to conformity, so that they appear in the dark grey area.

Figure 2 below provides a visual summary of the three essays of this dissertation. It is followed by the abstracts of the essays.

Figure 2: Visual summary of the dissertation



Peer conformity, attention, and heterogeneous implementation of practices in MNEs

This first essay, written in collaboration with Rodolphe Durand, improves our understanding of why MNEs' subsidiaries heterogeneously implement practices. It reveals the strategic nature of subsidiaries' responses to institutional demands, both by shedding light on the role of subsidiaries' attention to the demands of their internal and external constituents and by showing that peers' norm-conforming behavior influences the level of attention these demands receive. We study the implementation of 25 practices associated with 3 CSR issues in 101 worldwide subsidiaries of an MNE. We find that while the conformity of external peers to the relevant norm directs the attention of the subsidiaries towards the demands of external constituents at the expense of those from the MNE headquarters, internal peers' conformity increases subsidiaries' attention to both external constituents' and headquarters' demands, resulting in varying levels of practice implementation. Our results suggest the need to rethink the influence of both subsidiary's attention and peer conformity on practice implementation.

Implementation of CSR in an MNE: a model of intra-organizational conformity

This second essay proposes a model for subsidiary conformity through which formal policies are implemented into concrete practices in multinational enterprises (MNEs). I argue that subsidiary conformity results from the combination of compliance, internal mimicry and internalization mechanisms. More specifically, the pressures from the headquarters related to a given Corporate Social Responsibility (CSR) issue as well as the conformity of other subsidiaries increase a subsidiary's level of conformity. And the consistency of the policy with the subsidiary's values, because it triggers policy internalization, increases the subsidiary's level of conformity but reduces the positive effects of both peers' conformity and pressures from the headquarters. The results of my study on the implementation of practices

on 3 CSR issues by 99 subsidiaries of an MNE support my predictions and point to the need to better articulate compliance, conformity and internalization within complex organizations.

CSR policy-practices (de)coupling within MNEs: Paths to walking the talk

The third essay explains the policy-practice coupling and decoupling processes that unfold in MNEs over time given the practices' specific characteristics. I propose that three attributes of the practices –complexity, compatibility with subsidiaries' values and performance advantage- as well as the various levels of institutionalization of the practices influence the coupling and decoupling paths they follow. The results of a fuzzy set qualitative comparative analysis of 25 practices on 3 CSR issues in 48 subsidiaries of an MNE show that (1) coupling and decoupling periods more often alternate than endure, (2) the institutionalization of an issue in both the subsidiary's country and its industry is key for sustained coupling, and (3) practices' lack of compatibility with subsidiaries' values is the main driver of enduring decoupling.

CHAPTER 2: ESSAY 1 - PEER CONFORMITY, ATTENTION, AND HETEROGENEOUS IMPLEMENTATION OF PRACTICES IN MNES⁵

When pondering whether to implement new practices, how do an MNE's subsidiaries resolve the tensions between the demands from their external constituents (customers, national authorities, and so on) and internal demands from the MNE's headquarters? Answering this question is of fundamental importance for international business research since practitioners await responses (Birkinshaw & Hood, 2001; Hong & Doz, 2013), and two theoretical perspectives confront their views. Some studies suggest that subsidiaries implement legitimate practices first (Hoffman, 1999; Meyer & Rowan, 1977; Oliver, 1991), although implementation varies depending on the local pressures subsidiaries undergo (Ferner, Almond & Colling, 2004; Hillman & Wan, 2005; Kostova & Roth, 2002). Other studies show that subsidiaries preempt headquarters' expectations and build their influence within the corporation by taking initiatives that they developed locally (Ambos, Andersson, & Birkinshaw, 2010; Birkinshaw, 1997). In this paper, we integrate the two perspectives and study the subsidiaries' level of attention to the demands of their external constituents and the MNE's headquarters and the resulting actions (Ocasio, 1997, 2011). More precisely, using the case of a new norm (Corporate Social Responsibility), we argue that the norm-conforming behaviors of a subsidiary's internal peers (comparable subsidiaries of the MNE) and external peers (local industry rivals) influence its level of attention to normative demands and its subsequent adoption of corresponding practices. The subsidiaries' varying attention levels lead to heterogeneous implementation of practices related to this norm at the corporate level.

Attention to the demands of the headquarters and to the demands of external

⁵ This paper is coauthored with Rodolphe Durand.

constituents relative to specific norms varies from one subsidiary to the next (Crilly & Sloan, 2012) and depends on what external and internal peers do (Delmas & Toffel, 2008; Hoffman & Ocasio, 2001). If these peers conform more to a given norm, the focal subsidiary is likely to devote more attention to the demands of its constituents that relay that norm. In turn, it will implement more practices that enhance its own conformity. In addition, attention is limited and hence selective (Ocasio, 1997, 2011; Ocasio & Joseph, 2005, 2008). We therefore propose that the conformity to a norm of either type of peers (external vs. internal) represents a threat, and will increase a subsidiary's level of attention to the demands of the corresponding constituents in a selective way (external constituents vs. the headquarters).

For instance, let us consider the subsidiary of Toyota in the north of France, Toyota Motor Manufacturing France (T.M.M.F.) that opened in 2001. Both Toyota's headquarters and the French external constituents of T.M.M.F. have high expectations regarding its management of waste water. Indeed, Toyota Europe has set demanding waste water standards that all its sites should meet. And French environmental NGOs –some external constituents– are also concerned about the quality of T.M.M.F.'s water discharges. If the subsidiary pays more attention to the demands of French NGOs as regards environmental preservation, it will implement more practices to reduce the quantity of water it uses and improve the quality of its water discharges. Similarly, paying more attention to the demands of Toyota's headquarters will lead T.M.M.F. to implement the Group policy regarding waste water. And the level of attention T.M.M.F. grants to demands related waste water from NGOs depends on the urgency to address them, given what other car manufacturers do regarding waste water management in France. If competitors in France match NGOs' expectations in terms of water discharges more fully, then T.M.M.F. will need to be very attentive to their demands because it does not want to be outperformed by its competitors. And at the same time, strong conformity of local rivals will reduce attention to internal policy relative to waste water, as

T.M.M.F.'s environmental managers will be primarily addressing NGOs' demands. Conversely, when other subsidiaries of Toyota are conforming to internal standards and procedures regarding the management of waste water, T.M.M.F. will increase its attention to these internal waste water requirements to keep up with its peers. Then, the standards set by Toyota's headquarters become prevalent, so that attention to demands of external constituents, including NGOs, decreases.

In sum, we expect that external peers' conformity will divert a subsidiary's attention away from the headquarters' demands, and vice versa — that internal peers' conformity will decrease a subsidiary's level of attention to external constituents' demands — resulting in a lowering of the implementation of corresponding practices. To test our predictions, we studied the implementation of Corporate Social Responsibility (CSR) practices in a large MNE (with over 200,000 employees in 70 countries). We designed a survey about the implementation of 25 practices related to three issues (occupational safety, women in management, and environmental biodiversity) and administered it to multiple respondents across 101 worldwide subsidiaries. Employing simultaneous equation models (3SLS), we found robust support for all but one of our hypotheses. Additionally, we performed a mediation analysis whose results were consistent with our simultaneous equation models.

Our findings show that higher attention to the demands of internal and external constituents leads to greater implementation of corresponding practices and that a subsidiary's attention depends on the level of conformity of its internal and external peers. In particular, when external peers conform to a norm to a greater extent, subsidiaries' attention to the demands of external constituents increases, and their attention to the demands of the headquarters decreases. Contrary to our predictions, however, our findings suggest that the conformity of internal peers increases subsidiaries' attention not only to headquarters' demands but also to those of external constituents. This result is consistent with the subsidiary

initiative view (Birkinshaw, 1997; Birkinshaw, Hood & Jonsson, 1998), according to which subsidiaries balance their internal embeddedness and their uniqueness in order to gain headquarters' attention (Ambos et al., 2010; Bouquet & Birkinshaw, 2008; Garcia-Pont, Canales & Noboa, 2009). It further suggests that subsidiaries can increase their level of attention when searching for the best possible ways to respond to normative demands. Attention to the demands of the headquarters and attention to the demands of external constituents do not necessarily substitute for each other in explaining practice implementation but can be complementary levers when the conformity of internal peers is high.

Overall, our findings explain not only the heterogeneity in implementation levels across subsidiaries but also why uniform programs launched by headquarters are likely to fail when they ignore the dynamics of intra-organizational conformity. By showing how peer conformity influences a subsidiary's attention to external constituents and headquarters' demands, we contribute to the study of practices' heterogeneous implementation. We stress the role of attention in MNEs, and nurture the debate regarding subsidiary agency in international strategy research. Our paper enriches our understanding of peers' influence on practices' heterogeneous implementation by showing that peers' conformity does not only trigger a mimicking mechanism based on legitimacy but also and simultaneously a strategic response in terms of how subsidiaries attend to external or internal constituents' demands.

Theory background and hypotheses

MNEs are multidivisional organizations comprising heterogeneous sub-entities that enjoy greater or lesser autonomy and operate in diverse local environments. As a result, keeping up with normative demands is more difficult for MNEs than for firms operating in single countries, as the variety of institutional and competitive environments in which their subsidiaries operate causes considerable complexity. In addition, because of internal upward and downward spillovers, an MNE's overall legitimacy is linked to that of its sub-entities

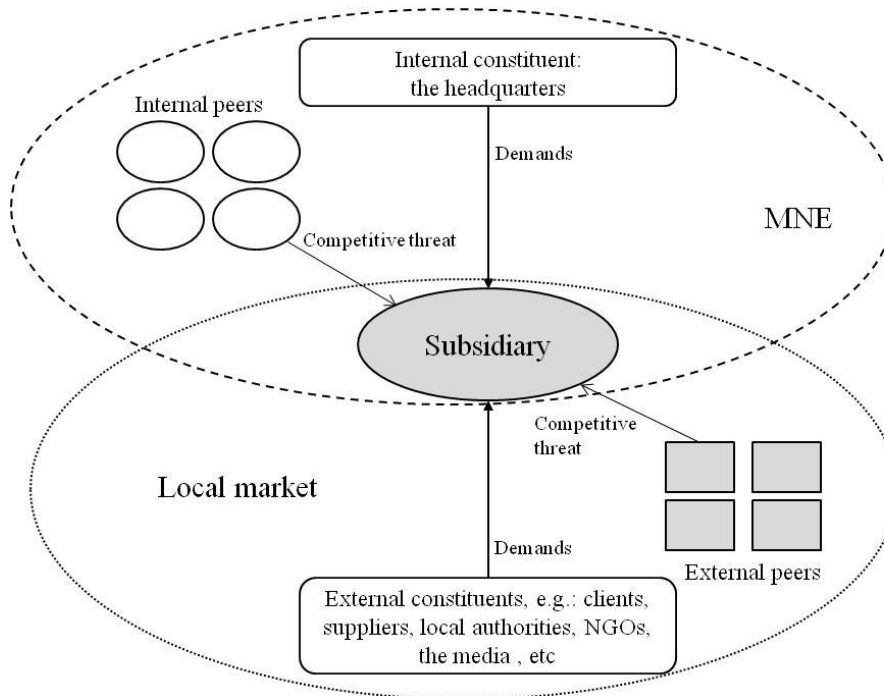
(Kostova & Zaheer, 1999).

At the sub-entity level, each MNE's subsidiary faces an "institutional duality" of demands from both its host country and its parent company (Hillman & Wan, 2005; Kostova & Roth, 2002). When implementing operational practices, subsidiaries are torn between pressures for consistency within the MNE (the mirror effect) and demands from their diverse local environments (Doz & Prahalad, 1991; Ferner, Almond, & Colling, 2004; Hillman & Wan, 2005; Rosenzweig & Singh, 1991). Further, the competitive benefits of practices differ from industry to industry, and from country to country. In particular, the direct coercive pressure exerted by national authorities on an MNE's subsidiaries through formal legislation varies across countries (Björkman, Fey, & Park, 2007; Kostova & Roth, 2002; Kostova & Zaheer, 1999). After having controlled for this local, legal and business heterogeneity, it is crucial to understand how subsidiaries process the many demands emanating from both within and beyond their parent MNEs to better explain the high variance in subsidiaries' practice implementation within MNEs.

In this paper, we focus on a situation in which companies and their various business units face new imperatives originating from an emerging social norm. Social norms "are powerful standards of behavior that are rooted in widely shared beliefs about how actors should behave" (Philippe & Durand, 2011: 969). Industry members display conformity to such norms as financial transparency, accounting standards, CSR, and ethics by implementing new practices — which may be of more or less substance (Meyer & Rowan, 1997; Philippe & Durand, 2011). A subsidiary's behavior relative to a social norm is influenced by (1) the internal and external peers with which it competes and (2) its internal and external constituents (Delmas & Toffel, 2008), as shown in Figure 3. We define external peers as the local subsidiaries of other MNEs that are in the same industry and serve the same national market as the focal subsidiary, and internal peers as other subsidiaries of the same MNE that

operate in the same industry.

Figure 3: Essay 1 - Internal and external environmental influences on a subsidiary's behavior



Note: the shape of the subsidiary (oval, like its internal peers) symbolizes its embeddedness in the MNE, and its color (grey like its external peers) its embeddedness in its local external environment.

Subsidiaries' constituents, meanwhile, are parties that affect the subsidiaries' behavior in more or less coercive ways: external constituents include market constituents (clients, suppliers) and non-market constituents (local communities and neighbors, local authorities, NGOs, the media and shareholders), while the main internal constituent we consider is the MNE's headquarters. Constituents' demands echo the prescriptions of the norm under consideration. For instance, clients ask their suppliers to display conformity to an environmental norm, or react positively to those who have implemented an ISO 14001 certified management system (e.g., King, Lenox, & Terlaak, 2005). MNEs' headquarters introduce formal policies in an attempt to display conformity to such norms at the corporate level: thus, subsidiaries need to deal with new norm-related demands emanating simultaneously from their headquarters and their external constituents.

We study the subsidiaries' implementation of practices, rather than, as have been considered in previous works, the top-down diffusion of those practices (e.g., Kostova & Roth, 2002), their adaptation (e.g., Ansari, Fiss, & Zajac, 2010; Jensen & Szulanski, 2004), or their emergence in response to local imperatives (Ghoshal & Bartlett, 1988; Phene & Almeida, 2008; Tippmann, Scott, & Mangematin, 2012; Venaik, Midgley, & Devinney, 2005). Our core objective is to understand how and why MNE subsidiaries articulate and prioritize the different types of normative demands placed on them to affect their levels of practice implementation.

The role of attention to demands

According to the neo-institutional theory (Meyer & Rowan, 1977; Oliver, 1991; Pache & Santos, 2010), firms respond to the normative demands they face. And to elaborate their responses, they need to process these demands. In particular, subsidiaries' attention to their constituents' demands influences their implementation of corresponding practices, as pointed out by recent studies. For instance, Delmas and Toffel (2008) show that receptivity to the demands of specific constituents favors the implementation of certain practices over others (e.g., ISO 14001 vs. voluntary governmental environmental programs). Crilly and Sloan (2012: 1174) also suggest that the effect of normative demands on firms' behaviors is better explained "from the inside-out" through understanding their attention mechanisms. Our study extends this investigation of the role of subsidiaries' attention in their practice implementation. To respond to normative demands, subsidiaries need to first identify them, evaluate their legitimacy, and then, following an attention process, decide on the most appropriate response (Ocasio, 1997).

Ocasio defined attention as the process of "noticing, encoding, interpreting and focusing of time and effort by decision-makers on both (a) issues [...] and (b) answers" (Ocasio, 1997: 189). In the context of MNEs, the original concept of attention has been slightly modified to

acknowledge the importance of attention to normative demands. For instance, Bouquet and colleagues introduced the concept of international attention (Bouquet & Birkinshaw, 2008; Bouquet, Morrison, & Birkinshaw, 2009), defined as “the extent to which [MNEs’ executives] invest time and effort in activities, communications, and discussions aimed at improving their understanding of the global marketplace” (Bouquet et al., 2009: 108). This notion of attention has been applied both to organizational units and to individual decision-makers (Ambos et al., 2010; Bouquet & Birkinshaw, 2008; Bouquet et al. 2009), underscoring the central importance of MNEs’ subsidiaries’ attention for their implementation of practices.

Building on past research, we define a subsidiary’s attention to the demands of both its headquarters and its external constituents as comprising their noticing of these demands, their focusing of time and effort on understanding these demands, and their elaborating a response strategy. The level of attention varies across demands that are given more or less priority, depending on the subsidiaries’ context. For example, in some situations, subsidiaries may only notice the demands, but not expend time and effort in understanding and deciding how to address them; however, in contrast to this passive kind of attention, which Delmas and Toffel (2008) term receptivity, we consider a more complete attentional process. Following Hoffman and Ocasio (2001) and Ocasio (2011), in our view, attention is granted through a process of attentional selectivity that extends beyond receptivity, as demands are not equally salient. The attention-based view holds that an organization’s sub-entities may not share the priorities of the MNE’s headquarters or those of their peer subsidiaries (Ocasio, 1997). The level of attention of subsidiaries’ decision-makers to certain demands depends both on the context that surrounds them (i.e., situated attention) and on various structural organizational characteristics (i.e., structural distribution of attention), such as incentive systems, communication structures, or resource distributions (Joseph & Ocasio, 2012; Ocasio, 1997). Consistent with neo-institutional arguments, the attention-based view thus acknowledges the key role of the

subsidiaries' environment but allows us to depict environmental demands as stimuli that receive more or less attention, depending on each subsidiary's context.

Peer conformity drives attention

Institutional scholars have long argued that when organizations face new norms and new demands, they will imitate industry peers (Burns & Wholey, 1993; Davis & Greve, 1997; Rosenzweig & Singh, 1991) because one option for addressing uncertainty is to imitate one's peers (Rao, Greve, & Davis, 2001). In international contexts, subsidiaries also implement similar practices as their external peers to reduce their liability of foreignness, in an attempt to avoid being at a competitive disadvantage (Zaheer, 1995). And an MNE itself constitutes an institutional field, within which some subsidiaries mimic the actions of others (Kostova, Roth, & Dacin, 2008). We argue that this peer influence is in part explained by the reinforcement of subsidiaries' attention to the demands of its external and internal constituents. When external and internal peers conform strongly to a norm, subsidiaries are pressed to follow suit, in ways that satisfy their external and internal constituents. In other words, the conformity of a subsidiary's external and internal peers triggers its attention to the demands emanating from, respectively, its external constituents and its headquarters (see Figure 3).

External peers' implementation of practices represents not only mimetic inspiration for adopting practices but also local competitive threats to MNE subsidiaries (e.g., Gladstein & Reilly, 1985; Staw, Sandelands, & Dutton, 1981), as local constituents value their peers' increased conformity to a norm. Thus, when local external peers display strong conformity, the need to make sense of the demands of the external constituents relative to the norm, and to identify the best ways to satisfy them, becomes reinforced in a subsidiary. As a result, the MNE's subsidiaries will increase their attention to the demands of external constituents (clients, customers, local authorities, local communities, the media, NGOs, and external shareholders).

Hence:

Hypothesis 1a. The greater the conformity of its external peers to a norm, the more attention an MNE's subsidiary will give to the demands of external constituents relative to the norm.

Similarly, within the MNE, when peer subsidiaries implement practices consistent with a norm, the need intensifies for the focal subsidiary to attend to the demands of the headquarters (as the main internal constituent) corresponding to this norm. While industry peers compete for market resources, peer subsidiaries compete for limited organizational resources (Ambos et al., 2010; Burgelman, 1991: 240; Crilly, 2010; Mudambi & Navarra, 2004) and for headquarters' attention (Ambos et al., 2010; Bouquet & Birkinshaw, 2008). Indeed, the more the headquarters pays heed to a subsidiary, the more resources, autonomy, and influence that subsidiary will gain (Andersson, Forsgren, & Holm, 2002; Mäkelä, Björkman, Ehrnrooth, Smale, & Sumelius, 2013). Therefore, subsidiaries influence each other's conformity to norms (Davis, Desai, & Francis, 2000), and the conformity of peer subsidiaries to a norm endorsed by the headquarters threatens a focal unit's internal visibility and relative importance within the MNE (Andersson et al., 2002; Mudambi & Navarra, 2004). To preserve or even improve their position in the MNE's attention structure (Garcia-Pont, Canales, & Noboa, 2009), subsidiaries recourse to "profile building" strategies (Bouquet & Birkinshaw, 2008): they internalize headquarters' demands related to the norm, and implement corresponding practices.

Hypothesis 1b. The greater the conformity of its internal peers to a norm, the more attention an MNE's subsidiary will give to the demands of the headquarters relative to the norm.

MNE subsidiaries' attention is limited and hence selective (Ocasio, 1997, 2011; Ocasio

& Joseph, 2005, 2008).⁶ Therefore, when subsidiaries increase their attention to certain demands, they necessarily decrease their attention to other demands, because attention implies efforts and time, both in scarce supply. In particular, subsidiaries can give more or less priority to external or internal demands, depending on the model or threat their internal or external peers represent.

As the level of external peers' conformity to a social norm increases, understanding and addressing the demands of the headquarters' appears relatively less imperative and urgent for subsidiaries than dealing with the demands emerging from their external constituents. And subsidiaries' attention capacities can be saturated by the level of attention they pay to external constituents' demands. In other words, the threat represented by external peers' extensive implementation of norm-conforming practices diverts subsidiaries' attention from their headquarters' demands. We therefore expect a negative relationship between external peers' conformity and the level of attention the subsidiaries pay to their headquarters' demands:

Hypothesis 2a. The greater the conformity of its external peers to a norm, the less attention an MNE's subsidiary will pay to headquarters' demands relative to the norm.

Following this logic, as a subsidiary's internal peers' conformity increases, the demands of the headquarters gains priority over the demands of external constituents as the subsidiary primarily wants to stand out as a model student within the MNE. It therefore allocates its limited attention to the demands from headquarters, at the expense of the demands of external constituents. External constituents' demands are given lower priority

⁶ One of our reviewers rightly pointed out that limited attention in organizations can be addressed, for instance, through structural separation (Crilly & Sloan, 2014; Jansen, Tempelaar, Van den Bosch & Volberda, 2009). While this option is clearly a possible method for managing limited attention, in our case, we focus on only a limited set of issues, related to specific normative demands (i.e., CSR), which pervade whole firms and are usually handled by a limited number of decision-makers. We therefore do not believe that structural separation applies as an actionable situation here.

because the threat related to internal competition for intra-MNE importance overtakes the external threat related to market competition. Therefore:

Hypothesis 2b. The greater the conformity of its internal peers to a norm, the less attention an MNE's subsidiary will pay to demands of external constituents relative to the norm.

Attention increases practice implementation

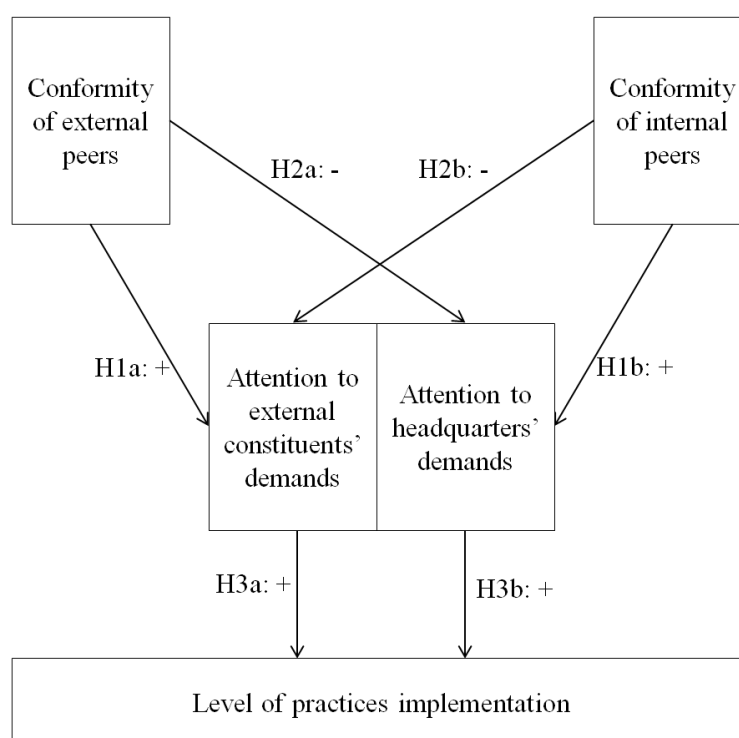
In sum, when the conformity of external peers to a norm increases, we argue that subsidiaries' attention will be directed towards the demands of external constituents relative to this norm, at the expense of the demands from headquarters, and *vice versa*. The resulting level of attention to demands will further influence the level of their implementation of practices. Previous work has shown that MNEs' responses to normative demands display varying levels of commitment, including within the same organization (e.g., Cantwell, Dunning, & Lundan, 2010; Ferner, Almond, & Colling, 2004). In particular, we expect that higher levels of attention will trigger responses that are more aligned with external and internal constituents' demands. Therefore, the more heed a subsidiary pays to its constituents' demands, the more it aims to satisfy those demands and the more it selects and implements practices corresponding to the expectations underlying the associated norms. Thus, our final hypotheses are:

Hypothesis 3a. The more an MNE's subsidiary pays attention to the demands of external constituents relative to a norm, the more it will implement related practices.

Hypothesis 3b. The more an MNE's subsidiary pays attention to the demands of the headquarters relative to a norm, the more it will implement related practices.

Figure 4 summarizes our model.

Figure 4: Essay 1 - Summary of the research hypotheses



Methods

Data and Sample

The setting of our inquiry is an MNE — to which we refer as “the Group” — that is a worldwide leader in the gas and electricity production and supply industries, also operating in infrastructure development and energy and environmental services. The MNE has a presence in 70 countries: while the MNE is comparable with many large MNEs, the diversity of its industries and geographic locations makes it a particularly interesting case setting in which to study the dynamics of internal and external competition and demands. Some of its subsidiaries have been part of the group for decades, while others have been acquired more recently, and the percentage of the group’s ownership varies across these units. We expect this diversity to represent a wide set of varied situations for our study, and to produce different subsidiary-level competitive and conforming strategies.

We focus on CSR practices because CSR is a critical topic for a worldwide MNE

operating in energy and utilities businesses, as such firms face many social and environmental challenges: the environmental impact of polluting activities, the carbon emissions from power production, the working conditions of its employees around the globe, the promotion of gender diversity, etc. CSR covers a continuum of responses from no action to proactive actions, so we expect to observe considerable diversity in different subsidiaries' implementation of CSR practices, depending on the internal and external pressures they face (Aguilera, Rupp, Williams, & Ganapathi, 2007; Bansal & Roth, 2005; Delmas & Toffel, 2008; Jennings & Zandbergen, 1995; Sharma, Pablo, & Vredenburg, 1999). CSR practices also leave considerable room for interpretation, innovative behaviors, and strategic responses from different sub-entities (Jennings & Zandbergen, 1995; Sharma, 2000).

The Group defined and released ten group-wide quantitative and qualitative CSR objectives in 2011, covering human resources, safety, and the environment. To test our hypotheses, we focused on those objectives related to safety, the proportion of female managers, and biodiversity, which were clearly stated in the Group's CSR policy, and communicated to all its entities via their activity "branch" structures. In accordance with the Group, we selected these three topics because they represent three different domains of the Group's objectives, and applied to all subsidiaries, regardless of their activity, whereas other specific objectives targeted specific activities – e.g., the percentage of renewables in energy production. We conducted an on-line survey among the MNE's subsidiaries in October 2012, which we had pre-validated in interviews with 10 experts from the Group's CSR department, and then pretested at two subsidiaries in June and July 2012. In particular, one of the authors elaborated an exhaustive list of practices relating to the three topics based on her prior experience as a CSR consultant. This list was then further refined at meetings with Group experts: the main modifications that followed the pretest were mostly clarifications and a slight reduction in the questionnaire's overall length.

