DOING GOOD AND DOING WELL? INTERNATIONAL ENTREPRENEURSHIP AND SOCIAL RESPONSIBILITY

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ABSTRACT

Many prominent international entrepreneurs, from Dame Anita Roddick, founder of the Body Shop, to Mohammad Yunus, founder of the Grameen Foundation and winner of the 2006 Nobel Peace Prize, have built their international ventures around social responsible (SR) business ideas. Moreover, the popular business literature is brimming with examples of newly established international firms that draw considerable competitive advantages from strategies based on corporate social responsibility (CSR). Yet, in the same popular literature, we see that the multinational company remains the major scapegoats when it comes to the blame for global social and environmental problems. Even if this debate is ongoing in the popular literature, the academic literature is surprisingly absent. What exactly is the relationship between internationalization of firms and social responsibility? And what implications does it have for international entrepreneurs and research in the field of international entrepreneurship? This study seeks to address these questions by performing a comprehensive literature review on the internationalization social responsibility relationship in order to establish what research has concluded so far and suggest some promising venues for further research within the field of entrepreneurship. The study identifies five research topics that dominate the literature on internationalization and social responsibility. We present these five issues and suggest eight propositions that summarize our knowledge to date. Furthermore, we present three gaps in the literature that constitutes promising research venues for the social responsibility and business ethics research community.

Keywords: Shared value creation, entrepreneurship, internationalization, international firms, international entrepreneurship, Social responsibility

INTRODUCTION

We live in an era of globalization that have triggered an outspread internationalization of business activities. While international business historically has been dominated by large actors, we now see an international business arena that allows *"... even the smallest firms access to customers, suppliers, and collaborators around the world"* (Etemad and Wright, 1999, p.4). The development has triggered extensive internationalization of firms that seek to exploit new opportunities in terms of access to new markets, better or cheaper resources, new knowledge and capabilities. It has also given rise to the concepts of Born Globals and International New Ventures, which denotes newly formed firms that seeks international markets from inception and a whole new field of research labeled International Entrepreneurship that investigate their formation and expansion (Aspelund, Madsen and Moen, 2007; Keupp and Gassmann, 2009).

As new firms internationalize, the impact of their activities propagate to new environments and new communities. It becomes increasingly difficult for the entrepreneur to see the full extent of the social and environmental consequences that are caused by the firms' international operations. More than that, internationalization brings with it complexities in firm organization, governance and the way they interact with the environment. Hence, social and environmental consequences of the international firm's activities become both hard to see and hard to handle, and poor, or absent, attention may result in engagement in socially irresponsible activities.

Unfortunately, not only myopia, lack of control or efficient governance may result in socially irresponsible actions. Some international firms might actively seek opportunities of arbitrage by simply exploiting weak social or environmental legislation and engage in socially irresponsible actions in locations far away from the home country, assuming it will never come to light (Dam and Scholtens, 2008). Many countries, especially in the developing world, lack the institutions and legal systems that are required to keep the forces of capitalism and entrepreneurship at bay and thus fail to protect the labor market and natural environment from exploitation. This makes it easier for international firms to take advantage of local resources, ignoring issues such as human rights, social responsibility, pollution, or sustainable management of natural resources.

On the other hand, research in the field of international business has shown that internationalization has many positive effects on economic development both on a local and global level (Aspelund and Madsen, 2009; Chakrabarty og Wang, 2012) due to efficient global dissemination of new innovations through business activities in international firms. After all, innovation, entrepreneurship and free enterprise stand in the core of our current understanding of economic development and growth (Schumpeter, 1934; Romer, 1990). Moreover, in order to solve the planet's social, environmental and economic challenges, international entrepreneurship can play a significant role. An example of that is provided by Løvdal and Aspelund (2011; 2012) in their studies of the offshore renewables industry. They find international entrepreneurship to be a very efficient dissemination mode for new technologies that can bring on a global green revolution in the energy sector.

Due to this double-edged nature of international business, governments, activists, and media try to force firms to become more transparent and accountable for the social, environmental and economic consequences of their activities. Corporate social responsibility (CSR) has thus emerged as an inescapable obligation for managers and entrepreneurs all over the world (Porter and Kramer, 2006) and many firms have already done much to improve the social and environmental consequences of their actions (Gonzalez-Perez, 2013a).

Since pressure for social responsibility predominantly has come from external stakeholders many firms has viewed social responsibility as a hygienic factor – an extra cost and something that just need to be in place to satisfy customers and external stakeholders (Christman and Taylor, 2006). CSR as competitive advantage was seen as pure coincidence until the seminal work of Porter and Kramer (2006) on shared value creation re-conceptualized social responsibility as a resource from which firms could build competitive strength and simultaneously create shared value for the firm, the society and the environment.

Hence, the seemingly paradoxical relationship between firm internationalization and social responsibility is intriguing. From the viewpoint of the society, it can be conceptualized as *the major threat* to sustainability, economic development and growth. Simultaneously, it can be conceptualized as *the solution* to sustainability and economic challenges. Likewise, from a firm perspective, social responsibility can be viewed as a cost driving nuisance as well as a promising emerging source of international competitiveness.

We seek to address this apparent paradox and our objectives for this study are to summarize the literature on the firm internationalization – social responsibility relationship. Furthermore, we aim to discuss their relevance for the field of international management and suggest some promising venues for further research.