We randomly selected 104 subsidiaries from a full list of the Group's entities via systematic cluster sampling, and we asked six managers with functional responsibilities at each unit (e.g., general directors, finance directors, operating directors, human resource managers, communication directors, and sales directors) to complete the on-line questionnaires. Overall (due to some functional overlaps), the on-line survey was sent to 475 potential respondents and, after several reminders, we received complete answers from 314 (a 66% response rate) located in 101 subsidiaries in 35 countries (55 subsidiaries in 12 European countries, 10 in 8 Asian countries, 13 in 6 South American countries, 7 in 5 Maghreb and Middle East countries, 9 in 3 North American countries, and 7 in Australia), which, among them, represented about 101,000 employees, 46% of the Group's workforce. Despite this satisfying response rate, we checked whether non-respondents' functional responsibilities differed from those of the respondents and, therefore, might bias our results. We found the distribution of respondents and non-respondents across functions to be extremely similar: the only minor differences concerned CEOs and HR managers — both categories that had a higher response rate than the average (71% response rate for both categories) — while marketing and sales managers had a slightly lower level of response (63% response rate). We noted considerable variance in respondents' gradings of practice implementation levels between — and even within — the three topics, and 90% of the questionnaires included some low implementation scores (i.e., 0, 1 or 2 on a scale of 6); thus, social desirability does not seem to have been an issue, as respondents confessed low levels of implementation. Inter-respondent consistency was also very satisfactory, as described in the next section.

All data about levels of practice implementation and attention were collected via this single survey, suggesting the possibility of a common method variance in the results, although the other independent variables data were collected separately. We took steps to minimize the risk of common method bias in the design of our instrument, and performed some statistical

tests to assess the risk of such bias, following the guidance of Chang, van Witteloostuijn, and Eden (2010). First, we guaranteed the study's anonymity and confidentiality, while encouraging respondents to provide genuine answers and giving them the opportunity to comment on their answers. Second, we constructed the survey to minimize common method bias: the items related to the dependent variable appeared before items related to the independent variables; items for each question were randomized; and the survey was long and complex, with many questions separating the two sets of variables, thereby reducing the likelihood of implicit theorizing. The format of the scales also differed (for instance, the implementation scale included a neutral mid-point at 3, but no neutral score was offered for the attention scales). Third, we ensured the maximum validity of the data, through our use of multiple respondents with good inter-respondent agreement, and thanks to the dependent variable following objective performance items related to the CSR issues in question in the survey. Common method variance is less likely with a fact-based variable than when both sets of variables are fully perceptual (Chang et al., 2010). Fourth, to further confirm the low probability of common method bias, we performed Harman's one-factor tests and applied a marker-variable technique. The two Harman tests confirmed that the dependent variable and each of the two attention variables loaded on two factors. The marker-variable technique consists of, first, introducing to the survey an item that is theoretically unrelated to at least one of the two variables (Craighead, Ketchen, Dunn, & Hult, 2011), and then verifying the unrelated variable's low correlation with this item. We used the complexity of the practices as our marker variable because we expected it to be unrelated to the attention paid by the subsidiaries to the demands of their headquarters and of their external constituents. Thus, we looked at the correlations between the reported attention levels and complexity per topic at the respondent level and found rather low correlation levels (in the range of 0.11 and 0.35 in absolute value), again suggesting the risk of common method bias was limited.

Measures

Level of CSR practices implementation. The levels of implementation of CSR practices are captured through survey measures reflecting the extent of subsidiary-level actions associated with implementing practices regarding occupational health and safety, the employment of female managers, and biodiversity. In cooperation with MNE experts, we developed eight or nine items for each of the three domains (as presented in Appendix A), using a 7-point Likert scale that ranged from 0 = “not at all” to 6 = “to a very great extent”. The level of agreement among respondent’s answers was sufficient (Kappa of 0.79) for us to aggregate the answers at the entity level by averaging the scores for each practice, leaving us with 2,525 observations (25 practices \times 101 subsidiaries).

Subsidiary’s attention. The attention to the demands of external constituents and the attention to the demands of the headquarters are captured through various survey items. To assess attention to the demands of external constituents, the survey posed three questions: “Regarding its health and safety results/the percentage of female managers/its performance as regards the preservation of biodiversity, to what extent is your entity supportive of the demands of these external actors?” Respondents were asked to answer using a 7-point Likert scale, and the seven types of external actors proposed here were “Local authorities”, “the media”, “NGOs”, “Clients”, “Suppliers”, “Local communities and neighbors”, and “Other shareholders”.

To assess attention to headquarters’ demands, the survey posed three questions: “Regarding its health and safety results/the percentage of female managers/its performance as regards the preservation of biodiversity, to what extent is your entity supportive of the demands of these internal actors?” Again, respondents were asked to answer using a 7-point Likert scale, and the two actors specified were “Group Sustainable Development Direction”

and “Branch Sustainable Development or Environmental Correspondent”.⁷

The responses of each subsidiary’s survey participants were averaged to obtain subsidiary-level measures on each of the 27 survey items ($3 \text{ topics} \times (7 + 2 \text{ items})$), given a very high level of agreement among respondents ($Kappa = 0.85$ for attention to either type of demands). The final attention variables were obtained by averaging all subsidiary-level scores on each topic for attention to external demands (3 averages of 7 items in each subsidiary) and attention to headquarters’ demands (3 averages of 2 items in each subsidiary).⁸ For both variables, we thus had 303 observations at the topic \times subsidiary level ($3 \text{ topics} \times 101 \text{ subsidiaries}$).

Internal peers’ conformity. The MNE is organized into 6 operating “branches”, all related to core Group businesses (Environmental Services, Gas, Energy, etc.). The variable conformity of internal peers corresponds to the extent of a practice implementation in other subsidiaries of the same branch across countries, as reported through the survey instrument. For each of the 25 practices in each subsidiary, we averaged the scores obtained for the same practice in all the other subsidiaries of the branch (hence $25 \times 101 = 2,525$ observations).

External peers’ conformity. The conformity of external peers is measured as the performance of national competitors on the three topics (safety, gender diversity, and biodiversity) as rated in Thomson Reuters ASSET4, the world’s largest Environmental, Social & Governance rating database (Cheng, Ioannou, & Serafeim, 2014). We used the grading for 2011, the most recent available before the year of our data collection. We retained only those companies that sorted

⁷ Our reviewers expressed concern that our operationalization of attention, because of its reference to support, would include some kind of action and thus be too close to our dependent variable. However, we believe supporting some demands does not necessarily lead to implementing practices; demands can be addressed in ways other than implementing practices (Meyer & Rowan, 1977; Oliver, 1991), let alone implementing them all in a consistent manner. Moreover, as we expected given our hypotheses, the correlations are high, but still below 0.5, which tends to confirm that the measures capture two different concepts.

⁸ We do not report consistency across items for each variable because the items are formative of the construct, not reflective.

as “utilities” in gas, electricity, water, or “multiline” or as “industrial services” in waste, water, environment, or energy and that employed more than 1,000 people, yielding a worldwide pool of 125 competitors.⁹ We used ASSET4’s grading for six items related to safety, seven items related to gender diversity, and twelve items related to environmental biodiversity (these 25 items are detailed in Appendix B). We generated unique measures of peer conformity per topic per country, by averaging the competitors’ scores on each topic in each country, weighted by the competitors’ size in the country captured by their local headcounts.¹⁰

Controls. First, we expect that the various legal environments the subsidiaries face will affect their implementation of CSR practices and their attention to the demands placed on them. Where national laws are more stringent, the subsidiaries face stronger government pressures that condition their practice implementation (Björkman et al., 2007; Kostova & Roth, 2002; Kostova & Zaheer, 1999). Such legal CSR contexts are country specific: for instance, the legal framework related to health and safety is very advanced in some countries (e.g., both France and the United States have approximately 500 relevant legal regulations), but much less developed in others (fewer than 10 regulations each in many countries in Africa, South America, the Middle East, and Asia). For safety practices and gender diversity, we used the number of laws related to health and safety and workplace non-discrimination in place in the focal country in 2012, as provided by the International Labor Organization. For biodiversity, we are aware of no database listing the laws related to biodiversity worldwide, and even at the

⁹ Ideally, we would have relied on data on the CSR performance of the subsidiaries of competing MNEs in each country covered by our study; however, as data at this level of disaggregation were unavailable, we could not use a direct measure of the performance of the MNE’s local subsidiaries, and so relied on a distribution of the MNE’s performance, according to the size of its subsidiaries. Our measures are imperfect because our performance ratings are at the global level, and we cannot guarantee that local subsidiaries’ performances are consistent with these global MNE measures. However, we can expect some global patterns to be reproduced locally — in particular, in the biggest subsidiaries, which are those that receive greater weight in our operationalization.

¹⁰ Missing data for Oman, Bahrain, and Pakistan were handled by using the United Arab Emirates’ score for the first two, and the Indian score for Pakistan.

national level most countries do not communicate this information. We therefore used the national percentages of each country's terrestrial and marine areas that were protected in 2010, as provided by the World Bank. Since this protection is defined and declared by each country's government, we considered that these figures reflect the importance each government attaches to biodiversity. Therefore, the national legal variables are the obtained and standardized topic values per country. Hence, for each country, we report the corresponding "national legal context" value depending on the topic under consideration (i.e., safety legislation value is associated with safety practices, gender diversity legislation with diversity practices, and so on).

Second, biodiversity and safety practices were set as two binary variables, taking the value of 1 when the topic is, respectively, biodiversity or safety, and 0 otherwise. We introduced these controls as we expected subsidiaries' CSR practices to display different levels of implementation and demands to receive varying attention across the three topics (i.e., safety, employment of female managers, and biodiversity).

Third, given the subsidiaries are part of different industries, we used industry dummies to control for presences in the environmental services and infrastructure industries.¹¹ As the other subsidiaries belonged to the energy sector at large, that sector was used as the reference category.

Finally, when testing for one type of attention (to external or internal constituents), we controlled for the other type of attention.

Empirical approach

Given the structure of our model, before deciding on the most appropriate approach to our data, we first checked whether attention to the demands of the MNE headquarters and

¹¹ We excluded these controls from equation (4) as the operationalization of attention to internal demands already takes the influence of the industry into account through its "branch" component.

attention to the demands of external constituents were endogenous to our model by performing the Durbin Wu Hausman augmented regression test (Kumar, 2009). For each type of attention, we regressed the attention variable as a function of all the exogenous variables of our model, and then introduced the residuals in our regression model for implementation. In both cases, we rejected the null hypothesis, in which the residuals would be equal to zero, and thus attention would be exogenous ($p < 0.001$ for attention to the demands of external constituents and $p < 0.05$ for attention to the demands of the headquarters).

Given the endogeneity of attention to the demands of the MNE headquarters and attention to the demands external constituents, we used simultaneous equation models to test our hypotheses. Our hypotheses can be expressed according to the two systems of equations below:

System (1) consists of equations (1) and (2):

$$AE = f(IC, EC, \text{identifying variables}, \text{control variables}) \quad (1)$$

$$\text{Implementation} = g(AE, \text{identifying variables}, \text{control variables}) \quad (2)$$

where AE corresponds to attention to the demands of external constituents, and IC and EC correspond, respectively, to the conformity of internal and external peers to the norm. Note that Equation (1) serves to test hypotheses 1a and 2b, and equation (2) serves to test hypothesis 3a.

System (2) consists of equation (3) and (4):

$$AH = h(IC, EC, \text{identifying variables}, \text{control variables}) \quad (3)$$

$$\left\{ \begin{array}{l} \text{Implementation} = i(AH, \text{identifying variables}, \text{control variables}) \end{array} \right. \quad (4)$$

where AH corresponds to attention to the demands of the MNE headquarters, and IC and EC, correspond, respectively, to the conformity of internal and external peers to the norm. Here, equation (3) serves to test hypotheses 1b and 2a, and equation (4) to test hypothesis 3b.

To properly identify the two systems, we need to include in each of their equations at least one variable that is not in the system's other equation (Banalieva & Dhanaraj, 2013; Kumar, 2009). To identify equation (1), we used subsidiary size, as larger organizations tend to adopt practices more quickly (e.g., Burns & Wholey, 1993); thus, we expect size to influence implementation, but not to influence attention in any predictable direction. To identify equation (2), we used autonomy, level of ownership, and the subsidiary's Group history (i.e., time spent within the Group), as we expect these factors to affect attention, but to have little direct impact on implementation. In the same way, we used size to identify equation (3), and used autonomy, level of integration, and Group history to identify equation (4) (for our operationalization of the identifying variables, see Appendix C).

We checked that our systems of equations were identified (Banalieva & Dhanaraj, 2013), using the `checkreg3` command in Stata (Baum, 2007). Indeed, while the order condition is necessary (but not sufficient) and the rank condition is sufficient to infer the identification of single equations, together they do not allow us to conclude that a system of equations is fully identified because they do not check that a unique relationship exists between the matrices of structural coefficients and the reduced form of the system. The test confirmed that our instruments properly identified the two systems of equations. We estimated our structural equation models using both 2SLS and 3SLS, and found consistent results across both methods. Given that 3SLS estimates are more efficient than 2SLS estimates (Banalieva, & Dhanaraj, 2013; Kumar, 2009), we chose to report only those estimates in our results.

Results

Simultaneous equation modeling

The correlation matrix presented in Table 1 suggests that the data have no multicollinearity issues — that is, the absolute value of the correlation between the main dependent and independent variables in each equation is below 0.5. The high correlation between the implementation level and safety practices (0.64) is not surprising: since safety is the most institutionalized topic of the three, safety practices are more likely than other practices to score higher in terms of the dependent variables. We also find a high correlation (0.73) between the levels of attention to the two types of demands (i.e., from the headquarters and external constituents), which is further explained below.¹² In addition, the variance inflation factors are all below 5, as shown by Table 2.

¹² We can suggest two alternative explanations for this high correlation: either our data have a common method bias or our description of attention as being selective is challenged by our data. The potential for common method bias is examined in our methods section and in the limitations at the end of the discussion section; and although we cannot completely exclude common method bias, we took all available measures to reduce it as much as possible. The high correlation is more likely due to the high influence of external peers' conformity on both types of attention, an effect that we did not entirely expect but that we find very interesting and discuss further in our results section.

Table 1: Essay 1 - Descriptive statistics and zero-order correlations

	Mean	Std. Dev.	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Implementation level	4.75	1.79	1	7	1.00													
2. Attention to external demands	4.06	1.29	1	6.78	0.49	1.00												
3. Attention to HQs' demands	3.77	1.25	1	7	0.45	0.73	1.00											
4. Conformity of external peers	0.73	0.18	0	1	0.12	0.13	-0.05	1.00										
5. Conformity of internal peers	0.35	0.27	0	1	-0.23 ¹³	-0.20	-0.14	-0.12	1.00									
6. Subsidiary size	5.64	1.57	3.00	9.64	0.01	-0.12	-0.08	0.09	-0.18	1.00								
7. Autonomy	3.94	0.35	2.6	5	-0.12	-0.14	-0.26	0.20	-0.09	0.13	1.00							
8. Ownership	73.16	28.77	0	100	-0.10	-0.13	-0.14	0.11	-0.22	0.05	0.23	1.00						
9. Group history	12.59	13.61	0	107	-0.01	-0.07	-0.09	0.10	-0.06	0.39	-0.10	0.04	1.00					
10. National legal context	0.45	0.28	0	1	0.17	0.13	0.04	0.17	-0.09	0.06	0.05	0.09	0.12	1.00				
11. Biodiversity	0.36	0.48	0	1	-0.35	0.06	-0.07	-0.02	0.14	0.00	0.00	0.00	0.00	-0.16	1.00			
12. Safety	0.32	0.47	0	1	0.64	0.46	0.37	0.16	-0.51	0.00	0.00	0.00	0.00	0.27	-0.51	1.00		
13. Environmental services	0.20	0.40	0	1	0.04	0.04	0.00	-0.03	0.15	-0.01	-0.26	-0.67	0.21	0.08	0.00	0.00	1.00	
14. Infrastructure	0.05	0.22	0	1	0.04	-0.11	-0.20	0.09	0.19	0.04	0.22	0.17	-0.09	0.11	0.00	0.00	-0.11	1.00

¹³ The difference in operationalization between internal peers' conformity (standardized by topic) and implementation (uncentered) is the reason for the negative correlation we found. Internal peers tend to implement health and safety practices more than practices related to the other two topics (gender equality and environmental biodiversity), so that we chose to standardize the variable in order to disentangle the effect of peers' conformity from the effect of the CSR topic. By standardizing this variable to neutralize the effect of the topic, we pulled the observations of health and safety practices down relative to other practices — while they were still very high for practice implementation. These relatively low scores of internal peers' conformity for health and safety practices explain the negative correlation we obtained but an uncentered variable provides similar results.

Table 2: Essay 1 - Variance inflation factors

<i>Variables</i>	<i>VIF</i>	<i>1/VIF</i>
Attention to external demands	3.03	0.33
Attention to HQs' demands	2.57	0.39
Conformity of external peers	1.15	0.87
Conformity of internal peers	1.74	0.58
Subsidiary size	1.31	0.77
Autonomy	1.27	0.79
Ownership	2.25	0.45
Group history	1.39	0.72
National legal context	1.18	0.85
Biodiversity	1.73	0.58
Safety	2.89	0.35
Environmental services	2.20	0.45
Infrastructure	1.24	0.81
Mean VIF	1.84	

Table 3: Essay 1 - 3SLS models estimating simultaneously the effect of attention on practices' implementation and the effect of peers' conformity on supportive attention

<i>Dependent Variable:</i>	<i>Model 1</i>		<i>Model 2</i>		<i>Model 3</i>		<i>Model 4</i>	
	<i>Attention to external demands</i>		<i>Implementation</i>		<i>Attention to HQs' demands</i>		<i>Implementation</i>	
	<i>Equation (1) in System (1)</i>		<i>Equation (2) in System (1)</i>		<i>Equation (3) in System (2)</i>		<i>Equation (4) in System (2)</i>	
Supportive attention to external demands	0.81***	(0.18)			0.21*	(0.08)		
Supportive attention to HQs' demands	0.04	(0.12)			0.54***	(0.11)		
Conformity of external peers			0.58***	(0.12)			-0.24*	(0.12)
Conformity of internal peers			0.50***	(0.09)			0.22*	(0.10)
Subsidiary size	0.08***	(0.02)			0.06***	(0.02)		
Autonomy			-0.51***	(0.06)			-0.89***	(0.07)
Ownership			-0.01***	(0.00)			-0.00***	(0.00)
Group history			-0.01***	(0.00)			-0.01***	(0.00)
National legal context	-0.22*	(0.11)	0.22**	(0.08)	-0.04	(0.10)	-0.12	(0.08)
Biodiversity	-1.03***	(0.16)	1.12***	(0.05)	-0.59***	(0.08)	0.46***	(0.05)
Safety	0.88***	(0.20)	1.95***	(0.06)	1.35***	(0.08)	1.34***	(0.07)
Environmental services	0.14*	(0.07)	-0.35***	(0.07)	0.13*	(0.07)		
Infrastructure	0.94***	(0.13)	-0.60***	(0.10)	0.92***	(0.14)		
(Constant)	0.97***	(0.26)	5.02***	(0.27)	1.21***	(0.18)	7.18***	(0.27)
Chi2	2590.21		1662.58		2600.10		846.49	
Observations	2,525		2,525		2,525		2,525	

*Standard errors in parentheses. † if $p < 0.10$, * if $p < 0.05$; ** if $p < 0.01$; *** if $p < 0.001$*

Table 3 presents the results of the 3SLS analyses. Hypotheses 1a and 2b were tested in Model 1. Hypothesis 1a predicted that external peers' conformity would positively influence subsidiaries' attention to the demands of external constituents, and Hypothesis 2b predicted that internal peers' conformity would reduce their attention to the demands of external constituents. In fact, the results of our analysis suggest that conformity of both types of peers significantly increases subsidiaries' attention to the demands of external constituents. Thus, while Hypothesis 1a is supported by our data, we find the effect of internal peers' conformity is opposite to the effect proposed in Hypothesis 2b. This incongruity might be due to the fact that, to increase their internal visibility, subsidiaries follow up on initiatives inspired not only by headquarters' demands but also by their local environments (Birkinshaw, 1997; Birkinshaw, Hood, & Jonsson, 1998; Bouquet & Birkinshaw, 2008). They would pay heed to external demands (Andersson et al., 2002) in an attempt to maintain or increase their importance within the MNE (Andersson, Forsgren, & Holm, 2007; Mundambi & Navarra, 2004).

Hypotheses 1b and 2a were tested in Model 3. We expected that attention to the demands of the headquarters would increase as internal peers' conformity increased (Hypothesis 1b) and decrease as external peers' conformity increased (Hypothesis 2a). The positive and significant coefficient of internal peers' conformity and the negative and significant coefficient of external peers' conformity show support for both these predictions.

In Model 2, we tested Hypothesis 3a, which predicted a positive impact of attention to the demands of external constituents on the implementation of CSR practices. Our regression analysis supports this hypothesis, as shown by the positive and significant coefficient of attention to the demands of external constituents. Similarly, Hypothesis 3b was tested in Model 4 and was again supported by our data, as suggested by the positive and significant coefficient of attention to the demands of the headquarters.

The range and significance of the coefficients of our control and identifying variables are also of interest in the four models. In Models 1 and 2, we can see the influence of the control and identifying variables on the levels of attention to external demands and demands from the MNE headquarters. The impact of autonomy is negative and significant in both models, suggesting that subsidiaries with more leeway attend less to either type of demands. Greater levels of Group ownership and a longer history as part of the Group do not lead to more implementation — if anything, the effect is contrary (negative and significant coefficients). These results can be interpreted as resulting from the resistance of both highly controlled and more autonomous entities against both central Group recommendations and local demands. Understandably, the national legal context increases attention to external constituents' demands, but has no significant impact on attention to headquarters' demands. Regarding the nature of the practices, both safety and biodiversity practices tend to drive attention to both internal and external constituents' demands to a greater extent than practices related to employing women in management roles. And subsidiaries in either the environmental services or infrastructure industries are significantly less attentive to the demands of external constituents than are subsidiaries in the energy industry.

In Models 2 and 4, we can observe the impact of the control and identifying variables on the level of practice implementation. The coefficient of subsidiaries' size in Models 1 and 3 is positive and significant, suggesting that larger subsidiaries tend to implement CSR practices more extensively. The influence of the national legal context on practices' implementation is limited, if not slightly negative. Safety practices tend to be implemented more thoroughly than other types of practices, and biodiversity practices less so. In fact, the mean of the dependent variable for safety practices is 6.48 (standard deviation of 0.98), compared with 4.03 for practices that favor the employment of female managers (standard deviation of 2.04), and 3.93 for biodiversity practices (standard deviation of 2.00). We further

find that subsidiaries in both the environmental services and infrastructure industries tend to implement practices to a greater extent than do the other subsidiaries from the energy sector.

Robustness tests

We performed additional analyses to confirm the robustness of our results. First, we reran our models by using a respondent \times practice unit of analysis, and including some respondent-level controls (i.e., time spent in the company, tenure in the current position, and involvement in CSR activities). Although less consistent with our arguments at the subsidiary level of analysis, this analysis involves fewer assumptions since we do not need to aggregate the data per subsidiary. As a result, the number of observations was 7,850 instead of the 2,525 reported in our models. Interestingly, this test gave very similar results to our entity-level analysis. We were also interested in the results per topic, and in particular, in the subsample of observations related to biodiversity practices since biodiversity represents the most recent normative demand. Overall, the structure of the results remained similar, although the significance of some coefficients for female management and safety practices decreased: for operational safety, the coefficient of internal peers' conformity in Model 3; and for the employment of female managers, the coefficient of attention to the demands of external constituents in Model 2. For biodiversity, we found similar and significant results as for the whole sample, comforting the fit between our data and our theoretical explanations.

Finally, we performed a mediation analysis to try to articulate our findings with previous works that have established that subsidiaries implement practices in a mimetic way following their implementation by internal and external peers (Burns & Wholey, 1993; Davis & Greve, 1997; Davis, Desai & Francis, 2000; Kostova & Roth, 2002; Rosenzweig & Singh, 1991). Our goal was to verify whether the role of attention explains some of peers' influence, and thereby complements the direct mimetic explanation: if our theory is true, we should observe that the positive direct effect of peer's conformity on subsidiaries' practice

implementation is partially mediated by its attention to the demands of its constituents. According to our analysis reported in Appendix D, the relationship between the conformity of the subsidiaries' internal and external peers and practices' implementation is indeed partially mediated by the subsidiaries' level on attention. The influence of internal peers is partly due both to the increased attention to the demands of the headquarters and to the increased attention to the demands of external constituents; and the influence of external peers comprehends two countervailing effects, the increased attention to the demands of external constituents and the decreased attention to the demands of the headquarters (see Appendix D for the detailed results). The results of the mediation analysis are thus consistent with our simultaneous equation modeling results. The influence of peers on subsidiaries' implementation of practices is in part due to their increasing attention to the demands of the headquarters and external constituents. Thus, our model indeed improves our understanding of the mechanisms underlying peers' influence, by showing that subsidiaries' responses extend beyond mimicry and appeals to their attention. Peer conformity can represent a threat that obliges subsidiaries to make attentive responses; otherwise, we would not find that the direct effect of peers' conformity was mediated by attention.

Discussion and conclusion

This paper shows that the attention subsidiaries pay to the demands of their headquarters and their external constituents plays a crucial role in their implementation of practices in response to the high norm conformity of their internal and external peers. We proposed that, as attention is limited (Ocasio, 1997), MNE subsidiaries increase their attention to the demands of either their external constituents or the headquarters, depending on whether external peers or internal peers represent the greater threat. Our results support our view that peers' influence leads to certain demands prevailing over others so that the effects of the two types of attention on practice implementation substitute for each other. More specifically,

when its local external peers display high norm conformity, an MNE's subsidiary increases its their attention to the demands of its external constituents and reduce its attention to the demands from headquarters. However, internal peers' conformity increases a subsidiary's attention not only to the demands of the headquarters but also to demands from its external constituents. Echoing the view of subsidiaries as initiative-takers (Birkinshaw, 1997; Birkinshaw, Hood, & Jonsson, 1998; Bouquet & Birkinshaw, 2008), this interesting finding suggests that attention to the demands of the headquarters and attention to the demands of external constituents have complementary rather than substitute effects on practice implementation when internal peers highly conform to the norm. Subsidiaries seek the best way to improve their importance and visibility within the MNE by increasing their level of attention toward the headquarters and external constituents simultaneously, resulting in greater practice implementation.

This paper contributes to international management literature as it develops a conceptualization of subsidiaries' attention and advances our understanding of the role it plays in practice implementation within MNEs. In so doing, it moves away from the traditional focus on headquarters' attention and reveals how the threat represented by internal and external peers' conformity affects subsidiaries' attention in diverse ways. In addition, this paper helps our understanding of how the subsidiaries of an MNE address the tension between the simultaneous demands from their internal and external environments by integrating two complementary views: the vision of subsidiaries as conforming to internal or external demands (as per the institutional theory tenets) and the depiction of subsidiaries as initiative-takers within MNEs.

Building on previous works (Delmas & Toffel, 2008; Kostova & Roth, 2002; Kostova, Roth, & Dacin, 2008; Kostova & Zaheer, 1999), we also contribute to institutional theory in the MNE context. We underline the interplay between the behavior of a subsidiary's peers

and the demands of its constituents, and show that internal and external peers' conformity influence a subsidiary's implementation of practices, not only through a passive mimetic process but also through a selective attention to the demands of the headquarters and the demands of its external constituents. More precisely, our findings show that the influence of normative demands on a subsidiary depends on the conforming behavior of its peers that orientates its attention towards addressing certain demands at the expense of others.

Finally, our findings contribute to the attention-based view of the firm by demonstrating how organizational attention to environmental demands can influence the implementation of practices. Past studies have investigated the intra-organizational antecedents of attention to demands: the incentive system and the allocation of resources (Joseph & Ocasio, 2012; Ocasio, 1997), the representation of the constituents and their demands within organizations (Delmas & Toffel, 2008; Pache & Santos, 2010), and managers' "enterprise logic" (Crilly & Sloan, 2012). We complement these views by showing how peers' conformity drives attention, confirming that attention is "situated" (Ocasio, 1997), and that subsidiaries' attention levels can be low or high, depending on whether the threat they face is internal or external. The internal threat represented by conformity of its peer subsidiaries triggers a subsidiary's search for solutions both within and outside the MNE, so that the subsidiary can expand their attention capacity. We believe future research within MNEs and beyond should better acknowledge this dynamic and strategic nature of attention.