CONCEPTUAL BACKGROUND

Gonzalez-Perez (2013b) defines globalization as “the process of the extension of the free market, embodying a political, social, cultural and economic revolution, which transcends previous nation-state boundaries and preceding sovereignties” (pp. 2). This definition seems to be widely accepted in the international business literature (see e.g. Buckley and Ghauri, 2004; Held, Goldblatt and Perraton, 1999; Hood and Young, 2000; Kali and Reyes, 2007; Mazlish, 2005; Rugman, 2009; Shenkar, 2004). Based in this definition there is little doubt that we are in an era of globalization and that internationalization of businesses are the major drivers behind the trend (Beinhocker, Davis and Mendonca, 2009). A report presented by McKinsey Global Institute (2014) shows that in 2012, the amounted flow of goods, services, and finance was 36 percent of the world GDB, which is one and a half times the level registered in 1990. In 2014, one out of three goods are crossing national borders, and one third of all investments are international. It is found that this development is expected to continue, and even increase (Manyika et al., 2014).

Accepting the fact that we live in an era of ongoing and increasing globalization, the interesting aspect is the consequences. Obviously, in the current business environment firms increasing impact communities abroad (Gonzalez-Perez, 2013b). Implications may be several, extending from environmental issues through human rights and ethics to disruption of nation economies (e.g. Cruz and Boehe, 2008; Dam and Scholtens, 2008; Iyer, 2001; Engle, 2006).

Gonzalez-Perez (2013b) divides the consequences in workplace-related and non-workplace related effects. Workplace- related effects largely dependent on the competitive strategy of the international firm (Gonzalez-Perez, 2013b). If the international firm adopts a cost leadership strategy it will pursue cost reduction programs throughout the value chain that might lead to low wages and poor working conditions for employees, inefficient use of natural resources and pollution. Differentiation, or differentiated focus strategies on the other hand, suggests that international firms seeks differentiation on products and production processes through innovative practices, competing on quality rather than price. In order to do this, international firms have to ensure they use the best human and technological resources available and establish themselves wherever these resources are available. This division in strategy leaves low cost labor, and especially foreign, migrant, female and child labor, especially vulnerable for challenges related to low wages, low security, exploitation, injustice, or inequality by the employer.

Effects beyond the workplace can be related to cultural diversity, environmental care, unfair trade or local political systems. First, cultural imperialism may be one such, establishing control of people’s minds through imposition of business or popular culture. Second, environmental concerns associated with globalization are extensive. This can include expansion of agriculture land, pressure on natural resources, emissions and pollution, or changes in agricultural habitats. Third, unfair trade is mentioned as a negative effect of globalization. Protectionist policies, costly trade agreements, changes in prices, or technological changes may harm vulnerable nations that are dependent on few industrial sectors. Finally, Gonzalez-Perez mentions globalization challenges associated with the state's role as a representative for its citizens' interests. Globalization creates more power for super-national institutions, and hence, governments enter into competition with the global system for the interests of people. Nation-states' influence may therefore decline.

In addition, we have to add the problematic area of how firms should deal with extractive economic and political institutions. Unfortunately, the minority of nations on the planet enjoy well-functioning open and inclusive political and economic institutions (Acemoglu and Robinson, 2012). In most nations political and economic systems are set up in order extract economic advantages and political power for selected elite. The question is what moral obligations firms have in order to oppose such regimes. This might be a high-flying question, but the question of how multinational firms deal with corruption is not.

Corporate Social Responsibility Defined

The social implications of globalization along with the managerial dilemmas they impose have given an increased interest in how corporations should take social responsibility (Williams, 2011). Today there is no clear definition of the term *corporate social responsibility (CSR)*, and it can mean different things to different groups of people. This reflects the fact that the term has evolved through time (Gonzalez-Perez, 2013a). History shows that firms have been concerned about issues in the society for centuries, and have taken socially responsible actions to solve them. However, it is only after 1950 that a development in the academic interest of CSR is evident (Carroll, 1999). Davis (1960) early proposed that CSR refers to *"businessmen's decision and actions taken for persons at least partially beyond the firm's direct economic and technical interest"* (pp. 70). In 1963, McGuire defined the idea of social responsibility as firms' responsibility to the society that goes beyond their economic and legal obligations.

Gonzalez-Perez (2013a) argues that historically two principles have always been present in the historic development of CSR, namely the principle of *charity*, and the principle of *stewardship*. The principle of charity involves how firms use their corporate power and resources for the good of society. The principle of stewardship entails the opinion that firms have an obligation to serve society's needs, as their wealth is generated from operations performed within the society. This is also extended to the view that firms are stewards of the society's natural resources and should manage them in a sustainable manner. The historical evolution of firms' view on how to be socially responsible shows that the perception of CSR is a social construction reflecting the social and environmental challenges of the society at any point in time.

Global Corporate Citizenship

After the turn of the millennium, *global corporate citizenship* (GCC) evolved into a commonly used term in the international management literature. GCC is a further development of managers' perception of CSR, where their focus on firms' global impact on society and relation with stakeholders are fundamental to core business operations (von Weltzien Hoivik and Melé, 2009). The basic rationale is that as the firm's international activities increase, so does their responsibility to society to be a good global corporate citizen. As argued above, globalization leads to many social implications which might be viewed as threats to the firm's activities. GCC seeks to transform these threats into challenges that can be balanced, or even better, turned into opportunities for better behavior (Logsdon and Wood, 2005).

Shared Value Creation

Porter and Kramer (2006) introduce a somewhat different view on social responsibility. They argue that social and environmental challenges should be used as an opportunity source for increased innovation and competitive advantage. Following Porter's (1985) earlier work on competitive advantage where he argues that competitive advantage can be accomplished through either a low cost, focus or differentiation strategy, Porter and Kramer (2006) extend this view by investigating how CSR can be integrated in firms' strategy to lower costs or serve customers in a better way.

Porter and Kramer (2006) also observe that the way most firms implement CSR is insufficient to create any competitive advantage. They find that firms in general just implement CSR to please stakeholders and fulfill social expectations and initiate activities that are isolated from the firms' operating units. This type of CSR implementation will never create long-term competitive advantage. The term *strategic CSR* is introduced to explain how CSR can be used to create *shared value*, i.e. how their choices regarding CSR will benefit the firm, the society and the environment.

In order to create shared value Porter and Kramer (2006) argue that managers must take both an inside-out and outside-in approach. *The inside-out approach* considers the social consequences of the firm's operations throughout the value chain. These consequences can be positive, such as increasing employment rates, or negative, such as pollution or poor resource management. *The outside-in approach,* considers how social conditions influence the competitiveness of the firm. International managers need to understand the firm's competitive context and target CSR activities towards areas were they have the most significant impact.

CSR in the International Business Setting

These recent advances in the social responsibility literature is also apparent in international business and management research (e.g. Rodriguez *et al.*, 2006; Hah and Freeman, 2014; Waldman *et al.*, 2006). Social responsibility is given considerable attention, especially governance and environmental issues, as well as ethical concerns (Egri and Ralston, 2008). Still, the focus predominantly emerges in the form of stewardship and charity. In the following we will present the state-of-the-art in research on the firm internationalization - CSR relationship. First, a few words on how we have identified and analyzed the literature.

METHODS

We followed a three-step procedure to identify relevant literature. First, we performed a keyword search in the Scopus database (Elsevier, 2014). Due to some ambiguity in the academic use and definition of CSR we used the keywords "internationalization", "international business", "social responsibility", "global citizenship", "accountability", "shared value creation" and "creating shared value". No constraints were set in the search regarding publication year. See Table 1 for the full search algorithm.

Table 1 SEARCH ALGORITHM
ABS((internationalisation OR international business) AND ABS(social responsibility OR shared value creation OR create shared value OR global citizenship OR accountability)) OR TITLE((internationalisation OR international business) AND TITLE(social responsibility OR shared value creation OR create shared value OR global citizenship OR accountability))

The keyword search resulted in 52 relevant studies and in order to validate the sample we performed a reference search among the identified studies to identify relevant studies that we might have missed in the keyword search. This procedure returned an additional two studies leaving the total sample to 54 studies. Finally, we performed a manual scan of the 54 studies identified in the keyword and reference searches to select those with specific relevance for our research question. In the manual search we used two simple criteria for selection. One, we selected exclusively studies with empirical data. Two, we excluded studies that did not have direct relevance for our research question. That is, studies that have used the terms outlined in the keyword search, but the actual empirical investigation was related to a different topic or relationship.

Following our three-step procedure keyword search, reference search and manual selection we ended up with 33 studies focusing specifically on the firm internationalization CSR relationship.

Table 2
JOURNALS REPRESENTED IN THE LITERATURE REVIEW

Journal	**Articles**	**CSR related journal**
Journal of Business Ethics	8	Yes
Journal of International Business Studies	5	No
Business Horizons	2	No
International Business Review	2	No
Advances in Sustainability and Environmental Justice	2	Yes
Management Decision	1	No
Social Responsibility Journal	1	Yes
The Journal of Interdisciplinary Economics	1	No
Academy of Management Annual Meeting Proceedings	1	No
European Management Journal	1	No
Journal of World Business	1	No

Ecological Economics	1	Yes
Journal of International Management	1	No
Corporate Social Responsibility and Environmental Management	1	Yes
British Journal of Management	1	No
The International Review of Retail, Distribution, and Consumer Research	1	No
European Journal of International Management	1	No
Journal of Management Development	1	No
Progress in International Business research	1	No

Description of the Sample

The studies are published in 19 different journals that cover a broad specter of disciplines. Interestingly, only 5 of the 19 journals are primarily focused on social responsibility, ethics or environmental issues (see Table 2).

Table 3
THEORIES REPRESENTED IN THE LITERATURE REVIEW

Theory	Study
Institutional theory	Peng, 2008; Darnall, Henriques and Sadorsky, 2008; Park, Chidlow and Choi, 2014; Chen and Bouvain, 2008; Husted and Allen, 2006; Waldman *et al.*, 2006
Stakeholder theory	Park and Ghauri, 2014; Park, Chidlow and Choi, 2014; Logsdon and Wood, 2005; Waldman *et al.*, 2006
Resource-based view	Darnall, Henriques and Sadorsky, 2008; Chakrabarty and Wang, 2012; Strike, Gao and Bansal, 2006
Transaction cost theory	Christmann and Taylor, 2006
Triple Bottom Line	Choi and Gray, 2008
Market-centric approach	Laudal, 2011
Comparative political economy theory	Peng, 2008

This finding suggests a very fragmented literature where scholars from different fields have investigated the issue without establishing a coherent literature stream. That said, two journals stand out to carry the discussion – *Journal of Business Ethics* and *Journal of International Business Studies* – with 8 and 5 studies respectively.

We also find this to be a surprisingly recent stream of literature. Actually, our time- independent search procedure identified the first published contribution in 2001 with a significant increase from 2006 and onwards.

In terms of origins, contributors predominantly work at universities in the developed world (22 of the authors are affiliated with US universities). When it comes to empirical evidence on the other hand, we observe more heterogeneity. 14 studies have empirical evidence from multiple countries, which we regard this as a strength of the current literature.