This paper's results speak directly to MNEs' top management. First, we found that conformity of internal peers tends to increase the attention level within subsidiaries, and results in greater implementation of practices. In other words, the internal competition for resources and importance does not only increase subsidiaries' attention to headquarters' demands that promote conformity, but also and simultaneously increases attention to the local environment that fosters local responsiveness and initiative taking. These two outcomes are

extremely valuable for the MNE as a whole so that headquarters' managers should support this internal emulation mechanism by strategically allocating resources to subsidiaries depending on their conformity level. Second, our results suggest that, when external peers' norm-conforming behavior represents a threat, attention can be directed away from the headquarters' demands. In such situations, MNEs' top managers should check whether the demands of external constituents are consistent with the Group policy: if not, conformity to Group objectives can be restored by pulling attention back to headquarters' demands — for instance, through internal competitive dynamics or the nomination of managers who support Group policies. As far as subsidiaries' managers are concerned, if they want to maintain internal conformity, they should beware of substituting external demands for internal demands. They should seek a balance between internal and external demands, even when external peers' conformity represents a greater threat, as deviating from internal demands exposes them to sanctions from the headquarters, for instance in terms of autonomy or access to resources.

Limitations and directions for future research

We acknowledge that this study suffers from several limitations, mostly related to our setting, the operationalization of some of the variables and the empirical testing of our hypotheses.

First, our study is based on only a single case of a multidivisional organization with multiple industrial and regional presences. While our model might not apply to all MNEs, we believe it can be extended way beyond our single case as the MNE operates in quite different industries (waste services vs. energy production for instance) and we look at CSR practices that are not really industry-specific. However, generalization should thus be approached with caution, in particular when discussing global industries, in which the interplay between the internal and the external environments is likely to differ. The MNE we studied operates in a multi-domestic industry, so that local demands are particularly prevalent for its subsidiaries.

By contrast, in global industries, MNEs' subsidiaries might be less embedded in their local environment and the role of local demands might be more limited, in particular in the case of high conformity of internal peers. Also, while we considered the demands of the headquarters were stable across the organization, in other contexts, they might appear less homogeneous.

Second, the fact that several variables were collected from the same survey source might introduce some bias, although we minimized the risk of common method variance and performed statistical tests that ruled it out as much as possible.

Third, we do not measure the constituents' normative demands directly. Although the impact of the strength of each of the demands on both implementation and attention is not the focus of our study per se, measuring it could have been a nice addition to our model. But we do not omit the direct influence of demands altogether in our analysis: we control for the national legal environment and we hold the headquarters' demands consistent by focusing on a single organization with common CSR objectives at the corporate level.

Fourth, our operationalization of external peers' conformity does not allow us to capture the behavior of each local subsidiary of the MNE's competitors with perfect precision, as our methods' section explains.

Fifth, we have studied a situation in which the demands of the headquarters and external constituents point to the same direction — toward enhanced CSR performance — although they might prescribe the implementation of different practices. Finding a substitution effect, as we do in a case of alignment between external and internal demands, makes our study conservative, which might constitute a boundary condition to our work; thus, future studies could look at cases where internal and external demands are conflicting, with one demand operating in support of and another operating against the same norm. In such cases, the substitutive and complementary effects observed in our case may revert to the outcome we

originally expected -substitutive effects only-, as the subsidiary might have to choose whose demands to satisfy. But we could also imagine that subsidiaries try to find alternative ways to accommodate conflicting internal and external demands, as they can recourse to a whole range of responses beyond implementation of practices: ,compromise, avoidance, defiance or manipulation (Pache & Santos, 2010).

This paper points to the need for future research to consider the role of attention more carefully when looking at pressures for practice implementation. Bringing together previously identified intra-organizational antecedents of attention and (external and internal) peers' conformity could allow for a more complete depiction of the attention processes and their resulting outcomes. Future works could also introduce more systematic measures of the internal and external normative demands that subsidiaries face. Finally, we have observed that practices of different nature were implemented to diverse extents, which encourages future research to examine whether our model will apply to other normative demands beyond CSR and its social and environmental consequences (e.g., R&D, accounting and reporting, governance principles, and so forth) that may result in more immediate impacts on efficiency and performance.

CHAPTER 3: ESSAY 2 - IMPLEMENTATION OF CSR IN AN MNE: A MODEL OF SUBSIDIARY CONFORMITY

“Leading employers may be keen to have a common culture across their subsidiaries, but the focus is on harmonization of HR policies and employee conditions rather than standardization, says David Plink, chief executive of the Netherlands-based Top Employers Institute Corporate. [...] HQs want to harmonize CSR and diversity programs, but “local flavors” are still coming through, says Mr. Plink”

- Tim Smedley in a Financial Times article (Smedley, 2014)

Firms, in particular multinational enterprises (MNEs), face mounting pressures for from their environment regarding their Corporate Social Responsibility (CSR) practices. Such practices integrate consideration for environmental and social impacts within a company's many activities - its operations, research and development, procurement, marketing and sales, human resources - in line with or above the most demanding legal environment they face across their facilities (Aguilera, Rupp, Williams & Ganapathi, 2007; Gao & Bansal, 2013; Matten & Moon, 2008; McWilliams & Siegel, 2001). At the global level, MNEs must respond to increasing demands regarding their 'triple bottom line': increasing their economic, environmental and social benefits, while minimizing their environmental and social impacts (Aguilera et al., 2007; Bansal, 2005). Managing CSR conformity is therefore of strategic importance of MNEs.

In order to explain heterogeneity in the implementation of practices such as CSR by MNEs' subsidiaries, international business scholars have looked at the influence of their external environment through an institutional lens (Björkman, Fey & Park, 2007; Kostova & Roth, 2002; Kostova & Zaheer, 1999; Delmas & Toffel, 2010) and a focus on local competitors (Burns & Wholey, 1993; Davis & Greve, 1997; Salomon & Wu, 2012). For

instance, Kostova and Roth (2002) point to the influence of institutional profiles of host countries in the implementation of quality management in MNEs. Delmas and Toffel (2008) also show that pressures from external constituents influence the adoption of ISO14001 and voluntary environmental programs by MNEs' facilities. Thus, varying local demands generate some heterogeneity in the way subsidiaries implement CSR practices. However, these local differences might be overruled by intra-organizational dynamics as MNEs' internal field is a major source of influences (Kostova, Roth & Dacin, 2008) but still quite understudied (Garcia-Pont, Canales & Noboa, 2009).

More specifically, we wish to explain subsidiaries' conformity to corporate policies such as CSR. We define a subsidiary's conformity as the extent to which it increases its level of implementation of practices that are consistent with the corporate policy. A policy is a set of objectives defined by the headquarters for the corporation as a whole. Some policies might only state qualitative objectives and suggesting some actions to be undertaken but remain quite ambiguous, while others will set precise quantitative goals for each subsidiary, design a concrete action plan and formalize a procedure, in which case they are far less ambiguous.

While we believe the model we propose can apply to the implementation of corporate policies more broadly, we also contend that CSR is a striking example because conformity relative to CSR is often questioned. Indeed, to respond to rising demands related to CSR, specific communication develops (Philippe & Durand, 2011), but the prevalence of such discourse and symbols which can be observed in the CSR context, is not necessarily reflected in the organization's actual practices, which may be decoupled from its policies (Meyer & Rowan, 1977). The existence of a CSR governance structure or a CSR action plan does not guarantee the actual implementation of CSR practices across all an MNE's subsidiaries or the improvement of its corporate social performance. The nature of CSR is also complex in that it has no single definition that is applicable to all industrial, national, social or environmental

contexts, so there is room for organizations to interpret the norm. While global policies may set objectives in MNEs, they still have to be translated into concrete practices in their subsidiaries. CSR includes a very wide set of issues that need to be prioritized, and that sometimes conflict with each other - and the outcomes of practice implementation in terms of economic and social gains (Kennedy & Fiss, 2009) can prove uncertain. The extent of formalization of CSR policies can also vary tremendously from one issue to the next within the same organization, so that CSR policies might be more or less ambiguous. As a result, subsidiaries understand and interpret CSR policies and objectives differently (Crilly, Zollo & Hansen, 2012 ; Gardberg & Fombrun, 2006), and also differ in how they translate them into practice, generating a “emergent” type of policy-practice decoupling (Crilly et al., 2012:1441). At the same time, MNEs seek to achieve a certain level of standardization of their CSR practices to respond to global demands in a consistent manner (Christmann, 2004) and limit such decoupling as it represents a reputational threat (Kostova & Zaheer, 1999; MacLean & Behnam, 2010). It is therefore crucial to understand the antecedents of subsidiary conformity to the corporate CSR policy. Controlling for external influences, what are the intra-organizational mechanisms that foster subsidiary conformity within an MNE?

To address this question, we propose a model of subsidiary conformity that integrates two different views in the management literature: the notion of compliance put forward by international management scholars (Kim & Mauborgne, 1993; Kostova & Roth, 2002) and the notion of conformity developed by neo-institutional scholars (Durand & Jourdan, 2012; Hewlin, 2003; Philippe & Durand, 2011; Raffaelli & Glynn, 2014). We believe neither of these allows for a comprehensive depiction of the mechanisms at play in subsidiary conformity. On the one hand, international management studies stress the tensions between the pressures from the headquarters and the pressures from the subsidiaries’ local constituents (Hillman & Wan, 2005; Kostova & Roth, 2002). But they do not sufficiently consider the role

that peer subsidiaries play in conformity to corporate policies. On the other hand, works on conformity define it as a homogeneous organizational level concept (e.g. Durand & Jourdan, 2012; Joseph, Ocasio & McDonnell, 2014; Kremp & Durand, 2015; Philippe & Durand, 2011) and their arguments need to be adapted to the complex context of MNEs. Bringing together these two sets of arguments, we hypothesize that headquarters' pressure and implementation by peers will increase a subsidiary's level of conformity. But we further propose that subsidiaries are not just recipients of pressures from the headquarters and imitators of their peers, as their internalization of the policy also plays a central role in their conformity. We define policy internalization as that state in which managers see the policy as appropriate for their subsidiary given its consistency with the subsidiary's shared values and are committed to it (e.g. Björkman, Ehrnrooth, Smale & John, 2011; Kostova & Roth, 2002). The extent to which the subsidiaries perceive the policy as being consistent with their values has significant influence on whether they adopt the corresponding practices (Ansari, Fiss & Zajac, 2010; Klein & Sorra, 1996) and it not only increases conformity but also influences the role of the headquarters and peers. Indeed, we expect that internalization reduces the influence of headquarters since enforcement become less needed when the policy is perceived as highly consistent with the subsidiary's values. And we also propose that internalization will limit the influence of peers as the ambiguity reducing role of peer conformity matters less when the policy is highly internalized. This approach at the intra-organizational level allows us to design a model of conformity with three mechanisms: headquarters' pressure, implementation by peers and policy internalization.

For example, following the accident in the Gulf of Mexico in 2010, British Petroleum (BP) launched in 2011 a corporate program to improve safety and risk-management in all its facilities. BP's subsidiaries started implementing the program, some sooner than others, in order to comply with the policy designed by the headquarters. Next to this top-down pressure

from BP's headquarters, subsidiaries also implemented the program because other BP subsidiaries similar to themselves –their peers- had already done so, in a cascading way. But the importance of this dual influence from BP's headquarters and other subsidiaries actually depended on the focal subsidiary's perception about the program: if it was perceived as consistent with the subsidiary's values, then BP's headquarters and peers were less instrumental in the implementation process.

We test our predictions in a diversified MNE thanks to two surveys covering the same 99 subsidiaries and distanced by a year as well as archival data gathered at the MNE's headquarters. The results of our regression models show strong support for our hypotheses and hold across a series of robustness tests. Additionally, testing our hypotheses for three different CSR issues – occupational health and safety, the employment of female managers and environmental biodiversity- allows us to observe that the influence of internalization relative to headquarters and peers depends on the CSR issue considered.

Thus, we contribute to management theory in three ways: to neo-institutional theory by proposing a model of subsidiary conformity that depends on the headquarters' pressure as well as the implementation of conform practices by intra-organizational peers and suggesting that the strength of headquarters' and peers' influences varies according to the subsidiary's internalization of the policy; to research on subsidiaries' strategies by showing that the subsidiaries' internalization of the policy influences their conformity both directly, and through a reduction of headquarters' and peers' influence; and to the CSR literature by advancing the articulation of motives for CSR implementation (Aguilera, Rupp, Williams & Ganapathi, 2007; Bansal & Roth, 2000) in the MNE context, and stressing the need to acknowledge the heterogeneity of CSR issues.

Theory and hypotheses

Conformity has been used to describe the general alignment of an organization's practices with the prescriptions of a norm or a logic (Durand & Jourdan, 2012; Joseph et al., 2014; Love & Kraatz, 2009; Philippe & Durand, 2011; Thornton, 2002; Weaver, Trevino & Cochran, 1999) and the extent to which its behavior resembles the standard behavior adopted by its industry peers in a mimetic way (Deephouse, 1996; Durand & Kremp, 2015; Raffaelli & Glynn, 2014), echoing the notion of isomorphism (DiMaggio & Powell, 1983). Here, we draw more from the first and more general definition, as we contend that peers' behavior is one of its drivers, but not the only one and that conformity can be a strategic behavior (e.g. Durand & Jourdan, 2012; Philippe & Durand, 2011). More specifically, we call subsidiary conformity the extent to which the subsidiary increases its level of implementation of practices that are consistent with the corporate policy. The corporate policy acts as an intra-organizational norm to which the subsidiaries conform to a varying degree. And there are strong pressures for subsidiary conformity that emanate from the MNE's headquarters.

Intra-organizational influences on a subsidiary's conformity

Because of MNEs' ownership structure, headquarters are bound to have a say in the subsidiaries' strategic decisions, in particular when it comes to implementing corporate policies. Headquarter-subsidiaries relationships have therefore long been a central focus of international management research (Hoenen & Kostova, 2014; Noriah & Ghoshal, 1994; Ghoshal & Bartlett, 1994; Kim & Mauborgne, 1993) describing how MNE's headquarters can enforce or influence the adoption of the policies that were defined at the corporate level and the implementation of practices in the MNE's subsidiaries. Following Ambos, Andersson and Birkinshaw (2010:1101), headquarters simultaneously play "a "monitoring" role that is concerned with ensuring that the subsidiary remains compliant with corporate directives, and [...] an "attention-providing" role [...] that helps to build up the visibility of the subsidiary

within the corporate network”. In other words, headquarters influence the implementation of practices in their subsidiaries both directly, through communication, monitoring, control and incentives and indirectly through the distribution of their attention.

Many international strategy scholars put forward the importance of control, incentives, and information processing in the implementation of the policy designed by an MNE’s headquarters in its subsidiaries. Formal enforcement processes are a key means to ensure internal compliance (e.g.: Burgelman, 1991; Egelhoff, 1982; Hedlund, 1986; Ouchi, 1978; Ouchi & Maguire, 1975) and to ascertain that the subsidiaries endorse the “role” or “charter” they were assigned by the headquarters (Bartlett & Ghoshal, 1986; Galunic & Eisenhardt, 2001; Ghoshal & Nohria, 1993). Planning, control and rewards as well as the communication structure or the distribution of resources are perceived as key drivers for the subsidiaries’ managers’ “attention” (Ocasio, 1997; Ocasio and Joseph, 2005) and implementation decisions.

Overall, the headquarters typically set CSR objectives and demand results to their subsidiaries. As subsidiaries seek internal legitimacy and are under scrutiny, they will implement practices in response to pressures and demands from the MNE’s headquarters (Hillman & Wan, 2005; Kostova & Roth, 2002; Kostova & Zaheer, 1999)¹⁴ through a compliance mechanism (Kim & Mauborgne, 1993). Thus, consistent with prior work in international management, our first baseline hypothesis is:

Hypothesis 1. The greater the headquarters’ pressure for performance improvement on a given CSR issue, the higher the subsidiary’s conformity regarding that issue.

Next to the pressure from the MNE’s headquarters, a subsidiary’s conformity also

¹⁴ These articles refer to local external pressures as well, as they study “institutional duality”. Here, again, we chose to focus on the intra-organizational field and to control for external pressures.

depends on the behavior of its peers. Observing practices implemented by peers and imitating them is a way for the MNE's subsidiaries to tackle the uncertainty about the policy's value (DiMaggio & Powell, 1983; Fligstein, 1985; Greve, 2008; Lieberman & Asaba, 2006; Rao, Greve & Davis, 2001). Rao et al. (2001) argue that peers' behaviors constitute a social proof that allows organizations to infer the value of certain actions - according to them, "Social proof is most influential when decision makers are uncertain about the value of a course of action and when they are able to observe the actions of similar others" (Rao et al., 2001: 504), and it is responsible for cascading adoption by closely related decision-makers. In an MNE context, the reference group (when it comes to conformity to the corporate policy) is comprised of internal peers, i.e. other Group subsidiaries. Each subsidiary observes the behavior of other units so as to reduce any uncertainties it may have about the CSR policy's value (Bansal & Roth, 2000; Gardberg & Fombrun, 2006). The fact that other Group units implemented the policy provides a proof of its value and points to concrete corresponding practices. Therefore, as subsidiaries tend to imitate their peers, our second baseline hypothesis is:

Hypothesis 2. The more its internal peers implement practices related to a CSR issue, the higher the subsidiary's conformity regarding that issue.

Policy internalization as central to conformity

Looking at the pressures subsidiaries undergo within the MNE does not allow a complete understanding of the processes at play in subsidiaries' conformity. Indeed, MNEs' subsidiaries are neither passive recipients of pressures for conformity from the headquarters, nor blind imitators of their peers. We need to consider how the policy is perceived in the subsidiaries, and in particular how it is internalized. In the intra-MNE context, we define policy internalization as that mechanism through which the subsidiaries get committed to it (Björkman, Ehrnrooth, Smale & John, 2011; Kostova & Roth, 2002). Internalization of the

policy by organizational members results in intra-organizational consensus about the policy (Crilly et al., 2012) and conformity (Sauder & Espeland, 2009). By internalizing the policy, subsidiaries become committed to it and more willing to actually implement corresponding practices (Björkman et al., 2011; Kostova & Roth, 2002).

A key condition for the internalization of a policy is its consistency with the subsidiaries' own values (Mowday, Steers & Porter, 1979; Kostova & Roth, 2002). The values of a subsidiary correspond to shared norms and beliefs of what is appropriate for the subsidiary. "They provide the decision rules for interpreting the complex and numerous signals within the organizational environment" (Bansal, 2005:517), so that value consistency affects the subsidiaries' ability to implement practices (Choi & Price, 2005; Klein & Sorra, 1996). Thus, Ansari, Fiss & Zajac propose that "cultural fit" - which they define as the "degree to which the characteristics of a diffusing practice are compatible with the cultural values, beliefs, and practices of potential adopters" (2010: 78) - influences the diffusion of practices. In his study of a post-Communist government agency, Tilcsik (2011) also stresses the importance of beliefs and values for conformity, looking at the impact of the ideological shift from the 'Old Guard' to the 'Reformers' on the implementation of financing practices. The new employees –the 'Reformers' - "saw algorithmic budgeting as a useful tool and were committed to putting it into practice" (2010:1484) - they "believed" in the system. A CSR issue that is consistent with a subsidiary's values is perceived as strategic by the subsidiaries' managers so that the subsidiary implements practices to tackle the issue at stake (Bansal, 2003).

Thus, internally shared representations, beliefs and values affect the extent of conformity via an internalization mechanism, so we can posit:

Hypothesis 3. The more a subsidiary internalizes a CSR policy, the more it conforms to it.

But the policy internalization also interacts with the compliance process. We proposed that subsidiaries complied with internal policies because they sought internal legitimacy and were under scrutiny from the headquarters. Thus, subsidiaries implement practices that are legitimate in the eyes of the headquarters, given the corporate policy. However, when a subsidiary highly internalizes the CSR policy, it needs this external legitimization less as it is already convinced of the value of implementing the policy. In addition, scrutiny by the headquarters is more instrumental in subsidiaries' implementation of practices when the subsidiaries are not committed to the policy. Overall, we expect that internalization substitutes for the compliance motivation and we hypothesize the following negative moderation:

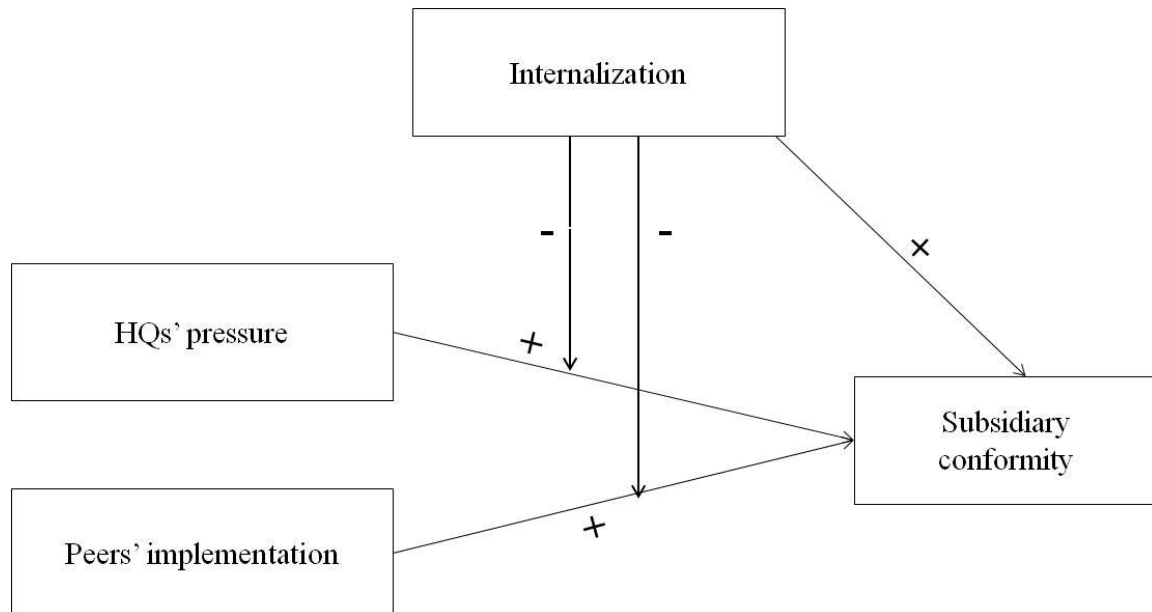
Hypothesis 4. The effect of headquarters' pressure on a subsidiary's conformity regarding a CSR issue is negatively moderated by the subsidiary's internalization of the CSR policy.

Consistent with prior literature, we argued that subsidiaries imitated their peers as a way to fight the ambiguity of the CSR policy. However, part of the uncertainty about the policy that needs to be resolved stems from its lack of alignment with the subsidiary's values. The greater the mismatch a subsidiary perceives between the policy and its own values, the more it will tend to look to its peers to gain greater assurances about the importance of implementing the policy and identify readily available practices that were already implemented elsewhere. Conversely, if the policy is perceived as consistent with the subsidiary's values, part of the uncertainty about the value of implementing it is assuaged (Rao et al., 2001) and subsidiaries in which the internalization of the policy is greater have a better sense of what practices should be implemented in their case, and to what extent. For those subsidiaries, imitating peers is less necessary. Hence, when consistency between the policy and the subsidiaries' values is high, the influence of peers is reduced and we can expect a negative moderation effect:

Hypothesis 5. The effect of peers' implementation of practices on a subsidiary's conformity regarding a CSR issue is negatively moderated by the subsidiary's internalization of the CSR policy.

Figure 5 below summarizes our hypotheses.

Figure 5 : Essay 2 - A model of subsidiary conformity



Methods

Sample

Our field of inquiry is an MNE headquartered in France that operates in 70 countries worldwide in the gas and electricity production and supply industries, as well as in infrastructure development and energy and environmental services. It is a leader in its industries, listed on the French stock exchange without interruption since 2005, and generated a turnover of Billion Euros 80 in 2013. In 2011 the MNE defined and announced ten group-wide quantitative and qualitative CSR objectives covering human resources (employee diversity, training and shareholding), safety management, and the environment (biodiversity and renewable energy). Internal communication on those objectives was release through 2011-2012, so that we picked 2012-2013 as our observation period. To test our hypotheses, we focused on the objectives related to the proportion of female managers, occupational health and safety and biodiversity, issues which are of particular interest because 1) they are meaningful for all the Group's facilities, regardless of the industries they operate in, 2) its operating units can easily translate them into concrete actions, and 3) they are linked to three different CSR domains: social, safety management and environmental issues. These objectives are clearly stated in the Group CSR policy, and communicated to all its business units, via their activity branches. The three issues are currently at different institutionalization stages (Tolbert & Zucker, 1996) at the corporate level. However, this does not mean that subsidiaries did not implement practices related to less institutionalized issues on their own initiative, so we can expect to observe considerable variance in conformity levels across issues, and across subsidiaries. In this MNE, given its industries, safety has been a central concern for decades, so that it is a mature CSR issue, with action plans, procedures, rules and monthly performance measures. By contrast, the group policies regarding the employment of female managers and environmental biodiversity can be considered as more ambiguous as

they do not include a formalization of the practices to be implemented and local norms might vary on those two issues. In addition, in the case of environmental biodiversity, the set objectives are more qualitative.¹⁵

We conducted two on-line surveys in October 2012 and October 2013 at 104 of the MNE's units which were randomly selected from a full list of the Group's subsidiaries via systematic cluster sampling. The questionnaires were sent to a total of 475 respondents, up to six managers with functional responsibilities at each unit (i.e. general directors, finance directors, operating directors, human resource managers, communication directors and sales directors).

The surveys' content was validated via 10 interviews with experts from the Group's corporate social responsibility (CSR) department, and pre-tested in two subsidiaries during June - July 2012. An exhaustive list of practices corresponding to the three issues was developed and improved during meetings with Group experts. The modifications that followed the pretest were mostly clarifications and a slight reduction of the length of the questionnaire. The respondents were invited to comment on their responses on each of the three issues, so they could mention other actions they implemented, but while a few commented on their subsidiary's overall performance, none reported on any additional actions undertaken. The survey was available in four languages: English, French, Spanish and Portuguese.

After several reminders we received complete answers to the 2012 survey from 314 respondents in 101 subsidiaries, a 66% response rate, and 270 complete answers from 100 subsidiaries to the 2013 survey, a 57% response rate. In all, we received answers to both

¹⁵ We asked respondents whether they thought identifying and implementing practices related to the three issues was difficult. The answers to these questionnaire items are very much consistent with our understanding of the policies' maturity level: on average, respondents disagreed with the statement that identifying safety practices was difficult and were neutral for the other two issues –which means many respondents actually agreed.

surveys from 99 of the 104 subsidiaries, so that our final sample comprises those 99 subsidiaries, whose 100,300 employees represent 46% of the Group's workforce. These subsidiaries are located in 34 countries worldwide (55 operating in 12 European countries, 9 in 7 Asian countries, 12 in 6 South American countries, 7 in 4 Middle East countries and Morocco, 9 in 3 North American countries and 7 in Australia). We checked whether non-respondents to the two surveys had different functional responsibilities from respondents, as that could have biased our results, but found the distributions of respondents and non-respondents were fairly similar across functions. In the 2012 survey, CEOs and HR managers tended to respond rather more than the average (71% response rate for both categories), and marketing and sales managers slightly less (63% response rate). In contrast, communication and HR managers tended to respond rather more than average to the 2013 survey (64% and 62% response rates respectively), and CEOs and COOs slightly less (44% and 48% respectively).