Another methodological strength is the balance between qualitative and quantitative research approaches. Out of the 33 studies in the sample we find 19 qualitative, 13 quantitative and one study employing both approaches. One might assume that in such a recent field of study one would find a balance more skewed towards qualitative studies, but this does not seem to be the case.

We regard the greatest methodological weakness to be the relatively narrow selection of theoretical frameworks (see Table 3). Only three theoretical perspectives - institutional theory, stakeholder theory and resource-based theory (RBV) - dominate.

The studies that uses institutional and stakeholder theory take an *outside-in* perspective conceptualizing CSR as an activity that is done in order to satisfy external actors (Park, Chidlow and Choi, 2014), or as a result of institutional pressure (Park, Chidlow and Choi, 2014; Peng, 2008; Darnall, Henriques and Sadorsky, 2008). The RBV studies predominantly uses an *inside-out* logic. While only a few uses both *inside-out* and *outside-in* perspectives. For example, Darnall, Henriques and Sadorsky (2008) and Jamali (2010) consider the difference of having either institutional pressure or resources and capabilities as drivers for CSR activities; While Laudal (2011) combines a market-centric approach with stakeholder analysis. The rather narrow selection of theoretical perspectives has some interesting implications that we will come back to in the discussion below.

Empirical Findings and implication for International Entrepreneurship

Table 4 provides a full presentation of the key contents in the 33 studies identified in this review. We have chosen to present authors (publication year), research focus, methodology and main findings for each study.

Table 4
KEY CONTENTS IN THE 33 STUDIES IDENTIFIED IN THE REVIEW

Author (year)	**Research focus**	**Methodology**	**Main findings**
Bondy and Starkey (2014)	To what extent does CSR policies reflect home or host country perspectives.	Qualitative: 40 interviews within 37 UK based MNEs.	Integrated internationalization strategies only strengthen outcomes similar to global strategies.
Campbell, Eden and Miller (2010)	CSR practices in MNEs and when and how MNEs try to overcome legitimacy issues	Quantitative: 182 bank affiliates in 32 countries	Foreign affiliates improve social legitimacy and overcome liabilities by committing to local CSR issues.
Carrasco-Monteagu d o and	Analyze the relationships among development, changing	Quantitative: Data from 32 countries.	Economic development promotes institutional changes that favor the application of CSR. CSR can lead to knowledge creation and new business

Buendía-Martínez (2013)	values, CSR, innovation and internationalization.		opportunities that encourages innovation and internationalization.
Chen and Bouvain (2009)	Compare CSR reporting in different industries and countries	Quantitative: Firms from US, UK, AUS, and Germany.	Membership in UN Global Compact has an effect on CSR reporting but only in certain areas.
Choi and Gray (2008)	Investigates successful socially responsible entrepreneurs	Qualitative: Case study of 30 entrepreneurs	Reveals that idealistic objectives motivated venture start-up. Finds 10 factors that differentiate leading-edge social responsible companies from other start-ups
Christmann and Taylor (2006)	When are international certifiable standards effective management systems?	Quantitative: Survey of 172 ISO 9000 certified suppliers in China.	Suppliers strategically select their level of compliance with customer preferences, customer monitoring, and expected sanctions by customers.
Cruz and Boehe (2008)	Under which conditions sustainability is introduced to global value chains and relation to competitiveness.	Qualitative: Case study of JOBEK	Three factors identified: bargaining power between actors in the value chain, differentiation strategies and collaborative awareness.
Cerne (2011)	How international firms balance conflicts between CSR and growth	Qualitative: Case study of British fishing companies	Combining knowledge with new perspectives provides new solutions to sustainability. Interdisciplinary perspectives give practical solutions.
Dam and Scholtens (2008)	Do firms with low CSR standards seek locations that are poor, corrupt or have weak regulations?	Quantitative: Analysis of database information of 540 MNEs.	MNEs with good social responsibility avoid locating their operations in countries where the environmental regulation is weak, but MNEs with poor social responsibility tend to seek such countries.
Darnall, Henriques and Sadorsky (2008)	Investigates internal vs. external pressure for adopting EMSs	Quantitative: Analysis of OECD survey data.	Finds both institutional and internal pressure to encourage adoption of EMSs, but internal pressure gives better business performance.
Elg and Hultman (2011)	How retailers integrate CSR to ensure compliance among international suppliers.	Quantitative and qualitative	Eight best practices are developed, but few retailers followed them. Sector belonging has a high influence on whether the practices are followed or not.
Engle	Examines how senior	Qualitative:	Human rights, poverty, education, health care and
(2007)	international executives assess CSR	Interviews of 56 executives	environment are all considered important aspects for MNEs to improve. The environment most important.
Husted and Allen (2006)	Investigate global and local CSR on MNE strategy in developing countries.	Quantitative: Survey of MNEs operating in Mexico.	Local CSR is more common among multi-domestic and transnational MNEs. MNEs manage CSR according to institutional pressures rather than a strategic logic.

Iyer (2001)	International business ethics, and how it is accounted in international exchanges.	Qualitative: Case study of three MNEs	International exchange should be the fundamental unit of analysis for international business ethics.
Jamali (2010)	Investigate antecedents of CSR involvement in MNCs in developing countries	Qualitative: Case study of 10 MNCs in Lebanon.	MNEs spread good CSR practices, but they are diluted along the way as they are mixed with local interests. Global interests dominate local needs.
Jamali and Mirshak (2010)	Investigates MNCs in conflict prone areas	Qualitative: Case study of MNEs in Lebanon.	Conflict situations might have severe impacts for ill prepared MNCs that often handles conflict by improvisation and prioritize safety and security
Laudal (2011)	Investigates drivers and barriers for CSR activities	Quantitative: Survey of 182 managers	Eight main drivers and barriers are identified that varies with size and age of firm.
Logsdon and Wood (2005)	Investigates GBC and Codes of Conduct	Qualitative: Codes of conduct of six global petroleum companies.	The business code of conduct is the first step in becoming a GBC. Corporate codes is expressed in orientation, implementation, and accountability language.
Muller (2006)	Should MNEs develop global or local CSR strategies?	Qualitative: 7 Case study of Mexican subsidiaries	Autonomous subsidiaries are more proactive and engaged in CSR, but heavily influences by mother firm.
Park, Chidlow and Choi (2014)	How stakeholder groups influence MNE subsidiaries' CSR practices	Quantitative: Survey of MNE subsidiaries in South Korea	Subsidiaries are positively influenced by several pivotal stakeholders: consumers, internal managers, employees and NGOs. Local government, communities and media do also influence.
Park and Ghauri (2014)	Factors that influence and motivate SME subsidiaries for CSR in emerging countries.	Quantitative: Survey of MNE subsidiaries in South Korea	SMMSs are highly motivated and influenced by internal and external actors to CSR in emerging markets. CSR improves market position of subsidiaries if they fulfil CSR practices and the expectation of stakeholders.
Peng (2008)	Analysis of the NCRI and MNCs' location choice.	Quantitative: Japanese MNCs' location choices	Institutional pressure drives MNEs' CSR. If MNE can choose freely they act in self-interest only.
von Weltzien Hoivik (2011)	How internal processes embed CSR knowledge into companies as organizational learning.	Qualitative: Case study of two Norwegian companies	CSR should be viewed as a strategic implementation process. To create a financially and socially responsible business the business goals has to be connected and linked with human, social and environmental objectives.
von Weltzien Hoivik and Melé (2009)	Investigates firm size and ability to become Global Corporate Citizens (GCC)	Qualitative: Single case study of Stormberg	SMEs can be GCC if they have global impact. Managerial character and values important.
Nachum and Schmid (2013)	Why do companies engage in international activities?	Qualitative: Single case study of MNE	Several ways of dealing with conflicting forces of internationalization and sustainability. Firm's history and competitive advantages shape choices.

Strike, Gao and Bansal (2006)	Investigates international diversification and CSR.	Quantitative: 222 publicly traded US firms.	Finds positive relationship between international diversification and CSR, and also corporate social irresponsibility (CSiR). Reputation and learning activities increase CSR, while complexity increases CSiR.
Wagner and Anastasiadis (2014)	Investigates whether MNE lobbying can contribute to sustainable development.	Qualitative: Two case studies from Belgium	Firms see both costs and opportunities in environmental regulation, however, this is not perceived by their policy-making counterparts. Doubtful whether lobbying can contribute to sustainable development.
Waldman et al. (2006)	Seeks to find how CSR values vary due to cultural and leadership differences.	Quantitative: Analyses data from 561 firms	Managers' CSR value are affected by demographic, economic, cultural, and leadership factors. Both vision and integrity is important in leadership to drive CSR values beyond economic or cultural factors.
Wiig and Kolstad (2010)	The interaction between MNEs and host country institutions in resource rich countries	Qualitative: Case study of oil MNEs in Angola	CSR is not related and important for getting contracts or licenses in Angola. When using CSR strategically companies may facilitate patronage problems and intensify the resource course.
Williams (2011)	CSR and value management in MNEs	Qualitative: Query of MNE managers	Value Management works. Implementing CSR in MNCs is a process of determining, adopting, and reinforcing workplace values.
Windsor (2013)	How CSR can be used to tackle commercial and governmental corruption.	Qualitative: Archival data	International anticorruption accords shape global norms and active national enforcement increase. The cost of corruption is high economically and politically.
Zyglidopoulos (2002)	Compare environmental and social responsibility MNCs and national counterparts.	Qualitative: Case study of the Brent Spar accident	MNCs face higher levels of environmental and social responsibility domestic counterparts, due to reputational effects and foreign stakeholder salience.

The review shows that there are five topics that are given special attention (see table 5).
In the following, we will present each of these topics and discuss possible propositions and implications for the field of international entrepreneurship.

Table 5
TOPICS REPRESENTED IN THE LITERATURE REVIEW

Topics represented in the literature	**Articles**
Drivers of CSR activities	Laudal, 2011; Peng, 2008; Park and Ghauri, 2014; Darnall, Henriques and Sadorsky, 2008; Park, Chidlow, and Choi, 2014; Jamali, 2010
Governance to ensure CSR	Logsdon and Wood, 2005; Chen and Bouvain, 2008; Christmann and Taylor, 2006; Dam and Scholtens, 2008
Global and local CSR	Muller, 2006; Husted and Allen, 2006: Jamali, 2010; Bondy and Starkey, 2012
CSR best practices	Choi and Gray, 2008; Elg and Hultman, 2011; Cruz and Boehe, 2008; Chakrabarty and Wang, 2012
CSR in big and small, new and old	Choi and Grey, 2008; Laudal, 2011; von Weltzien Hoivik and Melé, 2009; Strike, Gao and Bansal, 2006; Darnall, Henriques and Sadorsky, 2008; Zyglidopoulos, 2002; Park, Chidlow and Choi, 2014

Drivers of CSR Activities in International Firms

Identifying drivers for CSR activities and ethical behavior in international firms is the most frequently studied theme in the internationalization – social responsibility literature. Three out of six of these studies take a stakeholder or institutional view, and the studies by Peng (2008), Darnall, Henriques and Sadorsky (2008), Jamali (2010), Park, Chidlow and Choi (2014) and Park and Ghauri (2014) all conclude that CSR practices and ethical behavior in international firms are predominantly driven by pressure from external parties.