In order to limit common method variance, given that part of the dependent variable and two independent variables were collected via the 2012 survey, we split our sample into two groups of respondents per unit, using one to generate the dependent variable and the other to generate the independent variables. When available in 2012 and 2013, responses from human resources and operations managers - who are more aware of subsidiaries' practices - were used to generate the dependent variable, and those from the other respondents were used for the independent variables and the controls based on the questionnaire¹⁶. In the cases of 17 units, only one manager responded in 2012, so that we had to use her answers to generate the independent variables as well as the 2012 component of the dependent variable. For these 17

¹⁶ 113 respondents only answered the 2012 survey so that their responses were used for the independent variables and 82 respondents answered only the 2013 survey so that their responses were used for the dependent variables. Whenever there was a limited number of respondents who answered both rounds (1 or 2), their responses were used in priority for the dependent variable. For 17 entities, there was only one respondent in 2012 whose answers were used to generate both the 2012 component of the dependent variable and the independent variables.

cases, there is a potential issue of common method variance, but we tried to minimize this problem in our instrument design. First, we guaranteed the anonymity and confidentiality of the study to our multiple respondents, and encouraged them to provide genuine answers and to comment on them. Second, we constructed the survey in a way that minimized common method bias: items related to the implementation of the practices appeared before those related to the independent variables, items for each question were randomized, and the survey was very long and complex, with many questions separating those relating to the two sets of variables, making implicit theorizing unlikely. In particular, as the dependent variable was calculated using data from two different surveys, we believe implicit theorizing matching our hypotheses was impossible. The format of the scales also differed (for instance, there was a neutral point at 3 for the implementation level, but at 4 for value consistency and perceived beneficial outcomes). Third, we ensured maximum data validity, by using multiple respondents with good inter-respondent agreement (e.g. 0.87 for the 2012 implementation level and 0.88 for the 2013 one), and thanks to the fact that the questions about the implementation of practices were quite objective, and followed an objective performance item related to the CSR issue in the questionnaire. Fourth, to further confirm the low probability of common method bias, we performed two Harman's one factor tests that confirmed that (1) conformity and peers' influence loaded onto two factors and (2) conformity and value consistency loaded onto two factors.

Measures and Model

Dependent variable. The dependent variable, *subsidiary conformity* was proxied by the standardized increase in the implementation of 25 practices related to safety management, the employment of female managers and environmental biodiversity over our observation period, i.e. between 2012 and 2013 in each MNE subsidiary. Thus, for the practice $i \in [1;25]$ in subsidiary $j \in [1;99]$ that had k respondents,

$$\text{Conformity}_{ij} = \text{Implementation 2013}_{ij} - \text{implementation 2012}_{ij}$$

where the implementation components (implementation2012_{ij} and implementation2013_{ij}) were captured through measures in the 2012 and 2013 surveys. Among the 25 practices listed in cooperation with experts in the MNE, 8 related to occupational health and safety management, 8 to the employment of female managers and 9 to environmental biodiversity. Respondents were asked to assess the level of their unit's implementation of each practice on a 7-point Likert scale ranging from "0: not at all" to "7: to a very great extent". (The list of 25 practices is presented in appendix A.)

For a subsidiary *j* with *k* respondents, the unique yearly implementation level was generated for each practice by averaging the responses to the corresponding questionnaire item¹⁷:

$$\text{Implementation 2012}_{ij} = 1/k * \sum_{\text{Resp}=1}^k \text{implementation2012}_{ij,k}$$

$$\text{Implementation 2013}_{ij} = 1/k * \sum_{\text{Resp}=1}^k \text{implementation2013}_{ij,k}$$

(Alternative operationalizations of conformity are presented in the robustness tests section of this paper.)

Given our dependent variable is survey-based, it could suffer from social desirability. However, this risk of social desirability affecting conformity is actually very low since its operationalization as the difference between the 2013 and 2012 reported implementations by the same respondents would cancel potential biases. Indeed, the respondents would increase their subsidiary's level of practices' implementation in their answers in both surveys so as to appear as conform as possible. In addition, we limited the risk of social desirability by ensuring the anonymity of the surveys, including objective performance measures¹⁸ before

¹⁷ The average inter-respondent agreement was 0.87 for the 2012 survey and 0.88 for the 2013 survey.

¹⁸ For safety practices: frequency and severity rates of work accidents; for the employment of female managers: percentage of women in managerial positions.

asking about the practices' implementation, allowing respondents to comment on their answers and report their level of confidence. As a result, the respondents gave answers that ranged from 0 to 6 and 90% of the both the 2012 and the 2013 questionnaires included some low implementation scores (0, 1 or 2 on a scale of 6), so social desirability seems limited.

Independent variables. To test Hypothesis 1, we derived the variable *headquarters' pressure* from 6 items in our 2012 survey, 2 per CSR issue. Respondents had to grade the influence of the corporate and branch headquarters had regarding each CSR issue on a 7-point Linkert scale ranging from "0: No influence" to "6: Very strong influence". We are confident that the two items per CSR issue (branch and corporate headquarters) reflect the same construct as the Chronbach Alpha equals 0.94. So, for each CSR issue, we average all the responses from each subsidiary to obtain our variable at the subsidiary level.

To model the *implementation by peers'* influence in Hypothesis 2, we used for each of the 25 practices the average level of implementation by the subsidiary's peers during 2012. Subsidiaries were considered as peers if they belonged to the same operating branch of the MNE¹⁹ as the focal subsidiary (See appendix A for the detail of the practices).

Finally, to test Hypothesis 3, we generated *perceived value consistency* based on 6 items in the 2012 survey²⁰. - 2 for each of the three CSR issues covered by our study: safety management, the employment of female managers and environmental biodiversity. A principal component analysis allowed us to confirm that the 2 reflective items for each of these three issues loaded onto one factor, and to generate a value for *perceived value*

¹⁹ The Group is composed of 6 operating 'branches' which all relate to one of the Group's core businesses (Environmental Services, Gas, Energy, etc).

²⁰ The items used here, adapted from Choi and Price (2005), were 'Employing female managers is congruent with the values of our subsidiary', 'By employing female managers, we do what our subsidiary believes important.', 'Biodiversity preservation is congruent with the values of our subsidiary', 'By preserving biodiversity, we do what our subsidiary believes important', 'Health and safety management is congruent with the values of our subsidiary' and 'By preserving health and safety, we do what our subsidiary believes important'. The respondents were asked to answer on a 7-point Likert scale ranging from 1: 'Strongly disagree' to '7: Strongly agree', with 4 being 'Neutral'.

consistency at the respondent level. To generate a unique value per issue at the subsidiary level, we then averaged the values obtained for all the respondents from that unit.

We standardized the three independent variables, as suited to study interactions.

Controls. We controlled for the subsidiary's *level of prior implementation*, to be able to neutralize the initial level of implementation, which is independent from the policy, so that our models really explain conformity following the formalization of the policy. We generated this variable in the same way as the dependent variable, but using the 2012 answers of different respondents- the ones selected for the independent variables.

The *national legal context* was proxied via data on national legislation related to the three focal CSR issues. For safety management, we used the number of laws related to health and safety in the focal country in 2012, provided by the International Labor Organization. For gender diversity, we used the number of the country's laws related to non-discrimination in 2012, again provided by the International Labor Organization. For biodiversity, we are not aware of any database listing laws related to biodiversity worldwide, and even at the national level most countries do not communicate this information. So we used the national percentages of terrestrial and marine areas that were protected in 2010, as provided by the Worldbank. Since each country defines and declares these protection areas, they can be considered to reflect the importance the government attaches to biodiversity. By combining the three sources, we obtained a unique measure for each issue*country. Given the diverse ranges of values for the three issues, we standardized the variable per issue to obtain the *national legal context* variable.²¹

We controlled for *external peers' pressures* based on competitors' rating is Thompson Reuters ASSET4, the world's largest Environmental, Social & Governance rating database

²¹ We chose to create this specific variable rather than rely on existing general CSR or governance indexes as it allows us to focus specifically on the legislation relative to the three CSR issues we are observing, and to include the 34 countries covered by our sample.

(Chatterji, Durand, Levine & Touboul, 2015; Cheng, Ioannou & Serafeim, 2014). More specifically, we use the rankings of the 125 companies in the same industries as our MNE²², and calculated based on their scores on various items reflecting the 3 CSR issues (see appendix B for the full list of items) and the relative size of their subsidiaries, a weighted average performance for each country in which the MNE has subsidiaries.

We also controlled for the headquarters' overall structural influence in terms of the closeness of its relationships with its subsidiaries, beyond CSR issues. We expect that close relationships between headquarters and subsidiaries can increase conformity, so that more autonomous subsidiaries, those whose levels of integration in the Group are lower, and/or have only more recently been part of the Group will tend display less conformity than those which are less autonomous, more integrated and share a longer history in the Group. The level of a subsidiary's *autonomy* was captured through a question in the survey addressed to unit managers, adapted from Bouquet and Birkinshaw's (2008) work²³. In terms of integration, *ownership* represents the degree of the Group's control over the subsidiary, and takes the value of 1 when the percentage of ownership of the MNE over the focal unit is less than 50% (minority), 2 when it's between 50% and 99% (majority) and 3 when it's over 99% (full control). And *history* corresponds to the time the subsidiary had been part of the Group by 2012, and takes the value of 1 for less than 10 years, 2 for less than 20 years, and 3 otherwise.

As bigger organizations have been shown to adopt practices more quickly (e.g. Burns

²² Companies sorted as 'utilities' in gas, electricity, water or 'multiline' or as 'industrial services' in waste, water, environment or energy that employed more than 1,000 people.

²³ The question was: 'In the following propositions, please select the answers that best describe the decision-making process in your subsidiary', on five items: 'To discontinue a major existing product/service or product/service line', 'To invest in major plant or equipment to expand production capacity', 'To formulate and approve your entity's annual budgets', 'To increase (beyond budget) expenditures for research and development', 'To subcontract out large portions of the production'. The respondents chose from 5 potential answers: 'the entity's opinion is not asked; decision is explained to the entity by the Branch', 'proposal by the Branch, but the entity's opinion carries little weight', 'proposal by the Branch, and the entity's opinion carries a lot of weight', 'proposal by the entity, decision made by the Branch', and 'decision made by the entity without much consultation with the Branch'. ($\alpha = 0.74$). The final variable is the average of the 5 scores.

& Wholey, 1993), we expect that bigger subsidiaries will display higher levels of conformity. Therefore, we controlled for *subsidiary size*, i.e. its number of employees as of 30.09.12: we logged this variable as there was considerable disparity between unit sizes.

Finally, for the model including all practices, *safety* and *biodiversity* practices were two binary variables that took the value of 1 when the issue was safety or biodiversity respectively, and zero otherwise. We introduced these controls given that we expect the levels of conformity of the practices to differ across the three issues.

Models. We tested the relationships hypothesized using OLS regression models with standard errors clustered by practices, given the nature of the dependent variable and the shape of its distribution²⁴. We ran models including all our observations, and models by issue that allow us to distinguish between different levels of policy ambiguity. The variables reflecting implementation by peers, value consistency and headquarters' pressure were standardized for each sample (the whole sample and the three samples corresponding to each issue) before running the corresponding models as is recommended when variables are interacted.

Results

Table 4 shows acceptable levels of correlations. The rather high level of correlation between value consistency and implementation by peers (0.61) can be mostly explained by their correlation with safety, respectively 0.86 and 0.68. Indeed, for safety practices, both variables tend to be higher than for practices related to women in management or environmental biodiversity. Given the maturity of the health and safety issue in the Group, this is not surprising. However, the variance inflation factors (VIF) are all below 5, as shown

²⁴ A QQ plot test supported the normality of subsidiary conformity.

in Table 5, so the analysis of the interaction between value consistency and implementation by peers is still informative.

Table 4: Essay 2 - Descriptive statistics and correlations – all observations

Variable	Mean	S.d.	Min	Max	1	2	3	4	5	6	7	8	9	10	11	12	13
1 Subsidiary conformity	0	1	-4,13	4,19	1												
2 HQs' pressure	0	1	-1,95	1,98	0,03	1											
3 Implementation by peers	0	1	-2,85	1,63	0,03	0,31	1										
4 Value consistency	0	1	-3,87	1,42	0,02	0,39	0,61	1									
5 Prior implementation	4,92	1,89	1	7	-0,31	0,24	0,64	0,43	1								
6 External peers' pressure	0,73	0,18	0	1	0,08	-0,06	0,13	0,04	0,07	1							
7 Local legislation	0,45	0,28	0	1	0,00	0,07	0,24	0,26	0,15	0,18	1						
8 Autonomy	4,36	0,60	2	6	0,01	-0,08	-0,03	-0,09	-0,11	0,02	-0,07	1					
9 Size	73,71	28,72	0	100	-0,02	-0,09	-0,07	0,00	-0,06	0,10	0,08	0,14	1				
10 Ownership	12,53	13,74	0	107	0,06	-0,07	-0,02	-0,03	-0,04	0,10	0,13	-0,20	0,05	1			
11 History	5,66	1,56	3,00	9,64	0,04	-0,03	-0,06	-0,04	0,01	0,08	0,04	-0,08	0,03	0,40	1		
12 Biodiversity	0,36	0,48	0	1	-0,01	-0,07	-0,46	-0,66	-0,32	-0,02	-0,17	0,00	0,00	0,00	0,00	1	
13 Safety	0,32	0,47	0	1	0,00	0,30	0,86	0,68	0,61	0,16	0,28	0,00	0,00	0,00	0,00	-0,51	1

Table 5: Essay 2 - Variance inflation factors – all observations

Variable	VIF
Safety	4.92
Implementation by peers	4.44
Value consistency	2.94
Biodiversity	1.99
Prior implementation	1.76
HQs' pressure	1.33
History	1.27
Size	1.21
Local legislation	1.15
Autonomy	1.12
External peers' pressure	1.09
Integration	1.06
Mean VIF	2.02

Table 6: Essay 2 - Linear regressions estimating the effect of headquarters' pressure, peers and value consistency on subsidiary conformity^a

VARIABLES	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
HQ's pressure		0.07*** (0.016)			0.05** (0.019)	0.06*** (0.017)		0.05*** (0.017)
Implementation by peers			0.37*** (0.037)		0.36*** (0.037)		0.35*** (0.039)	0.34*** (0.040)
Value consistency				0.08** (0.030)	0.04 (0.035)	0.03 (0.035)	0.06* (0.031)	0.03 (0.035)
Value consistency* HQ's pressure						-0.05*** (0.013)		-0.03* (0.014)
Value consistency* Implementation by peers							-0.04* (0.023)	-0.03 (0.025)
Prior implementation	-0.27*** (0.023)	-0.27*** (0.023)	-0.30*** (0.015)	-0.27*** (0.023)	-0.30*** (0.015)	-0.27*** (0.023)	-0.30*** (0.015)	-0.30*** (0.015)
Pressure from external peers	0.44*** (0.140)	0.48*** (0.146)	0.42*** (0.144)	0.46*** (0.141)	0.46*** (0.147)	0.48*** (0.146)	0.43*** (0.145)	0.45*** (0.148)
National legislation	-0.11 (0.077)	-0.11 (0.078)	-0.11 (0.082)	-0.13 (0.077)	-0.12 (0.081)	-0.10 (0.075)	-0.12 (0.079)	-0.11 (0.079)
Autonomy	-0.06** (0.027)	-0.05* (0.027)	-0.06** (0.026)	-0.05* (0.027)	-0.05* (0.026)	-0.04 (0.027)	-0.05* (0.026)	-0.04 (0.026)
Ownership	-0.00* (0.001)	-0.00 (0.001)	-0.00 (0.001)	-0.00* (0.001)	-0.00 (0.001)	-0.00* (0.001)	-0.00 (0.001)	-0.00 (0.001)
History	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)
Size	0.02* (0.012)	0.02* (0.012)	0.04*** (0.012)	0.02* (0.012)	0.04*** (0.012)	0.02* (0.012)	0.04*** (0.012)	0.04*** (0.012)
Biodiversity	-0.05 (0.101)	-0.07 (0.101)	-0.04 (0.054)	0.01 (0.111)	-0.02 (0.068)	-0.03 (0.113)	0.03 (0.065)	-0.01 (0.070)
Safety	0.61*** (0.104)	0.56*** (0.100)	0.02 (0.071)	0.53*** (0.103)	-0.04 (0.071)	0.54*** (0.102)	0.05 (0.096)	0.04 (0.096)
Constant	1.13*** (0.261)	1.08*** (0.262)	1.36*** (0.210)	1.06*** (0.265)	1.28*** (0.214)	1.04*** (0.265)	1.26*** (0.211)	1.26*** (0.211)
Adjusted R-squared	0.164	0.168	0.194	0.166	0.197	0.170	0.196	0.198

^a Robust standard errors are in parentheses; n = 2,475 *** p<0.01, ** p<0.05, * p<0.1

General models

Table 6 shows the regression models for all observations, clustered by practices as we expect each practice to display a specific implementation and conformity pattern. However, again, we added dummy variables to control for the CSR issue as we expect conformity to be higher for health and safety practices. We further explore subsidiary conformity on each issue separately in the next section.

In model 1, several of our controls appear to have a significant effect on subsidiary conformity. First, as expected, the prior implementation of the practices has a positive and significant effect on conformity. Second, the performance of local peers has a positive and significant influence on subsidiary conformity, supporting the influence of the local environment on a subsidiary's behavior. Third, the structural influence of the headquarters beyond CSR seems limited. In fact, on the one hand, the survey reports autonomy as negative and significant; but on the other hand, the coefficient of level of ownership of subsidiaries by the group is negative and significant, and history has no significant impact on levels of conformity. Forth, conformity tends to be higher in bigger subsidiaries, as shown by the positive and significant impact of subsidiary size, but the national legal context is found to have no effect on conformity. Finally, conformity is higher for safety practices than other practices, but there is no significant difference between conformity levels for practices related to women in management and to environmental biodiversity, as suggested by the non-significance of the coefficient for biodiversity.

In model 2, the positive and significant coefficient of headquarters' pressure provides support for Hypothesis 1: subsidiaries conform to the CSR policy with compliance motives. In model, 3, the positive and significant coefficient of implementation by peers is consistent with Hypothesis 2 according to which peers' implementation of CSR practices acts as a social proof and increases subsidiaries' conformity. The influence of headquarters and the influence

of peers remain both significant in model 5, when all three independent variables are introduced simultaneously. As expected by Hypothesis 3, value consistency has a positive impact on conformity. However, while the positive coefficient of value consistency is significant in model 4, it loses significance in model 5 in the presence of the variables capturing headquarters' and peers' influence. Hypothesis 3 is only partially supported by our data.

In Models 6 to 8, we test Hypotheses 4 and 5, which relate to the moderation by value consistency of the effects of headquarters' pressure and implementation by peer subsidiaries. In model 6, the coefficient of the interaction between headquarters' influence and value consistency is negative and significant, as proposed in Hypothesis 4. It remains negative and significant in Model 8, when the two interactions are introduced simultaneously. Since the interpretation of interactions coefficients should be handled with caution, we supplemented our regression results with a graphical analysis that provides further understanding of the interaction mechanisms in Model 8, by focusing on specific ranges of perceived value consistency. Consistent with Hypothesis 4, Figure 6 shows that headquarters' pressure has a greater impact on conformity when value consistency is low, as the slope of the line is steeper for low value consistency levels ($\text{mean} - 1/2 \text{ standard deviation}$ – full line) than for high levels ($\text{mean} + 1/2 \text{ standard deviation}$ – dashed line). The influence of headquarters is actually cancelled out –if not slightly destructive- when value consistency is high, as suggested by the horizontal line representing the relationship between headquarters' pressure and conformity when value consistency is high. Thus our graphical analysis provides further support for Hypothesis 4.

In models 7 and 8, the coefficient of the interaction between implementation by peers and value consistency is negative as suggested by Hypothesis 3, but only significant in model 7. To provide further support for Hypothesis 3, we again performed a graphical analysis to be

better able to observe the interaction effect in model 8. Figure 7 shows crossing lines, suggesting that the marginal impact of the implementation by peers on conformity in model 8 is greater when value consistency is low ($< \text{mean} - 1/2$ standard deviation – full line) than when it is high ($> \text{mean} + 1/2$ standard deviation – dashed line). In other words, high levels of value consistency almost completely cancel out the effect of peers' pressures.

In sum, our data provide support for our predictions, confirming that headquarters' pressure and peers' implementation increase a subsidiary's level of conformity, but only when the level of consistency of the policy considered with its values is low. When value consistency is high, pressures by either headquarters or peers lose their impact on a subsidiary's conformity.

Figure 6: Essay 2 - Influence of headquarters' pressure on conformity when value consistency is low vs. high – all observations

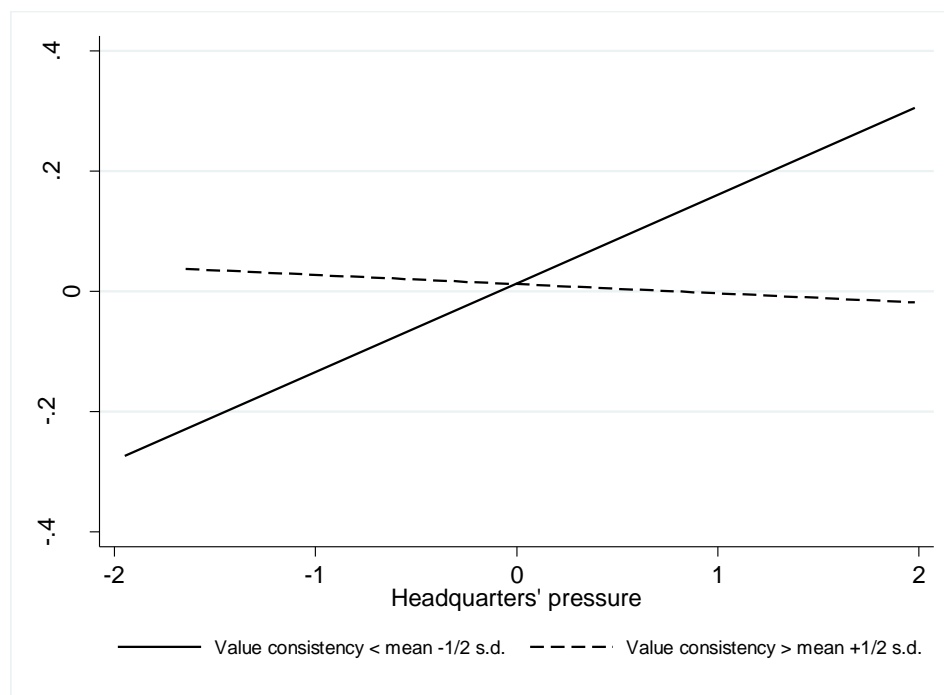
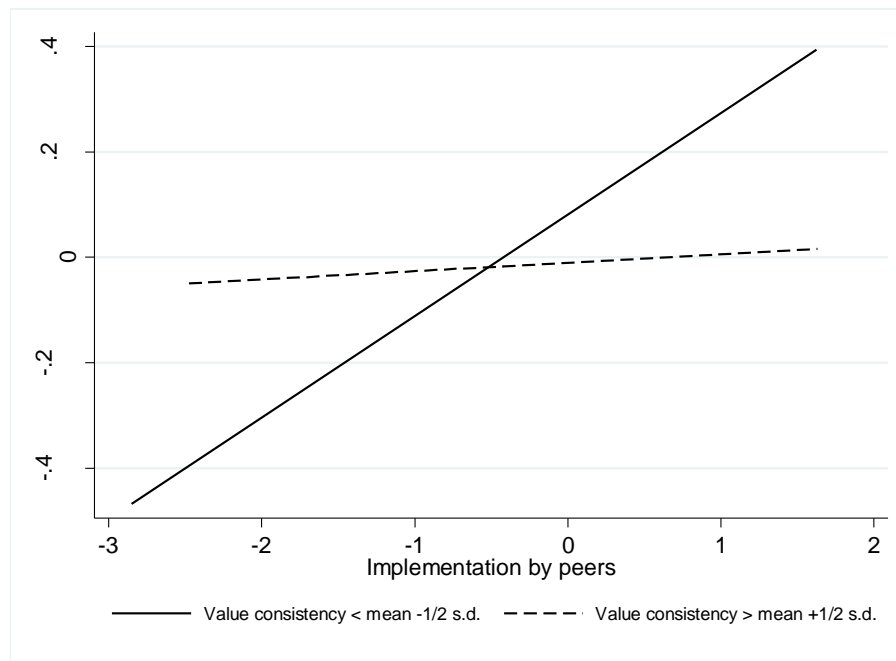


Figure 7: Essay 2 - Influence of implementation of peers on conformity when value consistency is low vs. high – all observations



Models by issue

Although we clustered our regression models by practice, we wanted to further investigate whether our general theory held across the three issues we studied, as they vary in terms of ambiguity and maturity in the Group, as explained in the method section of this paper. The regression results are presented in three separate tables: Table 7 (Models 9 to 16) for health and safety practices, table 8 (models 17 to 24) for the preservation of biodiversity and table 9 (models 25 to 32) for the employment of female managers.

Table 7: Essay 2 - Linear regressions estimating the effect of headquarters, peers and value consistency on subsidiary conformity regarding safety^b

VARIABLES	Model 9	Model 10	Model 11	Model 12	Model 13	Model 14	Model 15	Model 16
HQ's pressure		-0.01 (0.028)			-0.04 (0.028)	-0.05 (0.029)		-0.05 (0.027)
Implementation by peers			0.04 (0.028)		0.03 (0.031)		0.04 (0.033)	0.04 (0.032)
Value consistency				0.10*** (0.020)	0.11*** (0.020)	0.10*** (0.020)	0.10*** (0.018)	0.09*** (0.017)
Value consistency* HQ's pressure						-0.04 (0.029)		-0.04 (0.030)
Value consistency* Implementation by peers							-0.04 (0.028)	-0.04 (0.028)
Prior implementation	-0.34*** (0.043)	-0.34*** (0.043)	-0.34*** (0.044)	-0.35*** (0.043)	-0.34*** (0.043)	-0.35*** (0.043)	-0.34*** (0.043)	-0.34*** (0.043)
Pressure from external peers	0.52* (0.254)	0.51* (0.256)	0.52* (0.255)	0.57* (0.256)	0.54* (0.259)	0.51* (0.256)	0.57* (0.261)	0.51* (0.261)
National legislation	0.19 (0.111)	0.19 (0.111)	0.20 (0.111)	0.13 (0.112)	0.12 (0.110)	0.12 (0.110)	0.13 (0.113)	0.13 (0.111)
Autonomy	-0.09* (0.043)	-0.09* (0.042)	-0.09* (0.042)	-0.09* (0.043)	-0.09* (0.041)	-0.08* (0.044)	-0.09* (0.042)	-0.09* (0.044)
Ownership	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)	0.00 (0.001)
History	0.00 (0.003)	0.00 (0.003)	0.00 (0.003)	0.00 (0.003)	0.00 (0.003)	0.00 (0.003)	0.00 (0.003)	0.00 (0.003)
Size	0.05* (0.028)	0.05 (0.030)	0.05* (0.029)	0.06* (0.029)	0.06 (0.030)	0.05 (0.031)	0.06* (0.029)	0.05 (0.031)
Constant	1.72*** (0.484)	1.74*** (0.485)	1.72*** (0.489)	1.71*** (0.483)	1.78*** (0.482)	1.83*** (0.481)	1.70*** (0.485)	1.82*** (0.482)
Adjusted R-squared	0.102	0.102	0.102	0.110	0.111	0.111	0.110	0.111

^b Robust standard errors are in parentheses; n = 792 *** p<0.01, ** p<0.05, * p<0.1

Table 8: Essay 2 - Linear regressions estimating the effect of headquarters, peers and value consistency on subsidiary conformity regarding biodiversity^c

VARIABLES	Model 17	Model 18	Model 19	Model 20	Model 21	Model 22	Model 23	Model 24
HQ's pressure		0.12*** (0.015)			0.08*** (0.018)	0.12*** (0.018)		0.09*** (0.019)
Implementation by peers			0.19*** (0.026)		0.17*** (0.027)		0.18*** (0.029)	0.16*** (0.031)
Value consistency				0.03 (0.031)	-0.01 (0.033)	-0.01 (0.034)	0.04 (0.029)	0.01 (0.032)
Value consistency* HQ's pressure						-0.00 (0.019)		0.02 (0.016)
Value consistency* Implementation by peers							-0.11** (0.035)	-0.12*** (0.035)
Prior implementation	-0.26*** (0.014)	-0.27*** (0.015)	-0.27*** (0.017)	-0.26*** (0.014)	-0.28*** (0.016)	-0.27*** (0.013)	-0.27*** (0.016)	-0.28*** (0.016)
Pressure from external peers	0.90*** (0.193)	1.02*** (0.200)	0.87*** (0.206)	0.92*** (0.196)	0.95*** (0.214)	1.02*** (0.199)	0.88*** (0.210)	0.97*** (0.217)
National legislation	-0.69*** (0.120)	-0.65*** (0.122)	-0.73*** (0.122)	-0.69*** (0.120)	-0.70*** (0.127)	-0.65*** (0.134)	-0.66*** (0.130)	-0.65*** (0.143)
Autonomy	-0.09* (0.041)	-0.09* (0.041)	-0.07 (0.040)	-0.07* (0.038)	-0.08* (0.035)	-0.09** (0.039)	-0.05 (0.037)	-0.07* (0.037)
Ownership	-0.01*** (0.001)	-0.01*** (0.001)	-0.01*** (0.001)	-0.01*** (0.001)	-0.01*** (0.001)	-0.01*** (0.001)	-0.00*** (0.001)	-0.00*** (0.001)
History	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)
Size	-0.02 (0.015)	-0.02 (0.015)	0.01 (0.016)	-0.02 (0.015)	0.01 (0.016)	-0.02 (0.015)	0.01 (0.017)	0.00 (0.017)
Constant	1.59*** (0.314)	1.52*** (0.318)	1.39*** (0.306)	1.52*** (0.304)	1.39*** (0.288)	1.55*** (0.309)	1.26*** (0.297)	1.33*** (0.294)
Adjusted R-squared	0.243	0.255	0.273	0.243	0.277	0.253	0.279	0.284

Robust standard errors are in parentheses; n = 891 *** p<0.01, ** p<0.05, * p<0.1

Table 9: Essay 2 - Linear regressions estimating the effect of headquarters, peers and value consistency on subsidiary conformity regarding the employment of female managers^d

VARIABLES	Model 25	Model 26	Model 27	Model 28	Model 29	Model 30	Model 31	Model 32
HQ's pressure		0.06** (0.027)			0.05 (0.037)	0.05 (0.036)		0.05 (0.041)
Implementation by peers			0.22*** (0.033)		0.22*** (0.034)		0.22*** (0.033)	0.22*** (0.033)
Value consistency				0.05 (0.033)	0.03 (0.039)	0.04 (0.038)	0.05 (0.031)	0.03 (0.038)
Value consistency* HQ's pressure						0.01 (0.028)		0.01 (0.027)
Value consistency* Implementation by peers							-0.01 (0.012)	-0.01 (0.013)
Prior implementation	-0.23*** (0.045)	-0.23*** (0.045)	-0.28*** (0.025)	-0.23*** (0.045)	-0.28*** (0.025)	-0.23*** (0.045)	-0.28*** (0.026)	-0.28*** (0.026)
Pressure from external peers	0.02 (0.123)	0.03 (0.122)	-0.02 (0.128)	0.02 (0.123)	-0.02 (0.126)	0.03 (0.122)	-0.02 (0.126)	-0.01 (0.125)
National legislation	-0.11 (0.124)	-0.14 (0.128)	-0.11 (0.137)	-0.13 (0.125)	-0.14 (0.142)	-0.16 (0.108)	-0.13 (0.138)	-0.16 (0.122)
Autonomy	-0.05 (0.055)	-0.03 (0.056)	-0.06 (0.055)	-0.04 (0.059)	-0.04 (0.058)	-0.03 (0.059)	-0.05 (0.059)	-0.04 (0.059)
Ownership	0.00 (0.001)	0.00 (0.001)	0.00** (0.001)	0.00 (0.001)	0.00** (0.001)	0.00 (0.001)	0.00** (0.001)	0.00** (0.001)
History	-0.00 (0.002)	-0.00 (0.002)	-0.00 (0.002)	-0.00 (0.002)	-0.00 (0.002)	-0.00 (0.002)	-0.00 (0.002)	-0.00 (0.002)
Size	0.05* (0.021)	0.04* (0.020)	0.06** (0.022)	0.05* (0.022)	0.06** (0.021)	0.05* (0.020)	0.06** (0.023)	0.06** (0.021)
Constant	0.82* (0.419)	0.75 (0.423)	0.94** (0.367)	0.74 (0.449)	0.85* (0.390)	0.72 (0.447)	0.87* (0.393)	0.86* (0.392)
Adjusted R-squared	0.151	0.154	0.189	0.153	0.191	0.153	0.189	0.189

^d Robust standard errors are in parentheses; n = 792 *** p<0.01, ** p<0.05, * p<0.1

Models 9, 17 and 25 show the influence of our control variables on conformity regarding safety practices, biodiversity practices and practices related the employment of female managers. Prior implementation again decreases the level of conformity in all three models, as one could expect. The CSR performance of local peers has a positive and significant influence on conformity for safety practices in model 9 and biodiversity practices in model 17, but not for practices related to the employment of female managers in model 25. The coefficient of size is significant for practices related to safety and the employment of female managers but not for biodiversity practices. The negative coefficient of integration is only significant for biodiversity practices and the negative coefficient of autonomy is significant for both biodiversity and safety practices. Surprisingly, we find a negative influence of national legislation on conformity regarding biodiversity practices. But, as discussed in the methods section of this paper, legislation regarding the preservation of biodiversity is still in its infancy. It might be that in countries that are more advanced in their consideration for biodiversity, companies are actually left with fewer responsibilities as public actors are more directly involved in the preservation of biodiversity.

Comparing the second to fourth models in each of the tables 7, 8 and 9 allows us to see that the role of headquarters and peers is more prevalent for biodiversity practices (models 18 and 19) and practices supporting female leadership (models 26 and 27) than for safety practices (models 10 and 11) while the reverse is true for internalization (models 12, 20 and 28). Indeed, for safety practices, in table 7, the influence of headquarters' pressures in models 10 and 13 and peers' implementation in models 11 and 13 is not significant. By contrast, value consistency has a positive and significant effect on consistency in models 12 through 16. The main effect of the three independent variables on conformity regarding the preservation of biodiversity are displayed in table 8: contrary to the effects obtained for safety practices, headquarters' pressures and peers' implementation have a positive and significant

effect on conformity in all models in which they are present and value consistency in none. Finally, in table 9, the effect of pressures from the headquarters on conformity regarding practices that favor the employment of female managers is positive but only significant in model 26, while the effect of peers' implementation is always positive and significant and the effect of value consistency never so.

Overall, this interesting finding suggests that subsidiary's conformity is explained by either (1) headquarters' pressure and implementation by other subsidiaries simultaneously, or (2) internalization depending on the practice considered. In addition, as explained in the method section of this paper, in the context of the MNE we study, safety practices can be considered as less ambiguous than practices that relate to the employment of female managers and biodiversity preservation. Thus, these findings are consistent with our claim that the impact of implementation by peers and headquarters' pressure on subsidiary conformity is related to the policy's ambiguity.

Regarding the moderations predicted by hypotheses 4 and 5, the interaction coefficients that were negative and significant for the general model loose significance in the models by issues for safety practices (models 14 to 16) and practices related to the employment of female managers (models 30 to 32). For biodiversity practices, the interaction between value consistency and peers' implementation is negative and significant as predicted in both model 23 and model 24, but the interaction between value consistency and headquarters' pressure is not significant in either model 22 or model 24. Again, a lack of significance does not mean that there is no moderation. To better compare the influence of headquarters and peers at low vs. high levels of value consistency, we supplemented our statistical analysis with a graphical representation of the interaction effects in the full models 16, 24 and 32.

Figure 8: Essay 2 - Influence of pressure from the headquarters on conformity when value consistency is low vs. high - safety

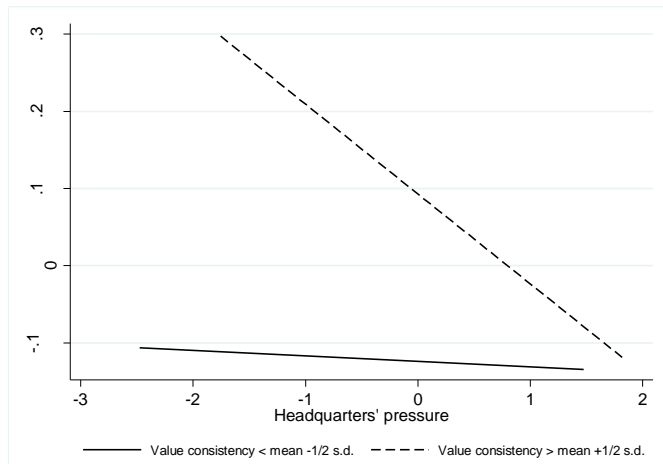


Figure 9: Essay 2 - Influence of implementation of peers on conformity when value consistency is low vs. high – safety

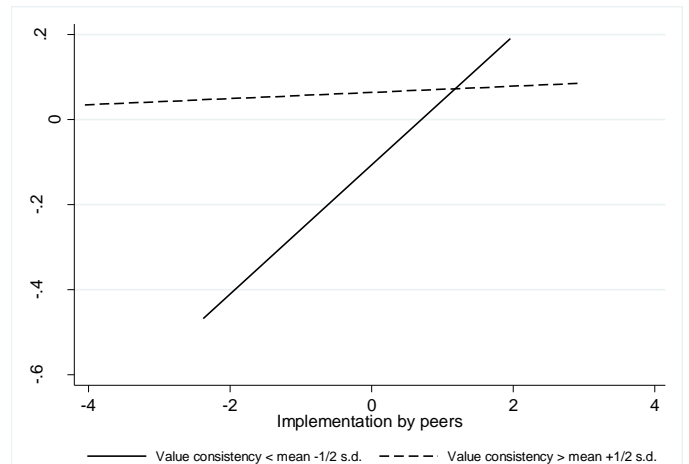


Figure 10: Essay 2 - Influence of pressure from the headquarters on conformity when value consistency is low vs. high - biodiversity

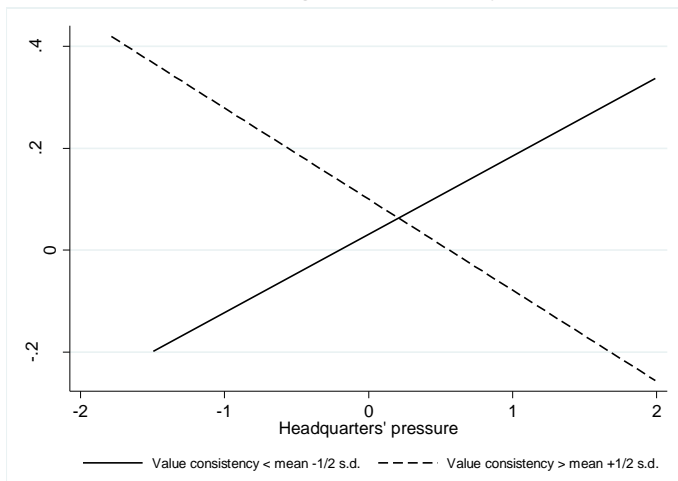


Figure 11: Essay 2 - Influence of implementation of peers on conformity when value consistency is low vs. high – biodiversity

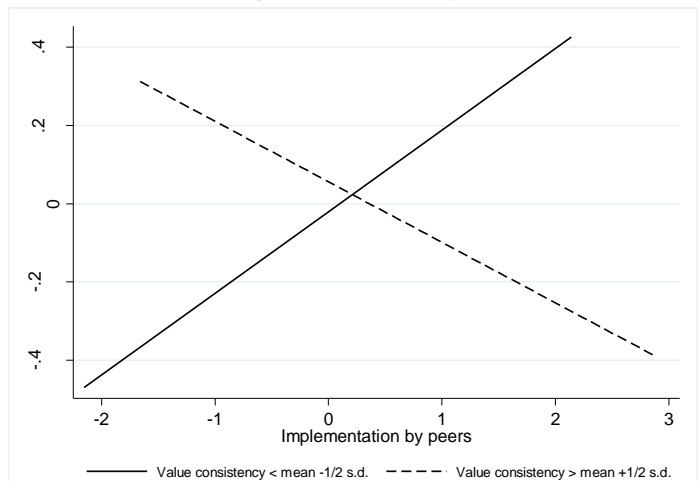


Figure 12: Essay 2 - Influence of pressure from the headquarters on conformity when value consistency is low vs. high – women in management

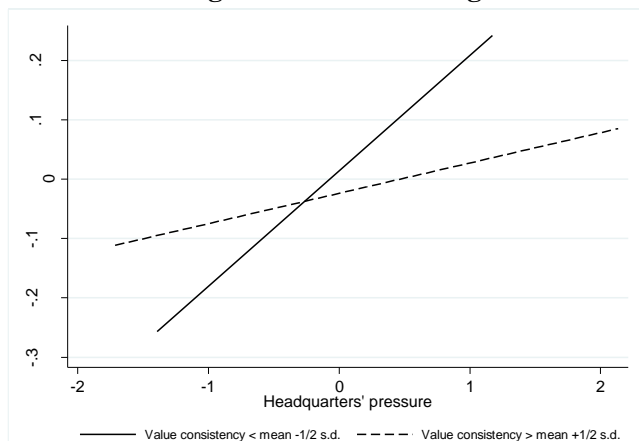
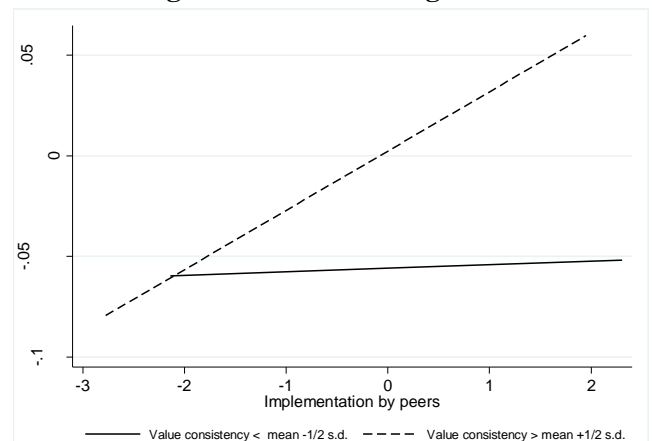


Figure 13: Essay 2 - Influence of implementation of peers on conformity when value consistency is low vs. high – women in management



For safety practices, Figure 8 shows that the pressure from the headquarters has at best a neutral role when value consistency is low (full line) and reduces the level of conformity when value consistency is high (dashed line), so that it is clearly counter-productive and badly perceived by subsidiaries. Implementation by peers, on Figure 9, increase the level of conformity mostly when value consistency is low (full line) and have a rather limited effect when value consistency is high (dashed line). The graphical interpretation of our regression results is thus consistent with both hypothesis 4 and hypothesis 5.

For biodiversity practices, figures 10 and 11 representing the effect of headquarters' pressure and peers' implementation on subsidiary conformity for low and high levels of value consistency suggest similar effects: when value consistency is low, the influence of headquarters and peers have a positive influence on conformity as shown by the positive slopes of the two full lines, and when value consistency is high, their influence is negative, as shown by the negative slopes of the two dashed lines. Again, this is consistent with hypotheses 4 and 5, although we did not go as far as suggesting that the influence of headquarters and peers could become negative in a situation of high value consistency.

Finally, when it comes to practices favoring the employment of female managers, pressures from headquarters and implementation by peers have a positive impact on conformity at both low and high levels of value consistency as suggested by figures 12 and 13. The steeper slope in the case of low value consistency echoes our prediction in hypothesis 4. But we find that the influence of peers' implementation is greater when value consistency is high than when it is low, in contradiction with hypothesis 5. When value consistency is low, the influence of peers' pressures seems to be almost zero, while it is very high when value consistency is high. In that case, peers' implementation does not act as an alternative proof of the policy's value as we proposed and as it seems to be the case for the other practices.

In summary, the models by issues suggest that, depending on the issue considered, subsidiary conformity can be explained either by the internalization of the policy or by the simultaneous influence of headquarters' pressure and peers' implementation. In addition, in all three cases, our analysis regarding the interaction of headquarters' pressure and value consistency was consistent with the results of the main models: internalization reduces the effect of headquarters' pressure. And in two cases out of three, we found that internalization reduced the need for the social proof that peers represent.

Robustness Tests

We conducted a series of robustness tests, based on alternative operationalizations of conformity and the use of corresponding models as well as alternative operationalizations of peers' implementation.

First, we wanted to check whether our results would hold if we focused on the positive values of conformity, so we replaced our dependent variable by a variable taking the value of 0 when coupling was ≤ 0 , 1 when coupling was ≤ 1 , 2 when coupling was ≤ 2 , 3 when it was ≤ 3 , 4 when it was ≤ 4 , 5 when it was ≤ 5 , and 6 otherwise, and then ran a Tobit model using these values. Indeed, zooming in on the observations that corresponded to a realignment of the practices might complement our initial analysis in a revealing way. However, we did not expect to obtain different results by doing so, as we believe our explanatory variables influence conformity and decoupling in symmetrical ways: and indeed, the regression results we obtained were similar to those of the OLS regression.

Second, we replaced the dependent variable by the average level of implementation of practices in 2013. Although we were more interested in the change over the 2012-2013 period as it better matches our conceptualization of conformity, we wished to ensure that a simpler operationalization would provide consistent results. We found very similar results to those of our main analysis, except of course that the influence of 2012 implementation was significant

and positive instead of negative. The signs and significance of main effects and interaction effects remained identical.

Finally, we ran models with alternative measures of internal peers' implementation. Indeed, we wanted to ensure that the subsidiaries were actually aware of their peers' level of implementation to better support our mimetic mechanism. To do so, we operationalized peers' implementation as the perceived influence of subsidiaries in the same industry, based on 3 items in the 2012 survey (1 per CSR issue). The directions and significance of the coefficients for our independent variables and interaction effects remained the same as in our main analysis.

Altogether, these tests provide us with confidence in the robustness of our results.

Discussion and Conclusion

Bridging arguments from the international management literature and neo-institutional arguments, we propose a model of subsidiary conformity to a policy: the extent of conformity of an MNE's subsidiary depends on the dual influence of its headquarters and internal peers, as well as on its own internalization of the CSR policy considered. Our results support our view that these three dimensions matter for conformity and further suggest that the prevalence of the influence of headquarters' pressure and peers' implementation depends on the level of consistency of the policy with the subsidiary's values. When value consistency is high, the influence of headquarters and peers is more limited, and when value consistency is low, the influence of headquarters and peers is greater. Moreover, depending on the practice considered, conformity is driven either primarily by policy internalization –for safety practices- or by the influence of both the headquarters and peers –for biodiversity practices and practices that favor the employment of women in managerial positions. We discuss below the implication of our findings for research on conformity, subsidiary strategies and CSR.

This paper speaks to institutional theory and research on conformity. As mentioned in the introduction of this paper, prior works have mostly considered conformity as a reified concept at the organizational level, although some authors underline its strategic nature (e.g. Durand & Jourdan, 2012; Joseph et al., 2014; Philippe & Durand, 2011). In this paper, we define conformity as intra-organizational matter which allows us to conceptualize it as dynamic and focus on the processes at play within an MNE. First, we show that organizational sub-units play a key role in an MNE's conformity as conformity varies among subsidiaries, in particular depending on their level of internalization of the policy. And we find that, once we control for the influence of local rivals, subsidiaries strongly influence each others' implementation of practices, thereby isolating a mechanism of intra-organizational imitation. Second, our model for conformity goes beyond isomorphism and our results show that MNE units do not always blindly imitate their peers as internalization reduces the need for social proof.

Our paper also contributes to international management literature by focusing on intra-organizational conformity dynamics and looking at the subsidiaries' behavior. First, it advances our understanding of the relative influence on a subsidiary's conformity of the MNE's headquarters and other subsidiaries of the MNE. Previous works articulated the influence on practice adoption of internal pressures from the headquarters and external pressures from the subsidiary's local constituents (e.g. Hillman & Wan, 2005; Kostova & Roth, 2002). But not enough attention was paid to the role of internal peers regarding the implementation of corporate policies. Second, we contribute to research on subsidiary strategy by showing that the subsidiaries' internalization of the policy influences their conformity both directly, and through a reduction of headquarters' and peers' influence. We thus depart from previous studies that have explained internalization of policies by an MNE's subsidiaries (Björkman et al., 2011; Kostova & Roth, 2002) but not studied its consequences

for conformity.

This paper has implications for research on the implementation of CSR. CSR is now widely perceived as an integrated part of firm performance, but independent of its financial performance, so understanding the mechanisms that increase CSR conformity is in itself strategically important as acknowledged by a growing number of scholars (e.g. Gao & Bansal 2013; Margolis & Walsh, 2003). Previous work identified three types of motives for CSR implementation (Aguilera et al., 2007; Bansal & Roth, 2000): an instrumental one, a moral one and a social one. In our study, the implementation by peers constitutes a social motive for CSR conformity and the consistency of CSR policies with the subsidiaries' values echoes the notion of moral motive for conformity. Thus, our paper shows that subsidiaries do conform to the CSR policy based on these motives and improves our understanding of their articulation. Of particular interest for CSR scholars is the finding that single motives (social or moral) led to greater implementation than mixed motives (social and moral). In addition, our findings stress the need to differentiate between issues when studying CSR conformity, as in our case different explanations prevail depending on the issue considered.

Finally, this study suggests ways in which top managers of complex organizations can increase their subsidiaries' level of CSR conformity. It is crucial for an MNE' top managers to understand the way CSR is perceived in its subsidiaries (given their location, industry, etc), so that they can seek primarily to influence subsidiaries who perceive a disconnect between the policy and their values. Indeed, for subsidiaries that internalize the policy, putting additional pressure for compliance could back-fire. Through a tailored enforcement not only based on conformity level but also on internalization level, MNEs' headquarters can thus reduce heterogeneity in implementation.

Limitations and Directions for Future Research

The main limitation of this work is that our empirical analysis is based on the study of

a single case. We believe it is representative of the utilities sector as one of its worldwide leader. In addition, the subsidiaries vary greatly in their size, date of creation or integration in the Group, geographic location, ownership structure and industry. Therefore, we believe our results would hold in different settings. However, the generalization should be performed with caution, in particular in the contexts of firms operating in global industries, in which the compliance dimension may be more stringent, and less dependent on the level of subsidiaries' internalization of the policy. Similarly, CSR practices are quite specific, and may be more value-infused and less strongly enforced than other kinds of practices (for example, in accounting or process management), so that the role of internalization might be exalted and the role of the headquarters underestimated. Indeed, our models by CSR issue suggest that the relative influence of pressures from headquarters and peers on the one hand, and internalization on the other hand vary across issues. Still, the overall structure of the model and the interaction effects hold across issues.

Moreover, we relied strongly on survey measures that can be subject to social desirability and common method variance - but we took steps to minimize the risk of them occurring in how we designed our survey and analyzed the data, as explained in the methods' section of the paper.

Our analysis and results suggest several avenues for future research. First, we need to understand to what extent the model we defined would apply to other complex organizations than MNEs, within which sub-entities, departments or groups are similarly influenced by both the top-management of the organization and other intra-organizational actors. Second, we found somewhat contrasting results for the three CSR issues we studied. While we believe this is primarily related to the degree of maturity of the issue in the organization, future research is needed on the actual characteristics of the policies that can favor or hinder their conformity. Third, our results support the idea that the intra-organizational field is very

influential, as Kostova and colleagues (2008) have suggested. Future research could focus on this finding and further investigate the power relationships that exist within intra-organizational networks and their influence on conformity. Fourth, there is a need for studies on policy-practice (de)coupling within MNEs that more precisely match specific practices to specific corporate requirements.

CHAPTER 4: ESSAY 3 - CSR POLICY-PRACTICES (DE)COUPLING WITHIN MNES: PATHS TO WALKING THE TALK

Policy-practice coupling (PPC) is a central concern for multinational enterprises (MNEs), as the complexity of these organizations leads to a heterogeneous implementation of practices (Maritan & Brush, 2003) and this is particularly true for corporate social responsibility (CSR) which is seen as easily “decouplable” (e.g. Weaver, Trevino & Cochran, 1999) and under particular scrutiny. Within MNEs, policy-practices decoupling (PPD) is not necessarily an intended organizational strategic response to inefficient rules as institutional scholars suggest (Meyer & Rowan, 1977; Oliver, 1991; Fiss & Zajac, 2006). It can occur between the CSR policy defined by the headquarters and the practices implemented by the subsidiaries (Crilly, Zollo & Hansen, 2012). I define PPC in MNEs as the reduction over time of the gap that exists between the organization’s formal policy and the actual organizational practices. And PPD corresponds as an increase of this gap over time. I suggest that there might be multiple paths to the implementation of a policy designed to address a specific CSR issue and that coupling is a complex and dynamic process, depending on various characteristics of the CSR issue considered.

First, some characteristics of the practices influence their implementation by the subsidiaries of an MNE. Second, subsidiaries are embedded in several internal and external institutional fields in which the CSR issue can be more or less institutionalized: the MNE, the industry and the country of the subsidiary. I wish to identify among these factors the core determinants that combine to lead to PPC or PPD and changes over time. I do not assume that these are symmetrical and I expect several and complex combinations to coexist in the same MNE. Therefore, I conduct a qualitative comparative analysis (QCA) on 3 CSR issues and 25 CSR practices in 48 subsidiaries of an MNE (Crilly, 2011; Fiss, 2007; Ragin 2000, 2008) over two time periods (2012-2013 and 2013-2014). I find that (1) PPC and PPD periods more often

alternate than endure, (2) the institutionalization of an issue in both the subsidiary's country and its industry is key for sustained PPC, and (3) practices' lack of value compatibility is the main driver of sustained PPD. Thus this paper advances our understanding of conformity dynamics within MNEs and contributes to discussions on the heterogeneous institutional pressures an MNE's subsidiaries undergo.

Theory background

Policy-practice coupling and policy-practice decoupling as processes

Early neo-institutional scholars introduced the concept of decoupling, which corresponds to organizations' adoption of formal structures that are disconnected from their technical activities (Meyer & Rowan, 1977). More recently, decoupling studies have focused on the strategic maintenance of a gap between a formal policy and concrete organizational practices (e.g. Fiss & Zajac, 2004, 2006; Westphal & Zajac, 1994, 1998, 2001). However, these studies consider decoupling as an organizational-level strategy, while in the case of MNEs policy-practice coupling and decoupling can emerge from the distance between the headquarters that define the policy and the subsidiaries that implement the practices (Crilly et al. 2012). I call PPC (respectively PPD) the reduction (respectively increase) over time of the gap that exists between the MNE's formal policy and the actual practices implemented by its subsidiaries.

More specifically concerned about intra-organizational processes, studies on coupling still fall short of explaining the dynamic coupling processes within MNEs. Indeed, they consider small organizations such as schools (Hallet, 2010; Sauder & Espeland, 2011) or governmental agencies (Tilcsik, 2010) and see coupling as a unidirectional process limited in time. I expect that in the case of MNEs coupling is not attained once and for all. Coupling and decoupling phases can alternate over time because subsidiaries implement a series of practices

simultaneously in a complex institutional environment that may at times favor coupling behaviors, and at other times decoupling behaviors.

This dynamic nature of PPC and PPD depends as much on the attributes of the practices themselves as on the subsidiaries' strategies. Indeed, a single subsidiary can simultaneously couple and decouple different practices, or the same practice at different points in time.

CSR issues vary in their perceived attributes

First, coupling and decoupling of CSR practices vary from one issue²⁵ to the other, as there is a lot of heterogeneity among CSR issues, some being more “decouplable” than others (Sauder & Espeland, 2009). Environmental matters and social ones are often unrelated and even sometimes conflicting when specific initiatives are considered.