Laudal (2011) takes the discussion of internal versus external factors a step further. By adopting a market-centric approach with the assumption that social responsibility is financially motivated, Laudal's study shows that firms change their CSR strategies as they transform from domestic to international firms and from start-ups to established ventures. The change is a result of changing resource- and capability base and increasing international market and political power. Hence, small and new companies experience little external pressure and their CSR activities have little effect in defining global competition within their domain. Larger established firms, on the other hand, are more exposed and their CSR strategies have more influence in forcing changes on the nature of global competition.

Assuming that motivation increases depth of CSR implementation, Darnall, Henriques and Sadorsky (2008) and Jamali (2010) studies drivers for substantial CSR program implementation. Darnall, Henriques and Sadorsky (2008) study implementation of environmental management systems (EMS) and find that firms under greater institutional pressure adopt EMSs in order to gain external legitimacy. More interestingly, they also find that those firms that implement more comprehensive EMSs in desire to build upon existing complementary resources and capabilities perform significantly better financially. This finding is supported by Jamali (2010) that studies MNE subsidiaries in developing countries. He finds internal motivation of CSR strategies to be much stronger when they are building on core competencies.

These findings suggest that firms that build their CSR strategies on endogenous motivation based on firm specific resources and capabilities are more likely to obtain improved business performance, than those driven by exogenous institutional pressure. Moreover, the literature shows that it is the larger established actors that predominantly are exposed to institutional pressure for adopting socially responsible strategies. Hence:

P1a: *Pressure from external stakeholders is the main driver for adoption of programs for increased social responsibility and ethical behavior among international firms.*

P1b: *The institutional pressure for adopting social responsibility and ethical behavior programs increase with firm size and firms' international exposure. Hence, the proliferation of such programs will also be higher in larger firms, and consequently, less in international start-ups.*

The paradox in these studies is that they suggest that CSR strategies are predominantly adopted due to institutional pressure; however performance effects can only be harvested when CSR strategies are internally motivated and built on the distinct resource and capability platform of the company.

P2: *International entrepreneurial firms can build international competitiveness by embedding CSR strategies in the core resource and capability base of the firm and nurture internal motivation for substantial implementation.*

Governance to Ensure Corporate Social Responsibility

The role of internal motivation for CSR implementation naturally leads to the next hot topic in the study of international responsible firms, namely how to ensure internal compliance with CSR programs. Logsdon and Wood (2005) argue that code of conduct is the first step for a firm to become a responsible global business citizen (GBC). Their findings show how a code of conduct effectively can implement universal ethical standards throughout the organization.

Chen and Bouvain (2009) extend this research by looking at CSR reporting behavior in various industries. They investigate whether adoption of global CSR standards, such as the UN Global Compact and the Global Reporting Initiative, have an impact on actual CSR reporting in international firms. The findings suggest that being a member of the UN Global Compact results in better CSR reporting, but only in those areas that the standard specifically address.

Christmann and Taylor (2006) also investigate the effects of international certifiable standards and ask whether international standards work as effective governance mechanisms for self-regulations of CSR in the global economy. They find that suppliers strategically choose their level of implementation of standards dependent on customer preference, customer monitoring, and expected sanctions by customers. This highlights the importance of monitoring and signaling of sanctions from customers as key drivers of the implementation quality of CSR practices among international suppliers. The lack of such will result only in a ceremonial or symbolic implementation, rather than a real, substantive implementation.

P3: *International entrepreneurial firms that seek to build a compliant socially responsible international organization should:*

a) develop and implement a clear and comprehensive code of conduct

b) Actively search out and use international standard schemes, but only if they are relevant for the firms key activities

c) Systematically choose international business partners and suppliers that meet the standards set for her their own firm

Dam and Scholtens (2008) look into a somewhat different aspect of environmental regulation, i.e. the lack of such. They investigate whether firms with relatively low environmental standards are more often located in countries with poor, corrupt or weak environmental regulation. Their empirical findings support that international firms with poor social responsibility choose locations in countries with weak regulation, but not necessarily poor or corrupt countries. Firms that set high environmental standards, on the other hand, cannot draw competitive advantage by locating in countries with weak environmental regulation so they seem to actively avoid locating in these countries. Hence, CSR does matter with respect to MNEs' locational behavior.

P4: *Local regulation matters for international entrepreneurial firms' location decisions. Weak local regulation attracts irresponsible firms, while active and stricter local regimes attract more responsible international firms.*

Global and Local CSR Strategies

The third most debated issue in the internationalization - social responsibility relationship is whether global company-wide programs or local strategies adapted to local needs are most efficient for driving social responsibility in international firms. Husted and Allen (2006) argue that the key difference between global and local CSR is the community that demands it. Local CSR, on one hand, deals with a firm's obligations based on the standards of the local community, whilst on the other hand, global CSR entails that a firm's obligations are based on those standards to which all societies can be held.

Muller (2006) studies this dilemma by looking at CSR practices and subsidiary autonomy. He finds that subsidiaries that perceive themselves to be autonomous in their overall activities tend to be more proactively engaged in CSR. Still, it appears that proactive CSR strategies among autonomous subsidiaries are in line with home-country and company-wide policies – even if they are non- binding and non-specific to host-country context. Hence, subsidiaries are heavily inspired by the parent firm's global CSR vision. The findings indicate that firms use a soft-hand approach in order to get subsidiaries to adopt practices that they might have resisted under pressure by the parent firm.