This heterogeneity in issues has been quite overlooked in the CSR literature, but works on the diffusion of innovations have long established that the level of implementation of practices depends on their characteristics. More specifically, innovations are adopted more promptly in complex organizations when they are compatible with the existing practices and values, when they represent a relative advantage compared to alternative practices, and when they are not too complex (Lin & Ho, 2011; Rogers, 1962 - 4th edition 2005; Tornatzky & Klein, 1982). Based on those works, Ansari, Fiss and Zajac (2010) suggest that some affordances of practices make them more or less likely to be adopted and adapted, independent of the adopters or adapters, so that it is crucial to look at differences in implementation across practices rather than only focus on the adopters' characteristics. More specifically focusing on the CSR context, Lin and Ho (2011) found a positive impact of relative advantage and compatibility and a negative impact of complexity on the adoption of

²⁵ A CSR issue is a domain of CSR that brings together a set of practices that all aim at tackling the same problem and all contribute to the same CSR objective. Examples include climate change, diversity, child labor, etc.

five energy saving practices by Chinese logistics companies. Therefore, consistent with prior literature, I expect that practices' perceived complexity, compatibility and performance advantage influence their adoption by an MNE's subsidiaries. However, these three attributes need to be further adapted to the CSR context, because CSR practices are not always technology-based. Thus, concepts developed in the context of innovations might not be strictly transferable to the CSR context.

First, while for innovations, complexity refers to the use of the technology (Lin & Ho, 2011; Tornatzky & Klein, 1982), for CSR issues, complexity stems from the more or less difficult identification of relevant practices and from the more or less complex implementation of those practices.

Second, performance advantage of innovations is relative to alternative technologies (Lin & Ho, 2011; Tornatzky & Klein, 1982). In the CSR context, some new practices can indeed replace former ones –in particular green innovations-, but it is not always the case. Some CSR practices are also implemented in a standalone manner, independent from other activities. For instance, safety rules, anti-discrimination rules or environmental screening of investments are additional practices and procedures. Thus, what matters is their perceived performance advantage in absolute rather than relative to alternatives. In addition, the impact of CSR practices on performance should be envisioned in a large sense, including not only financial results, but also potential benefits in terms of image, employee satisfaction, and relationships with suppliers and local communities. Indeed, social and environmental practices can represent business opportunities (Crilly et al., 2012), help improve the profitability of the subsidiaries (Bansal & Roth, 2000) or their relationships with their stakeholders (Bansal & Roth, 2000).

And third, the compatibility of CSR practices is primarily related to values rather than technical features. Compatibility with values makes internalization by adopters easier and

understanding quicker, so that commitment and implementation are favored (Klein, K. J. & Sorra, J. S. 1996; Ansari, Fiss & Zajac, 2010, Lin & Ho, 2011).

Thus, I expect that the complexity, performance advantage and value compatibility of CSR issues affect their implementation by an MNE's subsidiaries²⁶ and their potential for PPC and PPD.

CSR issues are diversely institutionalized

Next to the perceived inner attributes of the CSR issues, I expect their institutionalization level to be a key driver of their coupling by subsidiaries. The process of institutionalization of practices was first largely defined by Tolbert and Zucker (1996), who identified three sub-processes in the context of one given organization: habitualization - generation of new arrangements and definition of policies and procedures-, objectification, and sedimentation -spread across groups and time periods. As the institutional process unfolds, CSR issues get more widely implemented. This definition suggests that a certain amount of discourse is produced throughout the institutionalization process. Accordingly, previous works have emphasized the central role of language and discourse in institutionalization processes. They show that the institutionalization of practices does not depend on their diffusion but on the discourse that is built in support of these practices and the structure and coherence of the discourse (Phillips Lawrence & Hardy, 2004), on the type of pleas used (Green, 2004), on the vocabularies and theorizations of change mobilized in the discourse (Suddaby & Greenwood, 2005), and on the structure of the arguments (Green, Li & Nohria, 2009). And part of the institutionalizing role of discourse relates to the legitimization of practices, as reflected in the work of Vaara and colleagues (Vaara, 2002; Vaara & Tienari, 2011; Varra, Tienari & Laurila, 2006) on global merger and acquisitions and industry

²⁶ See robustness test and appendix G for an empirical investigation of the causal relationship between practices' characteristics and PPC.

restructuring. They find that discursive legitimation strategies are used in the public discourse (Vaara & Tienari, 2011; Vaara et al., 2006) and by MNEs to legitimize their actions (Vaara & Tienari, 2008; 2011).

In international contexts, several institutionalization processes take place simultaneously and MNEs' subsidiaries are embedded in several institutional fields (Kostova, Roth & Dacin, 2008) and exposed to legitimizing discourses from different sources: the intra-organizational field, the industry and the country, in which the degree of institutionalization of practices may vary.

First, a subsidiary is part of an MNE whose headquarters promote the institutionalization of practices through various discursive means: newsletters, internal magazines, annual reports, roadmaps, action plans, etc. The level of institutionalization in the MNE that results from this discourse varies from one CSR issue to the next. Second, a subsidiary is part of an industry in which the institutionalization level of CSR also depends on the issue considered. In the industry field, industry associations play a prominent institutionalization role as they produce communications about key issues and the way to address them for their members. And third, a subsidiary is located in a country, with a specific institutional profile relative to each issue (Kostova, 1997). Thus, CSR issues are more or less institutionalized at the country level, in particular through regulatory means.

In sum, I expect the level of institutionalization of CSR issues in a subsidiary's parent MNE, country and industry to influence their potential for PPC and PPD.

Based on prior work, I thus identified six conditions that will affect PPC and PPD of CSR issues in an MNE: three related to their perceived characteristics and three related to their level of institutionalization. I expect several combinations of these conditions to be equifinal configurations of PPC and several of them to be equifinal configurations of PPD, so

that I chose to perform a fuzzy set QCA analysis to identify relevant configurations in the data.

Data and method

My field of inquiry is an MNE present in 70 countries worldwide and operating in energy production and services as well as environmental services. I focused on CSR practices related to three topics among the Group's objectives: women in management, environmental biodiversity and occupational health and safety. These issues are linked to three different domains and I suspect them to display varying complexity, compatibility and performance advantage and institutionalization levels.

I conducted three on-line surveys among the managers of this MNE's subsidiaries in 2012, 2013 and 2014. I selected 104 subsidiaries as my initial sample, through systematic cluster sampling. They together represented 46% of the Group's workforce in 2012. Before the last survey, the structure of the organization changed, so that part of the company's activities had become independent. Thus, the sample for the 2014 survey was of 79 subsidiaries. For the 2012 survey, I received complete answers from 314 respondents (66% response rate), for the second survey, I received 270 complete answers (57% response rate) and I received 176 answers for the last survey round (43% response rate). 67 subsidiaries were covered by the three surveys but my final sample comprises 48 subsidiaries in 12 countries (Argentina, Australia, Belgium, Brazil, France, Germany, the Netherlands, Saudi Arabia, Spain, Thailand, the United Arab Emirates and the United Kingdom) as I dropped subsidiaries that were the only subsidiary of my sample in their country²⁷. I designed the questionnaire so as to minimize common method variance and I split my sample into two groups of respondents per entity: one that was used to generate outcome measures and the

²⁷ Because it allows me to disentangle real country effects from unobserved subsidiary effects and to reduce the number of countries covered to a more manageable amount.

other for conditioning measures. The number of observations of my empirical investigation is thus 144 (48 subsidiaries*3 issues).

The *PPC extent in period 1* was calculated as the difference between 2012 and 2013 average implementation levels of 25 practices on the three CSR issue (biodiversity, safety and the employment of female managers)²⁸. These implementation levels were captured through survey items elaborated in collaboration with experts of the Group and presented in Appendix A. The *PPD extent in period 1* is the opposite of the coupling extent. Similarly, the PPC and PPD extents in period 2 are the difference between the 2013 and 2014 average implementation levels per CSR issue and its inverse.

The *complexity*, the *performance advantage* and the *value compatibility* were measured thanks to items in the 2012 survey adapted from existing scales, as detailed in Appendix F. PCA confirmed that the items reflecting each construct loaded onto one factor. However, I used the average scores for my analysis rather than the ones generated by the PCA in order to be able to calibrate them in a meaningful way.

The *country institutionalization level* is a count of the number of laws related to safety and the employment of female managers in 2012 (source: ILO) as well as the national percentages of terrestrial and marine area that was protected in 2010 (source: Worldbank) that reflect the importance placed on the three issues by the national government.

Regarding the institutionalization of issues in the company and the industry, I rely on the existing discourse in the three fields as it is a central component of institutionalization, as explained in the front end of this paper.

The *company institutionalization level* corresponds to the proportion of issues of the internal magazine than mention the topic (20 issues from 2009 to 2013), as the most used

²⁸ I did not perform PCA on the 8 or 9 items per issue as they are formative of the measure, not reflective.

mainstream internal communication tool. Safety is mentioned in 90% of the issues, gender diversity in 75% of the issues and biodiversity in 65% of the issues. I use frequency of occurrence rather than length of the discourse as the amount of discourse can actually be more limited for practices that are more taken-for-granted, i.e. institutionalized (Green, 2004). For instance, mentions of safety practices will mostly take the form of communication on achievements and results (e.g. “In 2010 and 2011, the plant received a Gold Award from the UK’s Royal Society for the Prevention of Accidents (ROPSA) for its sustained efforts in health and safety performance.”), while mentions of biodiversity involve more pedagogy and be put into the context of larger projects (e.g. “Biodiversity is more than just a matter of survival for a handful of endangered species. It is a whole series of interactions between animals, plant life and their environments that are essential to life on earth. Now an international cause, 2010 has been designated the year of biodiversity, marked by events worldwide. [XYZ] magazine asked two experts for their views.”).

The *industry institutionalization level* corresponds to the proportion of newsletters and magazines produced by international industry associations that mention the topic (IEA and WEC for energy, OGP and IGU for gas, IWA for water and ISWA for waste – approximately 200 documents overall). Again, I measure frequency rather than amount as it is a better proxy for institutionalization.

I also included the *prior implementation level* in the analysis, which corresponds to the average level of implementation of the practices related to the focal topic in 2012, for the first period and 2013 for the second period as reported in the surveys (see Appendix A for the list of items).

I used the latest available version of the fs/QCA software (2.5). In order to perform the analysis, I calibrated the measures (Fiss, 2011; Ragin, 2008). The measures generated via the survey were calibrated according to the scale of the corresponding items in the survey and

company and industry institutionalization according to the percentage of outlets mentioning the topic, as summarized in table 10 below. Regarding the institutionalization in the company and the industry, the topic was calibrated as full member of the condition if it was cited in at least 90% of the documents studied and non-member if it was cited in 10% of the documents or less. Practices were considered as full members of the coupling (respectively decoupling) outcome whenever their PPC extent (respectively PPD) was equal or greater than 2, meaning the implementation increased (respectively decreased) by 2 or more on the survey scale. Indeed, given the way the scale is constructed²⁹, an increase by 1 only might reflect a different subjective appreciation of the extent of implementation, rather than a real increase in implementation level, whereas I believe an increase by 2 really reflects PPC.

²⁹ The scale used was: 0: Not at all, 1, 2, 3: To a certain extent, 4, 5, 6: To a very great extent.

Table 10 - Essay 3: Calibration of the measures

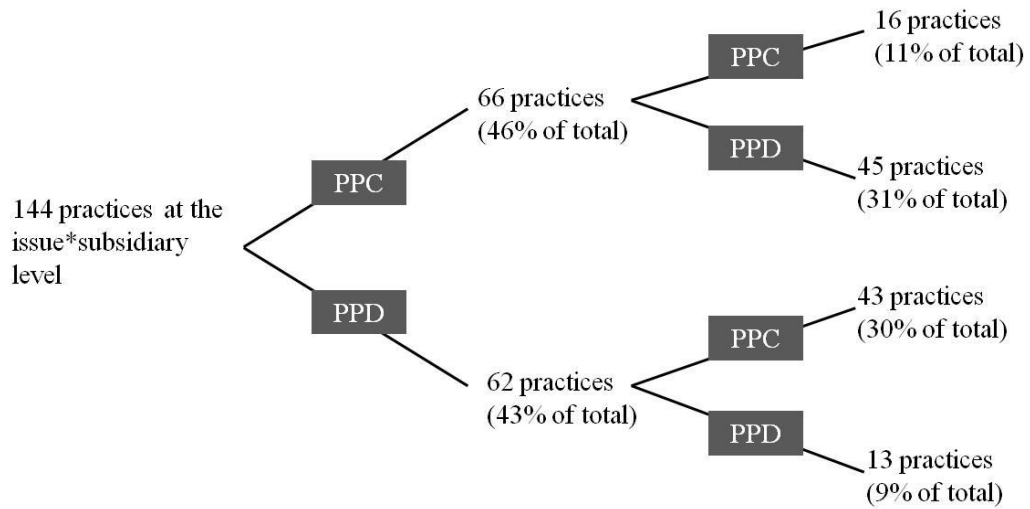
Variable	Calibration		
	Non-membership	Cut-off	Full membership
PPC extent	≤ -2	0	≥ 2
PPD extent	≤ -2	0	≥ 2
Complexity Performance advantage Value compatibility	≤ 2	4	≥ 6
Company institutionalization	≤ 0.1	0.5	≥ 0.9
Country institutionalization	Already centered		
Industry institutionalization	≤ 0.1	0.5	≥ 0.9
Prior implementation	≤ 2	4	≥ 6

For each situation in period 1 and period 2, I then constructed a truth table and reduced its rows to solutions with a consistency over a certain threshold. For instance, I used a minimum consistency of 88% for PPC and PPD in period 1 given it represented a clear gap between cases for both analyses. The software uses an algorithm based on a counterfactual analysis of causal conditions to reduce the number of cases to simple combinations. A comparison of the parsimonious and intermediate solutions allowed me to distinguish between core and peripheral conditions (Fiss, 2011, Ragin, 2008).

For the second period, I split the sample into two groups: practices that were coupled in the first period (66 out of 144) and practices that were decoupled in the first period (62 out of 144). The 16 remaining observations had a score of zero for PPC and PPD in the first period (neither PPC nor PPD). For each of two groups, I looked at PPC and PPD configurations in the second period.

Figure 14 on page 135 summarizes the distributions of cases.

Figure 14: Essay 3 - Distribution of practices along the coupling paths



First, for very few issues are practices neither coupled nor decoupled by subsidiaries over a period of time (16 between 2012 and 2013 and 11 more between 2013 and 2014), which means that coupling and decoupling are indeed processes that unfold gradually over time. In addition, the spread of practices over the various paths show that, while PPC and PPD statistically occur with similar frequency, if one looks at the dynamics of PPC and PPD, PPD following PPC is three times more frequent than continued PPC and PPC following PPD is three times more frequent than continued PPD. This intriguing observation suggests that coupling and decoupling processes are not unidirectional but alternatively follow each other over time. Neither tight coupling nor decoupling are enduring states and subsidiaries focus their conformity efforts on different practices over time.

Results

First period

Coupling configurations

As shown on table 11 below, I obtained 6 configurations that explain 65% of the membership in the outcome -a satisfying coverage for a sample of 144 cases- and the overall consistency of the solution is very high (87%). This means that the 6 configurations together explain two cases of PPC out of three in a very reliable manner. None of the conditions can by itself explain high PPC since no condition is ever present or absent alone. Actually, all configurations include a large number of conditions and/or absence of conditions. Institutionalization in the Group is present in all 6 combinations, but never as a core condition.

We can notice that is three configurations (1a, 1b and 4) practices were not much implemented in 2012, but in the other 3 configurations (1a, 2b and 3), PPC occurs independently of the initial level of implementation, i.e. also for practices that were already well implemented in 2012.

In configurations 1a and 1b, the low initial level of implementation is a core condition for PPC. In configuration 1a, the practices display a lack of complexity and a high level of institutionalization in the country as additional core conditions. And in configuration 1b, practices are highly compatible but also complex and lack institutionalization in the subsidiary's country. These last two unfavorable conditions may seem surprising in a PPC configuration, but they can actually explain the initial low implementation.

Table 11: Essay 3 - Configurations leading to PPC in period 1

Practices with a low initial implementation	Institutionalized in the industry	Favorable characteristics but mixed	Practices with low performance advantage
---------------------------------------------	-----------------------------------	-------------------------------------	------------------------------------------

	level		institutionalization			
	1a	1b	2a	2b	3	4
Practices characteristics						
Complexity	∅	●	∅	●	∅	
Performance advantage			•	•	•	∅
Value compatibility		●	∅	•	●	•
Institutionalization						
In the country	●	∅	∅	•	●	
In the Group	•	•	•	•	•	•
In the industry			●	●	∅	
Other						
Prior implementation level	∅	∅				∅
Consistency	0.86	0.87	0.90	0.89	0.90	0.88
Raw Coverage	0.34	0.26	0.10	0.18	0.51	0.28
Unique Coverage	0.02	0.03	0.01	0.02	0.13	0.01
Overall Solution Consistency						0.83
Overall Solution Coverage						0.65

Note: In tables 11 to 16, each combination is a complete explanation for cases in which the level of coupling belongs to the set of high coupling (≥ 2). Large circles represent core conditions; small circles represent peripheral ones. ● represents presence of a condition; ∅ absence of a condition.

Configurations 2a and 2b correspond to PPC of practices that are highly institutionalized in the subsidiary's industry. They also display less favorable conditions: low compatibility and low level of institutionalization in the subsidiary's country in 2a and complexity in 2b. But altogether, these adverse conditions seem to be counterbalanced by the institutionalization in the industry as well as peripheral characteristics- low complexity and performance advantage for 2a and performance advantage and compatibility in 2b.

Practices in the PPC configuration 3 are highly compatible and enjoy a low level of complexity but their institutionalization is incomplete: while they are highly institutionalized in the subsidiary's country, they are not institutionalized in their industry.

PPC configuration 4 is quite surprising as it corresponds to practices that lack performance advantage as a core condition. This unexpected core condition is surrounded by three more favorable peripheral conditions: high compatibility and institutionalization in the Group together with a low initial level of implementation. The fact that they are peripheral means that they are not all characterizing all practices in configuration 4, but that they vary from one practice to the next. However, the different combinations of those three conditions that exist for the practices in configuration 4 can compensate for the absence of performance advantage.

More generally, for practices to be highly coupled, a favorable characteristic and a high level of institutionalization can be complements (as in configurations 1a and 3) or compensate for each other (as in configurations 1b, 2a and 2b). And in only one configuration (2a) does PPC occur for practices with only one favorable core condition (institutionalization in the subsidiary's industry). PPC thus mostly occurs as the result of a combination of allowing factors at the practice level. In addition, we can notice that high institutionalization levels in the subsidiary's country and industry are alternatively but never simultaneously core conditions for coupling. In 1b, country institutionalization is core, but industry institutionalization is not. In 2, the reverse is true. And in configurations 2a and 3, institutionalization in one of the two fields counterbalances the lack of institutionalization in the other field.

Decoupling configurations

I obtained 4 configurations with a coverage of 73% and a satisfying consistency of 71% overall, as shown in table 12 below. In all configurations, a high initial implementation level is a core condition for decoupling, as it leaves room for it. Two characteristics (lack of compatibility in configuration 6 and high complexity in configuration 7) and one low level of institutionalization in the industry (in configuration 5) appear as alternative core conditions

for PPD. This suggests that conformity is fragile as a single condition can reduce the level of implementation when it is initially high.

Table 12: Essay 3 -Configurations leading to PPD in period 1

	Non institutionalized in the industry 5	Non compatible 6	Complex 7
Practices characteristics			
Complexity			●
Performance advantage			
Value compatibility		∅	
Institutionalization			
In the country			
In the Group			
In the industry	∅		
Other			
Prior implementation level	●	●	●
Consistency	0.80	0.88	0.82
Raw Coverage	0.68	0.28	0.41
Unique Coverage	0.22	0.01	0.01
Overall Solution Consistency			0.78
Overall Solution Coverage			0.71

Second period

Enduring coupling configurations

With a consistency threshold of 0.78, I obtained only one configuration for enduring coupling in period 2. It represents a 51% coverage and a solution consistency of 78%. Thus, it does not explain all cases of continued coupling, but it has a high consistency³⁰.

The practices studied here were coupled during both observation periods: from 2012 to 2013 and again from 2013 to 2014. The configuration shows that these practices (or 51% of

³⁰ I used 0.78 as a threshold as it represented a clear gap in the consistencies of the possible combinations. Lowering the threshold to increase the coverage would imply going below the recommended minimum of 75%. (Ragin, 2006, 2008).

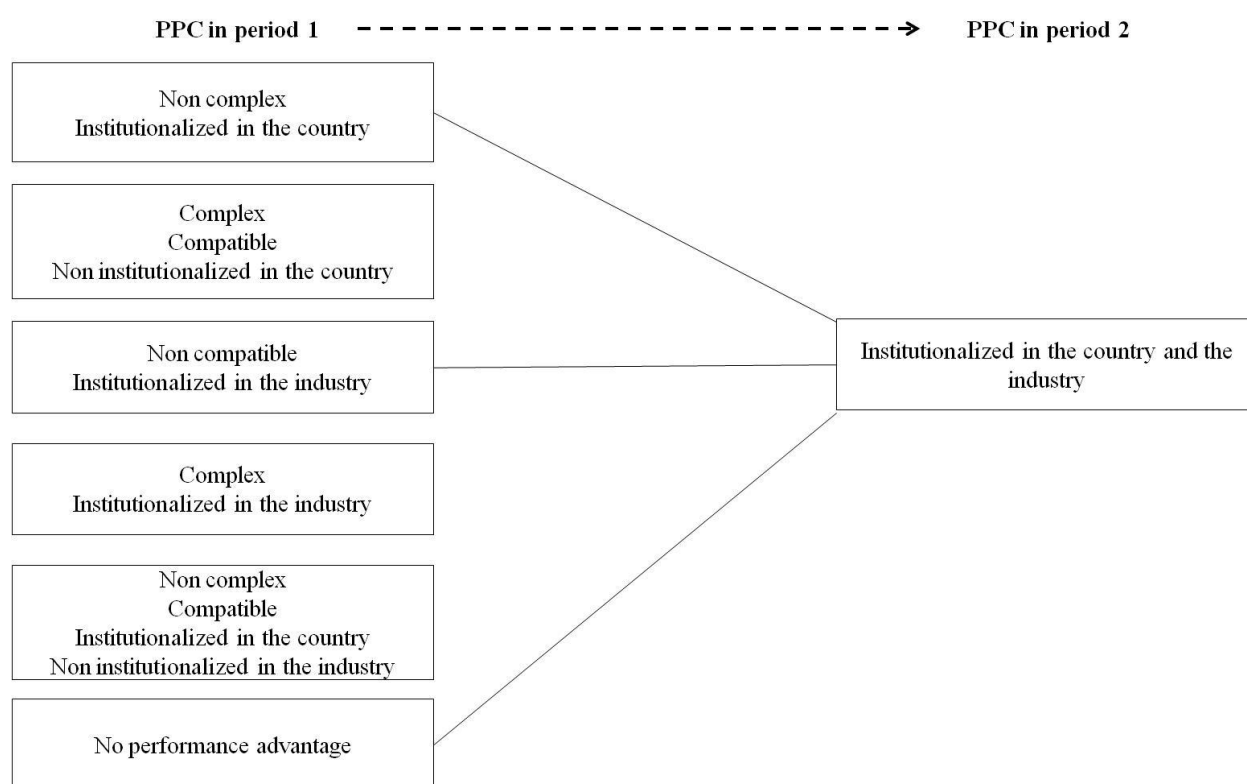
them) are highly institutionalized in both the subsidiary's country and its industry as core conditions. These core conditions are surrounded by additional and substitutable peripheral conditions: high performance advantage, high value compatibility and high level of institutionalization in the Group.

Table 13: Essay 3 -Configurations leading to continued PPC

	Institutionalized in the industry and the country 8
Practices characteristics	
Complexity	
Performance advantage	•
Value compatibility	•
Institutionalization	
In the country	●
In the Group	•
In the industry	●
Other	
Prior implementation level	
Consistency	0.78
Coverage	0.51

While many equifinal configurations of practices explained PPC in period 1, the fact that I obtained only one configuration for enduring PPC suggests that it is a much rarer situation, as there is only one path to enduring PPC. In particular, in several PPC configurations, the CSR issue lacked institutionalization in either the industry or the country. The results for enduring PPC mean that those issues did not enjoy PPC again in the second period. Figure 15 below shows the paths to continued PPC. The thin lines suggest that three out of the six configurations for PPC include issues that potentially can enjoy PPC again in period 2, but only if they display an additional condition.

Figure 15: Essay 3 - Paths to enduring PPC



LEGEND

----- Some core conditions for the configuration in period 2 are not core in the configuration in period 1

Decoupling following coupling configurations

I set the consistency threshold at 0.86 as it corresponded to a clear gap in the data. I thus obtained four configurations that together explain 69% of the cases of PPD following PPC, with a very high overall consistency of 86%. The practices in these configurations were coupled in the first period before being decoupled in the second period.

Table 14: Essay 3 -Configurations leading to PPD following PPC

Non institutionalized in the country	Non institutionalized in the industry	Complex
--------------------------------------------	---------------------------------------------	---------

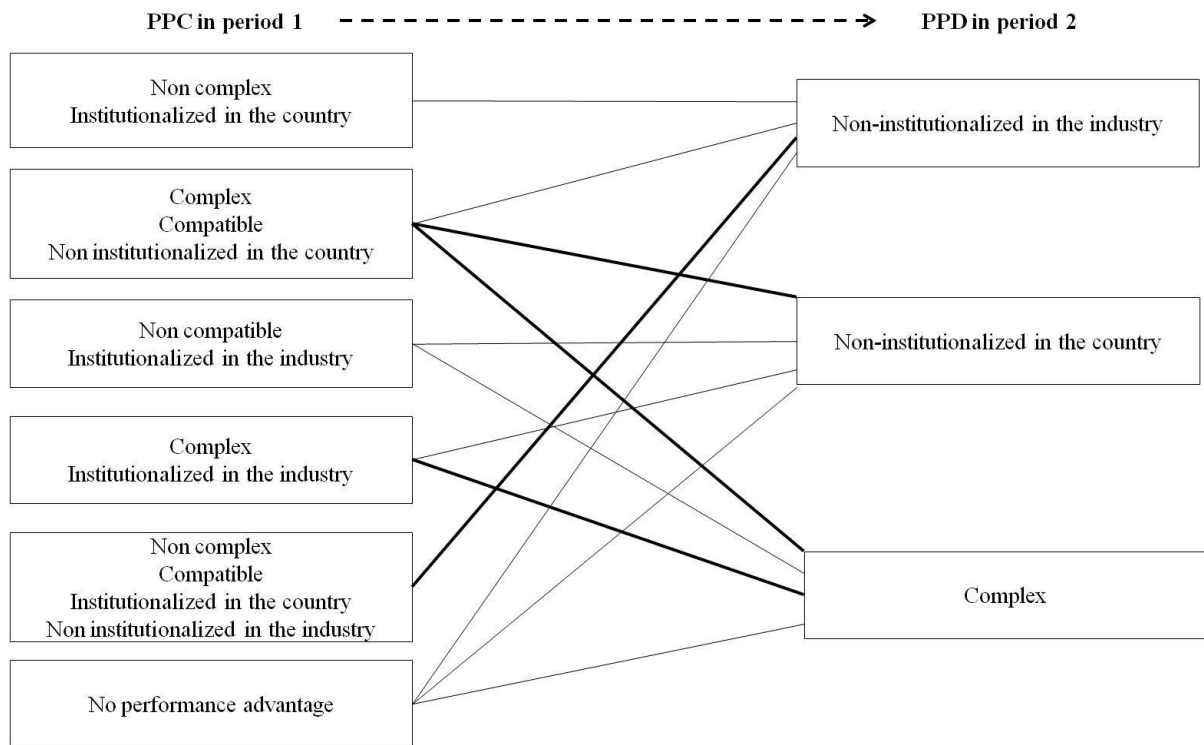
	9	10	11a	11b
Practices characteristics				
Complexity			●	●
Performance advantage				∅
Value compatibility		∅		
Institutionalization				
In the country	∅			∅
In the Group				
In the industry		∅		∅
Other				
Prior implementation level	●	●	●	
Consistency	0.87	0.88	0.85	0.94
Raw Coverage	0.58	0.27	0.38	0.23
Unique Coverage	0.23	0.02	0.07	0.01
Overall Solution Consistency				0.84
Overall Solution Coverage				0.69

After a first coupling process occurred between 2012 and 2013, unsurprisingly, some practices were highly implemented in 2013. Therefore, high implementation is a core condition for the first two configurations, and a peripheral one for the third configuration. However, it is not enough to explain PPD for practices that were first coupled. Next to the implementation level, three conditions are each core in one or two configurations: lack institutionalization of the policy in the subsidiary's industry (configuration 9), lack of institutionalization in its country (configuration 10) and complexity (configuration 11a and 11b). In configuration 11b where the initial level of implementation is not a condition, several alternative peripheral conditions surround complexity, meaning that practices in this configuration simultaneously display complexity and a low performance advantage or complexity and a low level of institutionalization in the subsidiary's country or industry.