Bondy and Starkey (2014) investigate the construct of 'integrated' CSR strategies in international firms and they arrive at a similar conclusion as Muller (2006). They find that integrated CSR programs strengthen outcomes similar to global strategies, favoring core issues identified by the home-country and marginalizing local issues within CSR policy.

Jamali (2010) studies the global – local dilemma specifically in developing countries. Findings suggest that subsidiaries in developing countries tailor CSR strategies to reflect characteristics of the subsidiary as well as the nature of the market environment. However, this action is in response to corporate directives rather than the desire to affect local communities. In sum, the findings support Bondey and Starkey (2014) and Muller (2006) in the pattern that global CSR dominates and is diffused to developing countries, but also diluted along the way.

We observe that the question of global versus local strategies is still an ongoing debate. However, we conclude is that global CSR strategies are instrumental for how local initiatives are designed and executed. Moreover, that a soft-hand approach in line with value management, as suggested by Muller (2006) and Choi and Grey (2008), is likely to be more appropriate for governance of responsible international organizations than traditional management philosophies like management by instruction of management by objectives (Dolan and Garcia, 2002; Buchko, 2007).

P5: International entrepreneurs that seek to build socially responsible international organizations should embed their CSR strategy within the company values, led by example and leave a certain leeway for design and execution of local initiatives.

CSR Best Practices

Naturally, the review also includes studies that suggest best practices for successful responsible international firms. Choi and Gray (2008) use the triple bottom-line view introduced by Elkington in 1994, to evaluate firms' performance. The study finds that successful socially responsible firms often were founded in order, at least in part, to achieve idealistic objectives, and then pursued financial and non-financial objectives simultaneously. They find that responsible international firms avoid financial support from established institutions and recruit employees with values aligned with the firms' values. To differentiate themselves in the market place, they promote the firm's values and sustainable practices. They also use firm values to build a strong organizational culture where top managers work as role models. However, by achieving the environmental and social goals in the triple-bottom line, they build up a higher cost-structure that might reduce financial profits.

Elg and Hultman (2011) explore best practices of CSR in international supplier relationships. They identify eight best practices based on a literature review and a case study of IKEA - a leading actor in corporate social responsibility. Furthermore, they conducted a survey on Swedish retailers in order to test propositions related to these practices. Sadly, survey findings reveal that Swedish retailers do not follow them to any extent. More interestingly perhaps, Elg and Hultman (2011) found that responsible behavior varied across sectors, which suggests that industry standards influence voluntary social responsible behavior.

Cruz and Boehe (2008) seek to identify and characterize conditions under which a Sustainable Global Value Chain (SGVC) might gain international competitiveness. The results show that it is crucial for the supplier to create a demand for sustainable products, and cooperate with certification agencies to increase the bargaining power of the suppliers of the sustainable products. Furthermore, the study shows the importance of imposing an overall responsibility strategy throughout the global value chain and effectively marketing responsibility as a major part of the value proposition to potential customers. This is imperative in order to make customers willing to pay a price premium for responsible products, which is often needed to cover the higher production cost due to sustainable practices.

From this literature it is fair to say that there exists a large research gap in terms of establishing the potential financial benefits of social responsibility strategies among international entrepreneurial firms. However, the best practice literature still provides us with some valuable insights:

P6: Socially responsible international firms are more likely to occur in industries that already have a certain level of social responsible practices where you can drive social and environmental awareness among key stakeholders and customers.

Furthermore, a consistently responsible global value chain appears to be vital in order to persuade customers to pay a market premium for socially responsible and ethical products.

P7: International entrepreneurial firms that seek to profit from a social responsible strategy need to establish a consistent responsible global value chain, and actively use credible international certifications, in order to successfully convince customers to pay a premium for responsible products.

CSR in Big and Small, New and Old

The final aspect that emerged from our review was the relationship between social responsibility and international firm characteristics, such as size, age and level of internationalization. As we have already seen, several studies find that big, established international firms experience higher levels of pressure and expectations for social responsible behavior, and hence, also remains most likely to develop responsible strategies (Strike, Gao and Bansal, 2006; Darnall, Henriques and Sadorsky, 2008; Zyglidopoulos, 2002; Park, Chidlow and Choi, 2014). Furthermore, we have found that international entrepreneurs that implement socially responsible practices from early stages are more likely to turn this into real competitive advantage (Choi and Gray, 2008). However, the relationship between firm size and level of internationalization seems to be more than just that.

Laudal (2011) goes in depth on the drivers and barriers of CSR in the transformation process from a entrepreneurial firm to a MNE. He investigates how the firm's resources, capabilities and market conditions change in this process, and hence also their CSR strategy. Laudal (2011) find that entrepreneurial firms in general will have few resources and capabilities available for CSR activities and will also experience less external pressure to adopt a responsibility strategy. However, as firms grow and increase their international exposure the number of stakeholders taking an interest in their activities will increase. At this point, Laudal argues, the MNE will adopt a CSR strategy to try to overcome business risks and influence important stakeholders, as well as influence governmental regulations to their advantage.

Von Weltzien Hoivik and Melé (2009) aim to illustrate how global corporate citizenship (GCC) is not exclusively a MNE strategy, but can be profitable also for smaller entrepreneurial actors. They argue that GCC can be applied by any international firm regardless of size. These two studies both conclude that CSR is not a game exclusively for large multinationals, but feasible, and potentially also profitable, venues for small and new firms. However, they also show that the strategic and operational role of CSR changes over the life cycle of the firm as it grows, becomes more established and visible in international markets, and increases exposure for complex societal and environmental challenges.