Comparing the configurations obtained in the first period with those obtained for the second period suggests that there are many paths that include an initial PPC followed by PPD,

as shown by figure 16 below. In addition, for several configurations of PPC in period 1, PPD in period 2 seems unavoidable, as the core conditions are already present in the first period, as shown by the thicker arrows.

Figure 16: Essay 3 - Paths to PPD following PPC



LEGEND

- Some core conditions for the configuration in period 2 are not core in the configuration in period 1
- The core conditions for the configuration in period 2 are all core in the configuration in period 1

Coupling following decoupling configurations

I chose 90% as a consistency threshold as it represented a significant gap in the configurations' consistency levels. I thus obtained very consistent configurations (overall configuration of 89%) with a very good coverage still (74% of cases).

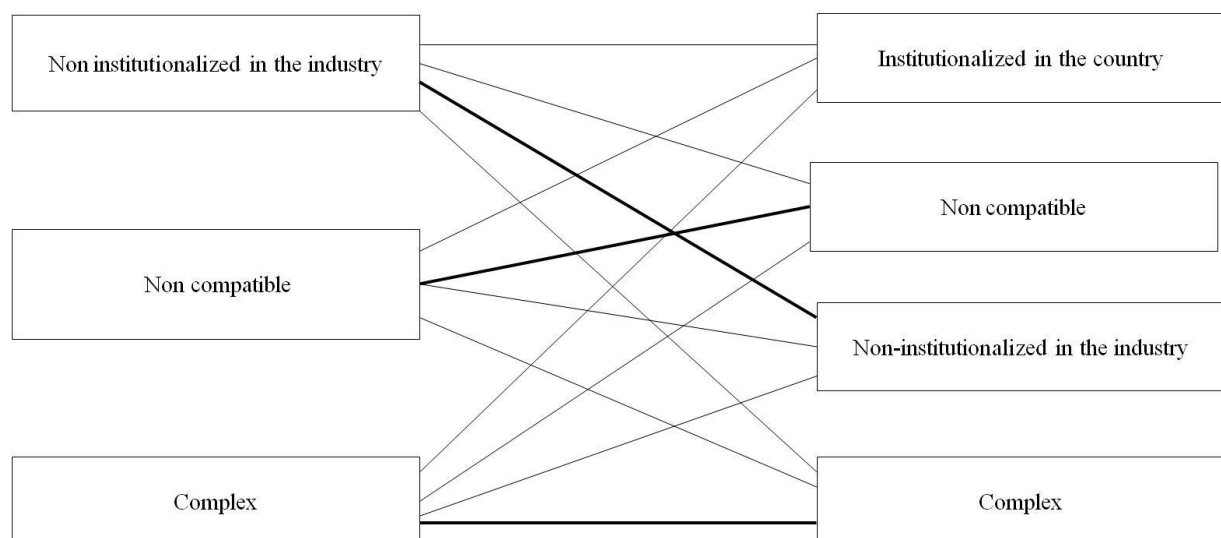
Table 15: Essay 3 -Configurations leading to PPC following PPD

	Practices with a low initial implementation level		Practices with low performance advantage	Non institutionalized in the industry	Complex practices
	12a	12b	13	14	15
Practices characteristics					
Complexity	∅				●
Performance advantage		•	∅	•	•
Value compatibility		∅	•	•	•
Institutionalization					
In the country	●				
In the Group	•	•	•	•	•
In the industry				∅	
Other					
Prior implementation level	∅	∅	∅	●	
Consistency	0.97	0.97	0.99	0.91	0.90
Raw Coverage	0.33	0.35	0.27	0.43	0.45
Unique Coverage	0.02	0.03	0.02	0.09	0.06
Overall Solution Consistency					0.89
Overall Solution Coverage					0.74

For the practices in these configurations, one or several favorable conditions counterbalance the unfavorable conditions that explain the occurrence of PPD in the first period and allow PPC to happen in the second period. In most configurations the unfavorable conditions are still core: lack of compatibility in 12b, limited performance advantage in 13, low institutionalization in the subsidiary's industry in 14 and complexity in 15. In

configuration 12a, practices were implemented to a limited extent because of their previous decoupling and institutionalized in the country as core conditions, resulting in PPC in the second period.

Figure 17- Essay 3: Paths leading to PPC following PPD



Enduring decoupling configurations

First and most of all, the practices that are decoupled again in the second period were still highly implemented in 2013 as a core condition, so that there was room for further decoupling. In configuration 16, the practices are also non compatible as a core condition. By contrast, practices in configurations 17 and 18 display two core favorable conditions. These explain that the practices were only slightly decoupled over the first period, and it was probably again the case in the second period. Both configurations have institutionalization in the subsidiary's country as a core condition. In addition, lack of complexity and institutionalization in the subsidiary's industry are respectively core in configurations 17 and 18.

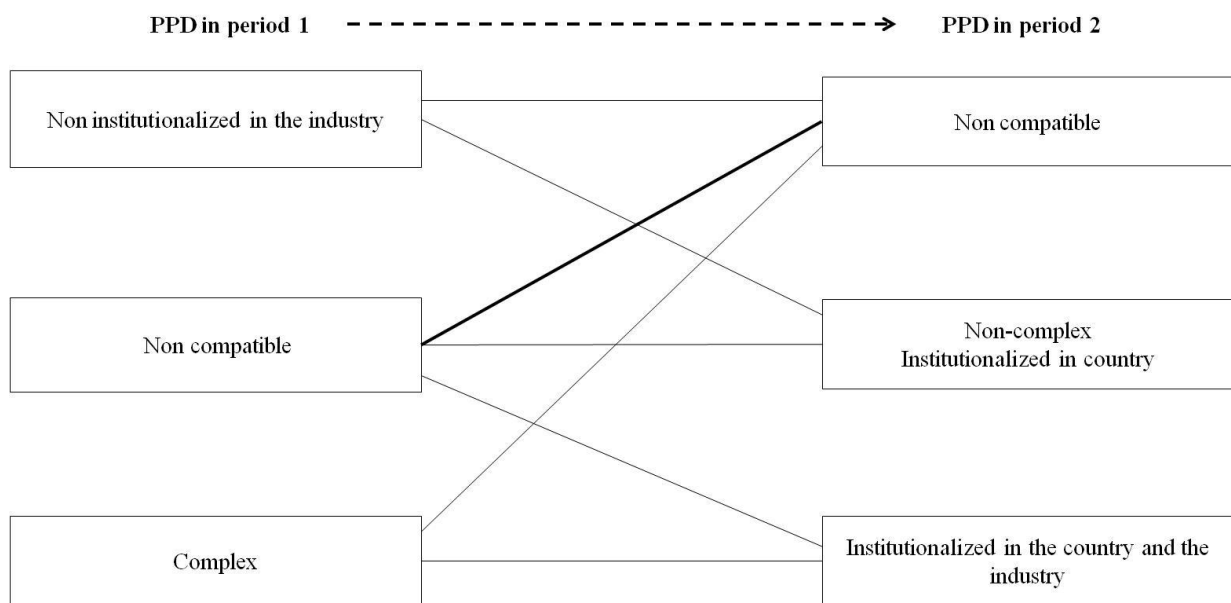
Table 16: Essay 3 -Configurations leading to enduring PPD

	Non compatible	Non complex and institutionalized in the country	Institutionalized in country and industry
	16	17	18
Practices characteristics			
Complexity		∅	
Performance advantage			
Value compatibility	∅		
Institutionalization			
In the country		●	●
In the Group			
In the industry			●
Other			
Prior implementation level	●	●	●
Consistency	0.75	0.75	0.80
Raw Coverage	0.30	0.50	0.38
Unique Coverage	0.08	0.08	0.03
Overall Solution Consistency			0.73
Overall Solution Coverage			0.60

On figure 18 below, only one configuration of PPD in period 1 is further decoupled in period 2: the set of non-compatible practices. Practices in the other two configurations of PPD

in period 1 need one or two additional conditions to be decoupled in the second period. And comparing results from enduring PPD and PPD followed by PPC allows suggesting that non-compatible practices are decoupled up to a certain extent only, as when implementation in 2013 is low, PPC occurs in the second period and when implementation in 2013 is high, PPD occurs again in the second period.

Figure 18: Essay 3 - Paths leading to enduring PPD



LEGEND

- Some core conditions for the configuration in period 2 are not core in the configuration in period 1
- The core conditions for the configuration in period 2 are all core in the configuration in period 1

Summary of results

Table 17 below summarized the main results of the fuzzy set QCA.

Table 17: Essay 3 - Summary of the FsQCA results

	PPC in period 1	PPD in period 1
PPC in period 2	Only practices that are institutionalized in both the country and the industry	Practices that lack institutionalization in either the country or the industry Complex practices
PPD in period 2	Practices that lack institutionalization in the industry Practices that are complex or non compatible	Mostly practices that lack compatibility

Overall, while PPC lasts only when practices are institutionalized in their industry and their country simultaneously and PPD can only last for incompatible practices over a limited period of time, short PPC and PPD periods follow each other in a dynamic way for most practices.

Robustness tests

In order to check the robustness of my results, I ran a traditional OLS regression to verify the reliability of the data. The three practices' characteristics and their institutionalization levels were all found to have significant effects on the level of coupling (negative for complexity and positive for the other 5 variables), as shown by table 23 in appendix G. This finding, consistent with prior literature, is not surprising but gives me confidence that the operationalization reflects my conceptualization of the characteristics and institutionalization levels. In addition, I performed additional FsQCA with different consistency thresholds. Higher thresholds provided similar although fewer configurations and lower thresholds increased coverage by providing additional configurations but they produced less robust results as the overall consistency of the solutions dropped.

Discussion and conclusion

This paper suggests that PPC and PPD are dynamic rather than unidirectional processes, as in most cases they follow each other over two periods of time. In addition, the fuzzy set qualitative comparative analysis shows that (1) the institutionalization of an issue in the subsidiary's country and industry is key for enduring PPC, (2) and practices' lack of value compatibility is the main driver of enduring PPD, although even for those, decoupling seems to be limited in time. Indeed, PPD lasts only as long as the resulting level of implementation remains high and reverses back to PPC when the implementation level becomes too low. For practices that lack institutionalization in either the subsidiary's country or its industry and practices that are complex, PPC and PPD follow each other over time.

This work contributes to neo-institutional theory and conformity literature by showing that policy-practice decoupling and coupling are dynamic processes that not only unfold over time but also alternate. This contrasts with previous works that conceptualized decoupling as an enduring state and coupling as a unidirectional process limited in time. In addition, it answers the call to focus on the role of practices' attributes in conformity (e.g. Ansari et al., 2010) and suggests that for complex CSR issues, practices are sequentially coupled and decoupled from the corporate policy overtime and that for non-compatible CSR issues, practices are decoupled from the corporate policy until they reach a minimum level of implementation from which they get "recoupled".

This paper also speaks to research on institutional pressures exerted on an MNE's subsidiaries (e.g. Delmas & Toffel, 2010; Kostova & Roth, 2002; Kostova & Zaheer, 1999) as it shows that the subsidiaries' industry and country highly influence their implementation of practices. In particular, for PPC to last, institutionalization in both fields is necessary and when institutionalization in either one of the two fields is low, phases of PPC and PPD alternate.

This essay also includes a potential managerial contribution, in so far as it points to discursive institutionalization work as a means to reduce variability in practice adoption, which is crucial in a large organization. Institutionalization of a CSR issue in the Group is necessary for coupling, but never as a core condition. Communication should therefore convey whenever possible the importance of practices not only for the Group but also from the perspective of its subsidiaries' industries and local stakeholders. Next to the discourse dimension, managers should seek to select practices and implement adoption processes so as to maximize value compatibility and minimize complexity of the practices if they aim to diffuse them widely in the organization.

Limitations and directions for future research

This paper suffers from four limitations that offer directions for future research.

First, institutionalization is a process based on discourse and previous works showed that the content of discourse is central to the legitimation of change (Vaara & Tenari, 2008, 2011). Therefore, one could argue that the frequency of occurrence of CSR issues in the MNE's and the industry associations' communications is not exactly capturing institutionalization. While I believe my operationalization is still capturing the importance of the three issues in the Group and in the subsidiaries' industries, future works could code the content of discourse in the three relevant fields: the communication from the Group and its subsidiaries' industries and the media coverage of the issues in the subsidiaries' countries. For instance, the coding could rely on Tolbert and Zucker's description of the three institutionalization stages: pre-, semi- and full institutionalization (1996).

Second, the observation windows for this paper are relatively short periods. This work would have certainly benefitted from more numerous and longer time periods. However, even in this context, I found that PPC and PPD alternated in many cases. Future work should look at PPC and PPD patterns over longer periods of time to comfort these first findings.

Third, CSR practices have been shown to be easily “decouplable”. More work is needed to generalize my findings to other types of practices such as accounting or quality management practices for which conformity levels might be more stable over time.

And fourth, this paper conceptualizes PPC and PPD as occurring at the CSR issue level (i.e. safety, environmental biodiversity and the employment of female managers). However, some characteristics of the practices might be really practice-specific rather than issue-related. Some safety practices are more compatible than others, some gender diversity practices more complex than others, etc. In addition, within issues, some practices could be closer to each other than others in terms of attributes, PPC, and PPD. Future research should therefore investigate the fine-grained influence of practices’ attributes on their conformity.

CONCLUSION

The research question studied in this dissertation was “Why do the subsidiaries of an MNE display heterogeneity in their conformity to the corporate policy?” Previous works on conformity do not allow tackling this question fully because they did not consider three key points: (1) subsidiaries undergo heterogeneous conformity pressures from inside and outside the MNE, (2) conformity is an intra-organizational matter, and (3) coupling and decoupling are dynamic processes that unfold over time.

Addressing these three gaps, the essays of this dissertation contribute to the explanation of heterogeneous conformity in MNEs in complementary ways. They together suggest that this heterogeneity is not only related to the various environments in which the subsidiaries are embedded but also to (1) the varying levels of attention they pay to the demands of the MNE’s headquarters and to the demands of their external constituents, (2) to their internalization of the corporate policy which is a central component of subsidiary conformity and (3) to the varying ways in which similar practices are perceived and institutionalized.

In particular, the first essay in chapter 2 suggests that the different levels of the subsidiaries’ attention to the normative demands of their internal or external constituents leads to varying degrees of practices’ implementation. And the attention level itself depends on the norm-conforming behavior of its internal and external peers. Thus, the subsidiaries do not blindly imitate their peers, but rather increase their attention to certain demands –sometimes at the expense of others- in response to their peers’ conformity.

In the second essay (chapter 3), I show that the subsidiaries’ conformity to the corporate policy depends on the pressure exerted by the MNE’s headquarters as per the international management literature tenets and on the implementation of conforming practices

by their peer subsidiaries, applying the arguments of the neo-institutional theory to the intra-organizational field. But these effects vary as a function of the level of internalization of the policy by the subsidiaries. More specifically, high internalization limits the influence of headquarters and peers on a subsidiary's conformity. At the issue level, I found that subsidiary conformity was primarily driven by internalization for safety practices, and by headquarters' pressure and implementation by peers for practices favoring the employment of women in managerial positions and the preservation of biodiversity.

And in chapter 4, I found that policy-practice coupling (PPC) and policy-practice decoupling (PPD) were dynamic rather than unidirectional processes, as in most cases they follow each other over two periods of time. In addition, my analysis showed that PPC occurred only when CSR issues were institutionalized in both the subsidiary's country and its industry and that practices' lack of value compatibility was the main driver of sustained PPD, but only down to a minimal implementation level.

In the following concluding paragraphs, I highlight how this dissertation can contribute to various literatures –the neo-institutional theory, the international management literature and the CSR literature-, I propose managerial implication for my findings, I stress my work's limitations and point to potential related future research projects.

Contribution to the neo-institutional theory

By applying neo-institutional arguments to the MNE context, I define some concepts more precisely and refine some social mechanisms at play in the implementation of practices.

Heterogeneous pressures on subsidiaries and strategic conformity

Following Kostova and colleagues request (2008), I consider the MNE's belonging to several fields simultaneously, which generates complex pressures for conformity. While previous works came a long way in showing how subsidiaries are exposed to different

pressures from their local environments (e.g. Delmas & Toffel, 2008; Kostova & Roth, 2002), little is known about the way they process and articulate those pressures. Essay 1 shows that a subsidiary's implementation of CSR practices results from the interplay between the demands from its environmental constituents and the level of conformity of its peers. In addition, although it is considered as the source of great influences (Kostova et al., 2008), the intra-organizational field has not received much specific attention (Garcia-Pont et al., 2009). Essay 2 sheds light on the dual intra-organizational pressures subsidiaries undergo: from the MNE's headquarters and from other subsidiaries. Finally, contrasting with previous works, essay 3 studies how the three fields in which subsidiaries are embedded -the industry, the country and the MNE- influence practices' coupling and decoupling patterns.

In this complex setting, I argue that subsidiaries answer demands in a strategic manner. Indeed, my essays suggest that institutional demands go through a strategic attention process within organizations (subsidiaries in my case) and that peers are not always blindly imitated, even within organizations. This dissertation further advances the understanding of conformity as a strategic choice. In essay 1, subsidiaries react to peers' behavior by adapting their level of attention to certain demands. My findings contradict the assumption that attention is necessarily limited, which has implications for the way organizations deal with plural and conflicting institutional logics. And in essay 2, the influence of headquarters' and peers on a subsidiary's level of conformity reduces as its internalization of the policy increases. Further, in essay 3, my analysis suggests that the role of the practices' institutionalization in the subsidiaries' country and industry is central to enduring coupling processes within MNEs.

Intra-organizational (de)coupling processes

This dissertation contributes to the understanding of policy-practice (de)coupling by showing how it can take place between different organizational units that are for some in

charge of elaborating the policy and for some others responsible for the implementation of corresponding practices. This conceptual refinement is consistent with Crilly, Zollo and Hansen's findings that decoupling in MNEs can be "emergent" (2012: 1441) but departs from most works on policy-practice decoupling that see it as an organization-level strategy (e.g. Fiss & Zajac, 2004, 2006; Westphal & Zajac, 1994, 1998, 2001). Depicting (de)coupling as occurring without a unique strategic intent on the part of the top management allows for intra-organizational heterogeneity in conformity levels that was not sufficiently considered by previous works. Thus, essay 2 proposes a model of intra-organizational conformity that accounts for internal dynamics and varying subsidiaries' behaviors.

In addition, in essay 3, I consider decoupling and coupling as dynamic processes and I study how they unfold over time, contrasting with previous works that conceptualized decoupling as a state (e.g. Fiss & Zajac, 2004, 2006; Westphal & Zajac, 1994, 1998, 2001) and coupling as a unidirectional process (e.g. Hallet, 2010; Tilcsik, 2010). My findings support this dynamic dimension of conformity processes as in most cases periods of policy-practice coupling and decoupling follow each other over time.

Contribution to the international management literature

Previous works underlined the unique situation of MNE's subsidiaries that have to address demands from their headquarters and from their local environment simultaneously (Doz & Prahalad, 1991; Rosenzweig & Sinh, 1991; Westney, 1993; Hillman & Wan, 2005; Kostova & Roth, 2002). But their responses are often depicted as passive (e.g. Delmas & Toffel, 2008). In this dissertation, I argue that subsidiaries conform to corporate policies in a strategic way. Thus, this dissertation contributes to research on subsidiaries' strategies by defining concepts such as subsidiaries' attention, conformity and internalization.

Subsidiary attention to demands

In the international management context, the role of attention (Ocasio, 1997, 2011) has mostly been study at the headquarters' level: international attention (Bouquet et al., 2009), attention to the subsidiaries (Ambos et al., 2010; Bouquet & Birkinshaw, 2008). In the first essay of this dissertation, I shift the focus from headquarters' attention to the subsidiaries' attention as a strategic process which is instrumental in the implementation of corporate policies within MNEs. I define subsidiaries' attention to demands as comprising their noticing of these demands, their focusing of time and effort on understanding them, and their elaborating a response strategy. Thus, I advance our understanding of how subsidiaries strategically address their dual embeddedness in the MNE and in their local environment.

Subsidiary conformity

Most recent works on organizational conformity present it as a strategic behavior (Durand & Jourdan, 2012; Durand & Kremp, 2015; Philippe & Durand, 2011) but the potential for an MNE's subsidiaries to strategically define their conformity to corporate policy has received little attention so far. In the second essay of this dissertation, I propose a model for subsidiary conformity defined as the extent to which the subsidiary increases its level of implementation of practices that are consistent with the policy. This definition emphasizes the strategic role the subsidiaries play in MNEs' conformity. In addition, my findings suggest that subsidiary conformity does not solely depend on the demands from the headquarters, but also on the behavior of their peers and on the subsidiary's perception of the policy.

Subsidiary policy internalization

Previous works in the international management context studied policy internalization as an outcome (Björkman et al., 2011; Kostova & Roth, 2002) and defined typologies of subsidiaries based on their level of policy internalization and implementation (Kostova &

Roth, 2002). The second essay contributes to this body of literature by looking at the complex relationship between internalization and conformity. I define subsidiaries' internalization of a policy as that mechanism through which the subsidiaries get committed to the policy because of its consistency with their values. My results show that internalization is core to the understanding of intra-organizational conformity as it not only increases subsidiaries' conformity but also influences the way they process intra-organizational pressures.

Subsidiaries' perceptions of practices' attributes

In the third essay of this dissertation, I find that policy-practice coupling and decoupling depend on (1) the level of institutionalization of the practices in the MNE, the subsidiaries' industry and their country and (2) the way the subsidiaries perceived the practices. The findings of this essay therefore talk to research on the diffusion of innovations in MNEs (e.g. Lin & Ho, 2011). Previous work focuses on technological innovations and on the innovations' attributes that favored their adoption. My third essay shows that, for normative innovations, the inner attributes of the practices are not the sole explanation for their adoption as their institutionalization levels also matter.

Contribution to the CSR literature

Thanks to the unique data I collected on the implementation of CSR in one MNE, my dissertation can nurture the research on the motives for CSR implementation.

Motives for CSR implementation

CSR scholars have proposed that there were three types of motives for CSR implementation: an instrumental one, a social one and a moral one (Aguilera et al., 2007), but we miss empirical evidence of the way these motives combine in explaining organizations' conformity to the CSR norm. The results of the second essay support the co-existence of distinct motives for CSR implementation in an MNE's subsidiaries. And they unexpectedly

suggest that having mixed motives for CSR implementation does not necessarily lead to the highest possible level of conformity. In particular, I find that socially-based motives related to peers' prior implementation of CSR practices and moral motives related to the consistency of the CSR practices with the subsidiaries' values have stronger effects on conformity separately than when combined. In addition, studying specific practices in more detail allowed me to observe that CSR practices might primarily be implemented based on one main type of motives rather than several types -social or moral rather than both in this case.

CSR dynamics within MNEs

This dissertation speaks to recent works focusing on the intra-organizational dynamics of CSR implementation (Basu & Palazzo, 2012; Crilly et al., 2012). In particular, Crilly and colleagues (2012) found that managerial consensus about CSR priorities within MNEs was crucial for CSR conformity. But little attention was paid to the way subsidiaries influence each other when implementing CSR. In the first essay, I find that internal peers' implementation of CSR leads an MNE's subsidiaries to attend to the demands of both their internal and external constituents in terms of CSR and eventually increase their own level of implementation. And in the second essay, the imitation of other subsidiaries appears as a central component of a subsidiary's conforming behavior.

CSR as a heterogeneous domain

Finally, my dissertation shows that there is a need to distinguish between different CSR issues as their institutionalization stage and the perceptions organizations have of their complexity, performance advantage and value compatibility vary greatly (see essays 2 and 3). In particular, essay 3 suggests that complexity and a lack of value-compatibility of CSR issues both favor policy-practice decoupling. In addition, my second essay suggests that the main motive for CSR implementation depends on the CSR issue considered: subsidiaries of mostly conform to the MNE's safety policy because they internalize it and they mostly

conform to the biodiversity and gender equality policies because of their headquarters' and peers' influences. Thus, CSR scholars should beware of considering CSR as a homogeneous whole, as it brings together somewhat unrelated and sometimes conflicting issues and conformity mechanisms vary across issues.

Contribution to management practice

My dissertation also has practical managerial implications as it helps MNE's headquarters understand why conformity levels vary across the MNE's subsidiaries and how they evolve over time.

More specifically, my work suggests that subsidiary conformity –which is desirable for the MNE's top managers - is not achieved through top down enforcement of policies only. The CSR example shows that the initiatives that emerge locally from the demands of external constituents can improve the subsidiaries' conformity and thus the MNE's conformity. This means that such initiatives should be encouraged and the MNE as a whole could benefit from the experience and knowledge accumulated locally by its subsidiaries, should it be shared.

In addition, the pressure headquarters put on their subsidiaries might prove counter-productive in certain situations as it has limited or even negative impact on conformity for subsidiaries that internalize the policy. MNE's managers should consider granting subsidiaries some leeway in the implementation of CSR practices, depending on how much they internalize the policy. Communication and monitoring efforts should be concentrated towards subsidiaries that do not perceive the policy favorably.

Moreover, intra-organizational emulation appears as favorable for the implementation of practices (see essay 1) and subsidiaries' conformity (see essay 2). Managing the subsidiaries' conformity strategies through a strategic allocation of resources should therefore be a major concern for the headquarters' when attempting to diffuse a new policy. A few

central subsidiaries in each industry or country could act as champions of the corporate policy and foster its diffusion among their network of peer subsidiaries.

However, this dissertation also suggests that CSR policy-practice coupling and decoupling come and go very quickly (see essay 3). The top managers of MNEs should therefore watch their non-financial reporting very carefully on a regular basis and combine performance indicators with indicators that track the implementation of desired practices.

Finally, as far as subsidiaries' managers are concerned, they can take away that CSR conformity through the faithful implementation of group policies as well as implementation of unique and innovative initiatives can help them gain attention from the headquarters and power vis-à-vis their counterparts, probably beyond CSR issues.

Limitations

I discuss hereafter the main limitations of my dissertation, that relate to boundary conditions and generalizability as well as the data collection process.

First, I focus on the context of MNEs, and collect data in one organization, which limits the generalizability of the results. It would be interesting to better understand whether my finding about conformity dynamics in MNEs apply to other settings in which organizations face institutional complexity -for instance academia, healthcare and professional services firms. Even in the international management context, my results might not generalize to all MNEs. Indeed, in more globally integrated MNEs, the results might differ a little bit, with a greater role of the headquarters and a smaller strategic freedom of the subsidiaries.

Second, consistent with previous work, I argued that subsidiaries had to face heterogeneous demands for conformity from inside and outside the MNE. But I studied subsidiaries' responses to demands that all point towards increased CSR conformity.

Therefore, although I believe subsidiaries still prioritize certain demands over others, in my setting, they do not have to face real trade-offs between demands. Studying conflicting demands –i.e. some in favor of conformity and some against- would probably provide more contrasting results.

Third, although it is crucial to study conformity for CSR practices as it is a central issue for MNEs, one could wonder whether the arguments and findings of this dissertation would apply to other norms or practices. I believe the theoretical arguments I offer would apply in other settings as well. Still, further investigation is needed to generalize my findings beyond the three CSR practices I study.

Fifth, I define coupling and decoupling as dynamic processes and therefore observe subsidiaries' implementation of practices over 3 time periods of a one-year duration. My work would probably have benefited from more numerous and longer observation windows. However, the fact that I observed variations in implementation and consistent explanations for them suggests that coupling and decoupling processes do unfold over time in a very dynamic way.

Finally, regarding the validity of my findings, my data is exposed to a risk of social desirability and a risk of common method bias as a large part of it is survey-based. As detailed in chapters 2 to 4, I took steps to minimize these risks in the design of the survey instrument as well as in the analysis and I statistically checked that they were limited.

Ideas for a research agenda

I detail hereafter some additional research ideas that emerged from this work and that would heavily draw on the data I collected for this dissertation.

Conformity as standard behavior in the MNE context

In this dissertation, I considered conformity as the alignment of the subsidiaries' practices with the prescriptions of the corporate policy. But conformity has also been more narrowly defined as extent to which an organization's behavior resembles the standard behavior adopted by its peers in a mimetic way (Deephouse, 1996; Durand & Kremp, 2015; Raffaelli & Glynn, 2014). In future work, I would like to advance our understanding of this kind of conformity in the MNE context. For instance, I could apply the two types of conformity defined at the organizational and individual levels of analysis by Durand & Kremp (2015) – alignment and conventionality – to an MNE's subsidiaries and see what drives their adoption of intra-organizational vs. external alignment and/or conventionality. The data I collected for my first essay will allow me to study this question.

A network approach to subsidiaries' mutual influences

This dissertation stresses the role intra-organizational peers play in MNE conformity. To better understand the dynamics at play, I would like to focus on the role the subsidiaries' network structure has on their conformity. I will look at the relative positions of the subsidiaries in the network (embedded, peripheral, etc) and see how that affects their own level of conformity and their influence on other subsidiaries' conformity. To do so, I will use some items in one of my surveys measuring the links that exist between the subsidiaries in my sample in order to draw the network of subsidiaries.

Understanding conformity at the practice level

This dissertation suggests that there is a need to study specific CSR practices as many of them are implemented independently from each other by MNEs' subsidiaries, although they might be part of a common unique policy at the corporate level. I studied 25 practices related to 3 CSR issues. But conformity might not solely be issue-based as considered in my third essay. My data do suggest that there is a lot of heterogeneity in a given subsidiary' implementation level of practices related to a specific CSR issue. I would like to study this phenomenon further and understand whether there are core vs. peripheral practices or some more easily decoupled than others and why.

The role of subsidiaries' managers in conformity

Previous works on coupling within organizations point to the role individuals in organizational conformity (e.g. Hallet, 2010; Tilcsik, 2010). In the MNE context, the subsidiaries' managers are key decision-makers in charge of implementing conform practices in their unit. But the role they play in subsidiary conformity remains to be studied. In this dissertation, I used subsidiary*practice or subsidiary*topic as a unit of analysis. But most of my data is actually at the individual level as I collected it through survey instruments, so that I could study conformity at the individual level of analysis. In addition, I included items in my questionnaire to capture individual characteristics such as tenure and profession. Based on my data, I will be able to further examine the role of individual characteristics in their perception of CSR and in the implementation of CSR practices. For instance, I expect that background and responsibilities of subsidiaries' managers are antecedents of their internalization of the CSR corporate policy.

I will also study the specific role of CSR managers in conformity. I suspect that they have a role of boundary spanners within the MNE (Kostova & Roth, 2003) and I will test that assumption and look at what it means in terms of the way they work and for organizational

conformity. I included in one of my surveys some items about the relationships of the respondents with the CSR, environmental, HR and health and safety managers of their entity.

Overall, my dissertation suggests that studying subsidiary conformity in terms of CSR contributes to larger central debates in neo-institutional theory, the international management literature and the CSR literature. In addition, CSR conformity is a crucial issue for MNEs' top managers who face mounting global demands regarding sustainability and for society. But it is still understudied and offers great perspectives for a lot of impactful research. I hope my personal research will modestly advance our theoretical understanding of this critical issue and help MNEs walk the CSR talk as much as possible as I believe they play a central role in meeting the social and environmental challenges ahead.

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APPENDIX A: IMPLEMENTATION OF CSR PRACTICES – LIST OF SURVEY ITEMS

Safety items:

1. “We have a safety management system”
2. “Our entity designated a health and safety coordinator”
3. “We systematically use protecting equipment (helmets, gloves, safety shoes, etc)”
4. “Our entity has a policy that sets our ambition in terms of health and safety and define progress paths”
5. “There is a communication on health and safety towards employees in our entity (written information, poster campaign, events, etc)”
6. “Some training to work safety is compulsory for employees in our entity”
7. “Our entity has quantitative objectives for health and safety”
8. “In our entity, there is a health and safety action plan that sets improvement objectives regarding prevention and protection.”

Women in management items:

1. “We implement practices to favor gender equity in the recruitment of managers”
2. “We implement practices to favor gender equity during annual performance interviews”
3. “The equal pay between men and women is observed in our entity”
4. “Our entity has quantitative objectives regarding the recruitment and employment of women among managers”
5. “In our entity, the work-life balance is favored (adapted working time, telecommuting, child day care)”
6. “Some awareness and communication campaigns to prevent gender discrimination take place in our entity”
7. “We favor the access of our female employees to trainings dedicated to leadership”
8. “There is an internal women network in our entity”.

Biodiversity items:

1. “Our environmental management system includes measures to preserve biodiversity”
2. “Biodiversity threats are analyzed when we screen new investment opportunities”
3. “There is a communication on biodiversity towards employees in our entity”
4. “We engage in projects to limit the impact of our activities on biodiversity”
5. “We measure the impact of our activities on biodiversity”
6. “Our entity has measurable objectives for biodiversity preservation”
7. “We collaborate with environmental organizations on biodiversity preservation and restoration”
8. “Financial means are dedicated to the management of our impact on biodiversity”
9. “We perform a regulatory watch on biodiversity issues”.

APPENDIX B: EXTERNAL PEERS' CONFORMITY – LIST OF ASSET4 ITEMS

The ASSET4 items capturing peers' safety performance were:

1. "Does the company have a policy to improve employee health & safety within the company and its supply chain?"
2. "Does the company describe the implementation of its employee health & safety policy through a public commitment from a senior management or board member or the establishment of an employee health & safety team? AND Does the company describe the implementation of its employee health & safety policy through the processes in place?"
3. "Does the company monitor or measure its performance on employee health & safety?"
4. "Does the company set specific objectives to be achieved on employee health & safety? AND Does the company comment on the results of previously set objectives?"
5. "Does the company report on policies or programs on HIV/AIDS for the workplace or beyond?"
6. "Is the company under the spotlight of the media because of a controversy linked to workforce health and safety?"

The seven ASSET4 items capturing peers' gender diversity performance were:

1. "Does the company have a work-life balance policy? AND Does the company have a diversity and equal opportunity policy?"
2. "Does the company describe the implementation of its diversity and opportunity policy?"
3. "Does the company monitor the diversity and equal opportunities in its workforce?"
4. "Does the company set specific objectives to be achieved on diversity and equal opportunity?"
5. "Does the company promote positive discrimination? OR Has the company won any prize or award relating to diversity or opportunity?"
6. "Does the company claim to provide generous vacations, career breaks or sabbaticals? OR Does the company claim to provide flexible working hours or working hours that promote a work-life balance?"
7. "Does the company claim to provide day care services for its employees? OR Does the company claim to provide generous maternity leave benefits? OR Has the company

won a family friendly prize like a "Working Mother Award"?"

The twelve ASSET4 items capturing peers' environmental biodiversity performance were:

1. "Does the company have a policy for reducing environmental emissions or its impacts on biodiversity? AND Does the company have a policy for maintaining an environmental management system?"
2. "Does the company report on initiatives to protect, restore or reduce its impact on native ecosystems and species, biodiversity, protected and sensitive areas?"
3. "Does the company report on partnerships or initiatives with specialized NGOs, industry organizations, governmental or supra-governmental organizations that focus on improving environmental issues?"
4. "Does the company report or provide information on company-generated initiatives to restore the environment?"
5. "Does the company report on initiatives to reduce the environmental impact of transportation of its products or its staff?"
6. Is the company directly or indirectly (through a supplier) under the spotlight of the media because of a controversy linked to the spill of chemicals, oils and fuels, gases (flaring) or controversy relating to the overall impacts of the company on the environment?"
7. "Does the company report on initiatives to reduce, avoid or minimize the effects of spills or other polluting events (crisis management system)?"
8. "Does the company have a policy for reducing the use of natural resources? AND Does the company have a policy to lessen the environmental impact of its supply chain?"
9. "Does the company describe the implementation of its resource efficiency policy through a public commitment from a senior management or board member? AND Does the company describe the implementation of its resource efficiency policy through the processes in place?"
10. "Does the company have environmentally friendly or green sites or offices?"
11. "Does the company report on initiatives to reuse or recycle water? OR Does the company report on initiatives to reduce the amount of water used?"
12. "Does the company report on initiatives to reduce the environmental impact on land owned, leased or managed for production activities or extractive use?"

APPENDIX C: ESSAY 1 – LIST OF IDENTIFYING VARIABLES

A subsidiary's size is measured as its employee numbers as at 30.09.12, logged as there was great disparity between entities.

Subsidiary autonomy was captured through a question in the survey addressed to managers (adapted from Bouquet & Birkinshaw, 2008) which read: "In the following propositions, please select the answers that best describe the decision-making process in your subsidiary", on five items: 'To discontinue a major existing product/service or product/service line', 'To invest in major plant or equipment to expand production capacity', 'To formulate and approve your entity's annual budgets', 'To increase (beyond budget) expenditures for research and development', 'To subcontract out large portions of the production'. The respondents were asked to choose between 6 potential answers: 'the entity's opinion is not asked; decision is explained to the entity by the Branch', 'proposal by the Branch, but the entity's opinion carries little weight', 'proposal by the Branch, and the entity's opinion carries a lot of weight', 'proposal by the entity, decision made by the Branch', 'decision made by the entity without much consultation with the Branch', and 'Non applicable'. Since the various items reflect measures of the entity's autonomy, we calculated a Cronbach alpha across the five items, which resulted in a coefficient of 0.74, thus the internal consistency of the scale was good. We therefore generated a single autonomy variable per respondent by averaging their scores across the five items (the few 'non-applicable' responses were replaced by the average response among all respondents who answered one of the five first items).

The ownership variable represents the level of the Group's control over the entity, and takes the value 1 when the MNE owns less than 50% of the focal entity (i.e., a minority stake), 2 when it is between 50% and 99% (a majority stake) and 3 for over 99% (i.e., full

control).

The subsidiary's Group history corresponds to the time the subsidiary had been part of the Group by 2012 – taking the values of 1 for less than 10 years, 2 for less than 20 years, and 3 otherwise.

APPENDIX D: ESSAY 1 – MEDIATION ANALYSIS

Tables 14 and 15 hereafter present the results of the linear regression models we used for our mediation analysis: we clustered the regressions by practice and country.

Model 5 is the reference model, and includes all the control variables. To test the mediation role played by attention to different demands on the relationships between peer conformity and practice implementation, we follow the steps of Baron and Kenny's (1986) approach to testing for mediation.. In model 6, the conformity of both types of peers (the independent variables) appears to have a positive and significant impact on the implementation of practices (the dependent variable), consistent with the first step of Baron and Kenny's approach. In models 11 to 14, we complete the second step of the approach by looking at the impact of the independent variables on the mediators: conformity of external peers has a positive and significant impact on attention to the demands of external constituents in model 11, and a negative and significant impact on attention to headquarters' demands in model 12; and conformity of internal peers has a positive and significant impact on attention to the demands of external constituents in model 13, and a positive and significant impact on attention to headquarters' demands in model 14. Model 7 in Table 14 allows us to complete the third step of this approach by showing that the mediators (attention to demands from external constituents and from headquarters) both significantly impact the dependent variable (level of implementation of CSR practices). Finally, we perform the fourth Baron and Kenny step in models 8 and 9, by introducing the independent variables and the mediators at the same time. In model 8, introducing attention to the demands of external constituents decreases the impact of the conformity of both types of peers. The effects of conformity of both types of peers on the implementation of practices are partly and simultaneously due to the related increased attention to the demands of external constituents.

Table 18: Appendix D: Clustered linear regressions estimating the effect of peers' conformity and attention on CSR practices implementation

	<i>Model 5</i>	<i>Model 6</i>	<i>Model 7</i>	<i>Model 8</i>	<i>Model 9</i>	<i>Model 10</i>
Attention to external demands			0.30*** (0.03)	0.41*** (0.02)		0.28*** (0.03)
Attention to HQs' demands			0.17*** (0.03)		0.36*** (0.02)	0.18*** (0.03)
Conformity of external peers		0.53*** (0.15)		0.30* (0.14)	0.61*** (0.14)	0.41** (0.14)
Conformity of internal peers		0.61*** (0.12)		0.42*** (0.12)	0.44*** (0.12)	0.40*** (0.12)
Subsidiary size	0.04* (0.02)	0.06** (0.02)	0.06*** (0.02)	0.08*** (0.02)	0.05** (0.02)	0.07*** (0.02)
Autonomy	-0.68*** (0.08)	-0.70*** (0.08)	-0.43*** (0.07)	-0.54*** (0.07)	-0.41*** (0.08)	-0.45*** (0.08)
Ownership	-0.01*** (0.00)	-0.01*** (0.00)	-0.00*** (0.00)	-0.00*** (0.00)	-0.00*** (0.00)	-0.00*** (0.00)
Group history	-0.00 (0.00)	-0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
National legal context	0.03 (0.10)	-0.03 (0.10)	-0.06 (0.10)	-0.12 (0.10)	-0.05 (0.10)	-0.10 (0.10)
Biodiversity	-0.12 (0.23)	-0.08 (0.23)	-0.54* (0.23)	-0.55* (0.23)	-0.26 (0.23)	-0.49* (0.23)
Safety	2.40*** (0.24)	2.58*** (0.24)	1.62*** (0.24)	1.77*** (0.25)	2.07*** (0.25)	1.77*** (0.25)
Environmental services	-0.35*** (0.09)	-0.35*** (0.09)	-0.15† (0.09)	-0.20* (0.09)	-0.16† (0.09)	-0.15† (0.09)
Infrastructure	0.68*** (0.12)	0.48*** (0.12)	0.95*** (0.11)	0.72*** (0.12)	0.81*** (0.12)	0.81*** (0.12)
(Constant)	7.14*** (0.36)	6.40*** (0.38)	4.26*** (0.38)	4.39*** (0.38)	3.90*** (0.40)	3.78*** (0.39)
Wald Chi2	298.31	337.80	696.20	675.84	619.08	719.08
Observations	2,525	2,525	2,525	2,525	2,525	2,525
Number of groups	25	25	25	25	25	25

*Standard errors in parentheses. † if $p < 0.10$, * if $p < 0.05$; ** if $p < 0.01$; *** if $p < 0.001$*

The 2,525 observations correspond to the implementation of 25 practices in 101 subsidiaries of an MNE.

Table 19: Appendix D: Clustered linear regressions estimating the effect of peers' conformity on attention to demands related to CSR

	<i>Model 11: Attention to external demands</i>	<i>Model 12: Attention to HQs' demands</i>	<i>Model 13: Attention to external demands</i>	<i>Model 14: Attention to HQs' demands</i>
Conformity of external peers	0.56*** (0.12)	-0.26* (0.12)		
Conformity of internal peers			0.37*** (0.10)	0.46*** (0.10)
Subsidiary size	-0.07*** (0.01)	0.00 (0.01)	-0.05*** (0.01)	0.01 (0.01)
Autonomy	-0.45*** (0.06)	-0.85*** (0.07)	-0.38*** (0.06)	-0.85*** (0.06)
Ownership	-0.01*** (0.00)	-0.01*** (0.00)	-0.01*** (0.00)	-0.01*** (0.00)
Group history	-0.00* (0.00)	-0.01*** (0.00)	-0.00* (0.00)	-0.01*** (0.00)
National legal context	0.24** (0.08)	0.06 (0.08)	0.26*** (0.08)	0.02 (0.08)
Biodiversity	1.08*** (0.05)	0.44*** (0.05)	1.13*** (0.05)	0.47*** (0.05)
Safety	1.78*** (0.05)	1.24*** (0.05)	1.95*** (0.06)	1.38*** (0.06)
Environmental services	-0.35*** (0.07)	-0.56*** (0.08)	-0.33*** (0.07)	-0.56*** (0.08)
Infrastructure	-0.46*** (0.10)	-0.82*** (0.10)	-0.55*** (0.10)	-0.97*** (0.11)
(Constant)	5.44*** (0.26)	7.54*** (0.27)	5.19*** (0.28)	7.02*** (0.29)
Wald Chi2	1635.26	998.12	1619.70	1018.96
Observations	2,525	2,525	2,525	2,525
Number of groups	25	25	25	25

*Standard errors in parentheses. † if $p < 0.10$, * if $p < 0.05$; ** if $p < 0.01$; *** if $p < 0.001$*

The 2,525 observations correspond to the implementation of 25 practices in 101 subsidiaries of an MNE.

In model 9, introducing attention to the demands of the headquarters decreases the impact of internal peers' conformity, but increases the impact of external peers' conformity. Model 10 is the full model. The coefficients of the two independent variables and the two moderators remain positive and significant when they are all introduced simultaneously.

We ran Sobel-Goodman mediation tests (Sobel, 1982) that confirmed the fit of the partial mediation models. For external peers' conformity, the indirect effect through attention to external demands was significant, representing 43.71% of the total effect, while the indirect effect through attention to headquarters' demands was also significant, representing -17.87% of the total effect. For internal peers' conformity, both the indirect effects through attention to headquarters' and to external demands were significant, representing 27.32% and 25.79% of the total effect.

We also computed the indirect effects simultaneously, and calculated their standard error (thanks to a seemingly unrelated regression): while the percentages mediated in each case slightly decreased, the signs, ordering and significance of the effects remained very similar.

APPENDIX E: ESSAY 2 – VALUE-CONSISTENCY – LIST OF ITEMS AND PRINCIPAL COMPONENT ANALYSIS

The scales measuring the value consistency of practices related to safety, female employment and biodiversity preservation were adapted from Choi and Price (2005). The authors were interested in the impact of person-innovation fit on implementation behaviors. In particular, to measure value fit, they asked respondents whether they agreed with two statements: ‘Cyber Culture is congruent with the work style that I prefer’ and ‘Through Cyber Culture, I can do what I believe important’ (Choi and Price, 2005, page 89). The items used here were “Employing female managers is congruent with the values of our subsidiary”, “By employing female managers, we do what our subsidiary believes important.”, “Biodiversity preservation is congruent with the values of our subsidiary”, “By preserving biodiversity, we do what our subsidiary believes important”, “Health and safety management is congruent with the values of our subsidiary” and “By preserving health and safety, we do what our subsidiary believes important”. The respondents gave their answer on a 7-point Likert scale ranging from 1: Strongly disagree” to “7: Strongly agree”, 4 being “Neutral”. Since these items are reflective of the value consistency, we performed principal component analyses to verify they loaded on one unique underlying factor and to generate a variable representing this factor. The results of these analyses on each topic are presented below.

Occupational health and safety

The factor analysis clearly generates one factor among the two items. Indeed, in Table 16 below, one factor explains 94% of the total variance. Given there are only two items, their loadings and unique variances are identical and equal to respectively 0.9133 and 0.1648. Similarly the regression coefficients generating the unique factor summarizing the two items are identical and equal to 0.54745.

Table 20: Appendix E - Value consistency of safety: Factor analysis

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	1.87694	1.75389	0.9385	0.9385
Factor2	0.12306	.	0.0615	1.0000

LR test: independent vs. saturated: $\chi^2(1) = 457.96$ Prob> $\chi^2 = 0.0000$

Employment of female managers

The factor analysis clearly generates one factor among the two items. Indeed, in Table 17, one factor explains 93% of the total variance. Given there are only two items, their loadings and unique variances are identical and equal to respectively 0.9516 and 0.0944. Similarly the regression coefficients generating the unique factor summarizing the two items are identical and equal to 0.52543.

Table 21: Appendix E - Value consistency of the employment of female managers: Factor analysis

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	1.86477	1.72953	0.9324	0.9324
Factor2	0.13523	.	0.0676	1.0000

LR test: independent vs. saturated: $\chi^2(1) = 430.50$ Prob> $\chi^2 = 0.0000$

Preservation of environmental biodiversity

The factor analysis clearly generates one factor among the two items. Indeed, in Table 18 below, one factor explains 96% of the total variance. Given there are only two items, their loadings and unique variances are identical and equal to respectively 0.9794 and 0.0407. Similarly the regression coefficients generating the unique factor summarizing the two items are identical and equal to 0.51050.

Table 22: Appendix E - Value consistency of biodiversity: Factor analysis

Factor	Eigenvalue	Difference	Proportion	Cumulative
Factor1	1.94185	1.88370	0.9709	0.9709
Factor2	0.05815	.	0.0291	1.0000

LR test: independent vs. saturated: $\chi^2(1) = 681.60$ Prob> $\chi^2 = 0.0000$

APPENDIX F: ESSAY 3 – PRACTICES’ CHARACTERISTICS – LIST OF ITEMS AND CALIBRATION

Performance advantage. The perceived relative performance advantage of the practices is the average of the responses to five items in the questionnaire for each of the three topics:

- “In our subsidiary, we believe that the impact of safety management/the employment of female managers/ the preservation of biodiversity on employee satisfaction is...”
- “In our subsidiary, we believe that the impact of safety management/the employment of female managers/ the preservation of biodiversity on our image among our final customers is...”
- “In our subsidiary, we believe that the impact of safety management/the employment of female managers/ the preservation of biodiversity on our relationship with local communities is...”
- “In our subsidiary, we believe that the impact of safety management/the employment of female managers/ the preservation of biodiversity on our relationships with our suppliers is...”
- “In our subsidiary, we believe that the impact of safety management/the employment of female managers/ the preservation of biodiversity on our margin/cost ratio is...”

Respondents had to rate the impact on a scale going from 1: very negative to 7: very positive, with 4: neutral. We therefore chose to calibrate the topic’s performance advantage measure by defining full membership when it was superior or equal to 6 (i.e. clear positive impact), non membership when it was inferior or equal to 2 (i.e. clear negative impact), and using the neutral point, 4, as the cut-off.

Complexity. The perceived complexity of the practices is the average of the responses to two items in the questionnaire for each of the three topics:

- Identifying health and safety management practices/ practices favoring the employment of female managers/ practices favoring biodiversity preservation is difficult.
- Implementing health and safety management practices/ practices favoring the employment of female managers/ practices favoring biodiversity preservation is difficult.

Respondents had to rate the impact on a scale going from 1: strongly disagree to 7: strongly agree, with 4: neutral. We therefore chose to calibrate the topic's complexity measure by defining full membership when it was superior or equal to 6 (i.e. clear complexity), non membership when it was inferior or equal to 2 (i.e. clear lack of complexity), and using the neutral point, 4, as the cut-off.

Value compatibility. The perceived value compatibility of the practices is the average of the responses to two items in the questionnaire for each of the three topics:

- Health and safety management/Employing female managers/Biodiversity preservation is congruent with the priority objectives of our entity.
- By preserving health and safety/By employing female managers/By preserving biodiversity, we do what our entity believes important.

Respondents had to rate the impact on a scale going from 1: strongly disagree to 7: strongly agree, with 4: neutral. We therefore chose to calibrate the topic's value compatibility measure by defining full membership when it was superior or equal to 6 (i.e. clear compatibility), non membership when it was inferior or equal to 2 (i.e. clear incompatibility), and using the neutral point, 4, as the cut-off.

APPENDIX G: ESSAY 3 – REGRESSION RESULTS

Table 23: Regression of practices characteristics and institutionalization level on their coupling extent

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Complexity		-0.19*** (0.053)						-0.11** (0.057)
Value compatibility			0.20*** (0.027)					0.09*** (0.032)
Performance advantage				0.31*** (0.031)				0.15*** (0.045)
Country institutionalization					0.30** (0.117)			0.06 (0.117)
Group institutionalization						0.32*** (0.046)		0.18*** (0.052)
Industry institutionalization							0.18*** (0.028)	0.11*** (0.029)
Prior implementation	-0.30*** (0.022)	-0.31*** (0.022)	-0.34*** (0.023)	-0.39*** (0.025)	-0.31*** (0.022)	-0.36*** (0.025)	-0.32*** (0.022)	-0.42*** (0.026)
Headquarters' influence	-0.23*** (0.034)	-0.03 (0.066)	-0.14*** (0.035)	-0.11*** (0.033)	-0.22*** (0.034)	-0.18*** (0.034)	-0.22*** (0.034)	0.01 (0.067)
Autonomy	-0.03 (0.046)	-0.05 (0.046)	-0.04 (0.045)	-0.06 (0.045)	-0.01 (0.047)	-0.07 (0.047)	-0.03 (0.045)	-0.08* (0.046)
Ownership level	-0.00** (0.001)	-0.00** (0.001)	-0.00** (0.001)	-0.00* (0.001)	-0.00** (0.001)	-0.00** (0.001)	-0.00 (0.001)	-0.00* (0.001)
Time in the Group	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)	0.00 (0.002)
Size	0.03 (0.020)	0.03* (0.020)	0.04* (0.020)	0.02 (0.020)	0.03 (0.020)	0.03 (0.020)	0.03* (0.020)	0.04*** (0.020)
Constant	2.26*** (0.303)	2.40*** (0.303)	1.18*** (0.324)	0.62* (0.315)	2.06*** (0.312)	1.97*** (0.302)	2.07*** (0.300)	0.72** (0.335)
R-squared	0.130	0.137	0.159	0.179	0.133	0.151	0.149	0.196

Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1

Heterogeneous implementation of CSR in an MNE: the role of subsidiaries' institutional contexts and behaviors

Abstract. The main objective of this dissertation is to explain heterogeneity in conformity within multinational enterprises (MNEs). More specifically, I focus on what makes an MNE's subsidiaries implement practices that are consistent with the policy designed by the MNE's headquarters. Given the increasing normative pressures on MNEs, managing conformity within them is of strategic importance. Corporate social responsibility (CSR) is an example of such mounting norms. My work relies on a unique set of data (including surveys, archival data and interviews) I collected on CSR practices in one MNE between 2012 and 2014. Overall, the findings of my three essays show that heterogeneous conformity within MNEs stems not only from diverse internal and external pressures exerted on subsidiaries, but also from (1) the subsidiaries' varying levels of attention to normative demands that depend on peers' behaviors, (2) their heterogeneous internalization of the Group policy which reduces peers' and headquarters' influence and (3) the specific characteristics and institutionalization levels of different practices.

Keywords. Organizational Conformity, Subsidiaries, CSR, Decoupling, Coupling Processes, Organizational Attention, Institutional Pressures

Mise en œuvre hétérogène de la RSE dans une multinationale : le rôle des contextes institutionnels et des comportements des filiales

Abstract. Cette thèse se donne pour objectif principal l'explication de l'hétérogénéité que l'on observe en matière de conformité au sein des multinationales. En particulier, je m'intéresse à ce qui pousse les filiales d'une multinationale à mettre en œuvre des pratiques conformes à la politique définie par le siège. Compte-tenu des pressions normatives croissantes exercées sur les multinationales, leur gestion de la conformité interne prend une importance stratégique. Et la responsabilité sociale d'entreprise (RSE) compte au nombre de ces normes émergentes. Mon travail repose sur des données uniques (dont des enquêtes, des données d'archive et des entretiens) sur la mise en œuvre de pratiques RSE que j'ai collectées de 2012 à 2014 au sein d'une multinationale. Dans l'ensemble, les résultats de mes trois essais démontrent que les niveaux hétérogènes de conformité que l'on observe au sein des multinationales résultent certes des différentes pressions internes et externes exercées sur leurs filiales, mais également (1) de leurs divers niveaux d'attention aux demandes normatives en fonction de la conformité de leurs pairs, (2) du fait que les filiales internalisent plus ou moins la politique groupe, ce qui limite l'influence du siège et de leurs pairs et (3) des caractéristiques spécifiques et des niveaux d'institutionnalisation des diverses pratiques.

Keywords. Conformité Organisationnelle, Filiales, RSE, « Découplage », Processus de « Couplage », Attention Organisationnelle, Pressions Institutionnelles.