P8: CSR is a viable business strategy for new international firms, but the strategic and operational role of CSR in the firm are likely to change as the firm grows, attracts more attention from external parties, increases its influence over industry development, and increases its impact on complex societal and environmental issues

Discussion and Further Research

This study has identified a vibrant and growing stream of research with some solid results that can guide further research in the field of international entrepreneurship. That said, the literature stream is surprisingly young. This is in accordance with the findings of Egri and Ralston (2008) and Kolk and Tulder (2010), which found evidence that CSR in international business has gained attention only the recent decade. Moreover, we note that very few (only two studies) explicitly take an entrepreneurship angle. This is also surprising given the popular interest in successful international entrepreneurs and the growth of the field of international entrepreneurship. However, as we can see from recent reviews of the international entrepreneurship literature, societal research issues are few and far apart in a stream predominating concerned with the organizational and individual level (Aspelund, Madsen and Moen, 2007; Keupp and Gassman, 2009).

Still, we have been able to identify important findings that have robust and credible implications for international entrepreneurs incorporated in the eight propositions above. The objective of these propositions is twofold. First, they serve as reasonable conclusions of research so far. Secondly, they serve as managerial guidelines for the manager or entrepreneur that seeks to build a socially responsible and ethically sound international firm.

Sometimes, the most interesting observation is what you *do not* find, and that can also be argued to be the case here. In particular, we would like to point out three topics that are gaps in the firm internationalization – social responsibility literature that deserves more attention in future research in international entrepreneurship. Those are the issues of firm competitiveness, the use of theoretical lenses, and the entrepreneurial approach to CSR.

First, very little is said and done on the relationship of social responsibility on firm competitiveness and financial performance among new international firms. Porter and Kramer's (2006) concept of shared value creation (SVC) that specifically deals with increased competitiveness and performance is hardly mentioned in any of the studies despite its managerial popularity. Although, we have identified a fair number of studies that touches on the concept of competitiveness (see e.g. von Weltzien Hoivik and Méle, 2009; Cruz and Boehe, 2008; Darnall, Henriques and Sadorsky, 2008; Carrasco-Monteagudo and Buendía-Martinez, 2013; Choi and Grey, 2008) none of the deals directly with how and under which conditions new firms can build international competitiveness through the use of CSR in an internationalization process. Rather, they establish the fact that competitiveness potentially *could* be built by active use of CSR, but unfortunately, which renders little guidance to the international entrepreneur that owes his or her primary allegiance to shareholders. Future research should focus more on how and under which circumstances international entrepreneurs can derive significant competitive advantages or financial performance from acting socially responsible in an international context.

The second obvious gap relates to the fairly narrow use of theoretical lenses. We find that studies predominantly use *outside-in* perspectives such as institutional theory and stakeholder theory with a few exceptions of the *inside-out* perspective resource-based theory. Taking only an *outside-in* approach often result in CSR activities that lie outside core business activities, providing the firm with no more benefits than, at best, better reputation. Darnall, Henriques and Sadorsky (2008) among others finds that firms who build a responsibility strategy based on their key resources and capabilities obtain better business performance than those that are driven by institutional pressures. On the other hand, taking only an *inside-out* approach can result in CSR activities that do not affect external factors, and hence, not contributing to a better society. International managers need to consider both the *inside-out* and *outside-in* perspectives when developing CSR strategies, and so should researchers in the field.

The third gap also relates to theoretical lenses because the studies so visibly show that the manner of how the international entrepreneur conceptualize social responsibility influence the outcome. Findings from several studies presented here suggest that international firms engage in CSR activities in order to satisfy external stakeholders, rather than a deeply held commitment to ‘do good’. Firms therefore minimize their effort to what is strictly necessary and expected of them in order to keep their freedom to operate. If managers’ focus on CSR was rather that of ‘doing good’, they tend to initiate more, or better, CSR activities, which in turn can lead to both a better society and new firm profitability. Moreover, the literature review revealed that managers very often considered CSR activities as a cost factor only, and not a business opportunity (Christman and Taylor, 2006). This is very much in opposition to studies that suggest CSR can potentially lead to increased entrepreneurship, innovation, internationalization, and better business performance (e.g. Carrasco-Monteagudo and Buendía-Martínez, 2013; von Weltzien Hoivik and Melé, 2009). We suggest future research should be focused on understanding how managers’ conceptualization of social responsibility and business ethics influence new international firms’ engagement in responsible strategies. We introduced this study by pointing at two highly successful international entrepreneurs – Dame Anita Roddick and Nobel Peace Prize winner Mohammad Yunus – it would be interesting to see more research on how these successful international entrepreneurs conceptualized their social responsibility and how that effected the firms they created.

CONCLUSION

Based on the findings in the literature and subsequent discussion, we conclude that social responsibility in firm internationalization is a field of research that brings interesting insights for international entrepreneurs and scholars in the field of international entrepreneurship. This insight is provided here through eight propositions that summarize knowledge and implications for international entrepreneurs that seek to build social responsible international organizations.

The literature on firm internationalization and social responsibility is rapidly growing, but also fairly recent. As recent stream of literature it shows strength in its wide range of methodological approaches, but we have also found three gaps in the literature that we encourage future research to address. These gaps are related to the role of competitiveness and new firm performance, the combined use of *inside-out* and *outside-in* perspectives, and finally, the role of managerial perception of social responsibility on actual firm behavior.

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