CrossMark

Corporate Social Responsibility in International Business: Illustrations from Korean and Japanese Electronics MNEs in Indonesia

Young-Ryeol Park · Sangcheol Song · Soonkyoo Choe · Youjin Baik

Abstract Employing Porter and Kramer's corporate social responsibility (CSR) framework (Harv Bus Rev 84:78–92, 2006), we explored the strategic CSR programs of two Korean and two Japanese electronics multinational enterprises (MNEs) in Indonesia. We observed that the sample MNEs engage in strategic CSR either through investment in competitive context or the transformation of value chain activities. In addition, these firms strongly favor strategic CSR over responsive CSR, not just because of the economic benefits offered by the former, but also its advantages in managing the programs and communicating with stakeholders. Furthermore, they have developed varied organizational methods and tend to manage their key CSR programs centrally to effectively link them to the competitive strategy. Lastly, the results of our analysis suggest that Korean MNEs have customized their strategic CSR programs for emerging countries more actively than Japanese MNEs. In sum, our analysis elucidates several important features of strategic CSR employed by the MNEs in emerging countries.

Introduction

In recent years, corporate social responsibility (CSR) has emerged as a key concept for understanding the impact of social factors on the operations of companies. Although the role of CSR activities in improving a firm's financial performance is still debatable (Lerner and Fryxell 1988; Wright and Ferris 1997; Fogler and Nutt 1975; Fry and Hock 1976; McWilliams and Siegel 2000), it is widely believed that, by engaging in CSR activities, firms can enhance their corporate reputation and brand differentiation (Cretu and Brodie 2007; Gardberg and Fombrun 2006; Godfrey 2005; Hillman and Keim 2001), gain greater social legitimacy (Jamali and Mirshak 2007; Muller 2006; Steiner 1980), and increase efficiency and save costs in the value chain (Husted and Allen 2007, 2009; Asongu 2007; Patton 2009). CSR is thus increasingly viewed as more of an investment in firms' sustainable growth than a cost, and thus, many firms have tried to incorporate it into their strategy (Laszlo and Zhexembayeva 2011; Galbreath 2009).

Despite the growing interest in understanding CSR as a part of corporate strategy (Dawkins and Lewis 2003; Jeremy 2009), a relatively small number of studies have investigated strategic approaches to CSR in the context of international business, especially in developing countries where the need for CSR is pressing due to greater poverty, environmental degradation, and institutional governance issues (Egri and Ralston 2008). Most previous studies focused on CSR practices of firms within home countries,

Y.-R. Park · S. Choe · Y. Baik
School of Business, Yonsei University, 50 Yonsei-ro, Seodaemun-gu, Seoul 120-749, Korea
e-mail: yrpark@yonsei.ac.kr

S. Choe
e-mail: Skychoe@yousei.ac.kr

Y. Baik
e-mail: youjin.baik@gmail.com

S. Song (✉)
Haub School of Business, Saint Joseph's University, 5600 City Avenue, Philadelphia, PA, USA
e-mail: ssong@sju.edu

_Springer

which are usually developed economies (e.g., Kolk 2005; Maignan and Ralston 2002; Matten and Moon 2008).

Even the limited number of studies on international CSR, with a few notable exceptions (e.g., Gugler and Shi 2009; Jamali and Mirshak 2007), has mainly investigated the impact of national culture and geographical and institutional distance on firms' CSR initiatives in the host country, without specifically focusing on the emerging markets (e.g., Campbell et al. 2012; Spencer and Gomez 2011). Several development scholars have examined the CSR activities of multinational enterprises (MNEs) in the developing world (e.g., Barrientos et al. 2003). However, their focus was mainly on the prevalence of unethical labor practices in the developing countries and improving public policies and monitoring systems to prevent them.

Thus, it can be said that there is a lack of understanding about the CSR practices employed by MNEs in developing countries with the strategic aim to promote a mutually beneficial relationship between business and society (Jamali and Mirshak 2007). This study aims to fill the gap in the existing literature on the CSR of MNEs by conducting an in-depth case analysis of the strategic CSR implementations of four such enterprises in Indonesia. We specifically chose two Korean electronics MNEs (LG Electronics and Samsung Electronics) and two Japanese electronics MNEs (Panasonic and Sharp) for the case analysis, based on their historical commitment to CSR and their prominent position as major foreign investors in the developing economy of Indonesia.

Through the case analysis, we attempt to shed light on two key issues pertaining to strategic approaches to CSR: (i) Why MNEs take up strategic CSR in developing countries beyond traditional nonstrategic CSR activities such as donation to charities and scholarship programs; and (ii) how they design and implement their strategic CSR programs to harmonize their business goals and social needs in these developing economies. By focusing on these *why* and *how* issues, our study unveils more details on what drives these enterprises to strategic CSR and its implementation in the international context. It also provides new insights into the strategic use of CSR by MNEs as a sustainable way to differentiate themselves from competitors in the foreign market.

We adopted Porter and Kramer's CSR framework (2006) as the primary analytical tool to assess the strategic CSR of the MNEs under consideration (Porter and Kramer 2006). This framework was vital for our study, as it facilitated our understanding of CSR activities in light of corporate strategy. Moreover, it provided a conceptual clarification of strategic CSR as opposed to responsive CSR in terms of driving force and practical applications. For our case analysis, we collected data from secondary sources as well as semi-structured interviews.

Business Case for CSR

Despite the modest success in defining the concept of CSR in the literature (Carroll 1999; Wood 2010), no clear universal definition exists, making CSR theory development and measurement more difficult (De Bakker et al. 2005; Matten and Crane 2005; McWilliams et al. 2006). As Votaw (1973) pointed out, CSR is interpreted in different ways by different entities due to its highly disputed nature (Grosser and Moon 2005).

After distilling a variety of CSR conceptualizations from the literature (e.g., Carroll 1979; Lantos 2001; Logsdon and Wood 2002; Jamali and Mirshak 2007), we considered two primary types of CSR approaches: strategic and responsive. To date, many scholars have advocated the integration of CSR and corporate strategy, a concept that is epitomized by the popular term "strategic CSR" (e.g., Lantos 2001; McWilliams and Siegel 2011). It is strongly assumed that the pursuit of profits does not necessarily exclude a consideration of the interests of stakeholders. Furthermore, proponents of strategic CSR contend that, by conducting CSR activities, firms can achieve strategic business goals and promote societal welfare at the same time (Jamali and Mirshak 2007; Porter and Kramer 2006).

When the idea of strategic CSR first came forward, it was rather broadly defined as strategic philanthropy (Saiia et al. 2003), which means "philanthropy aligned with profit motives" (Quester and Thompson 2001: 34), or "profit-maximizing strategy that some may view as socially responsible" (Baron 2001: 27). This was followed by an attempt to re-conceptualize strategic CSR from the perspective of strategic management theories. On the basis of the resource-based theory (Barney 1991; Wernerfelt 1984), for example, McWilliams and Siegel (2011) suggest that certain CSR resources owned by a firm could be valuable, rare, and inimitable, thereby contributing to the firm's sustainable competitive advantage through differentiation (e.g., reputation) and cost-saving (e.g., low turnover of employees).

Moreover, in light of the competitive advantage theory (Porter 1985), Porter and Kramer perceive that strategic CSR helps the firm occupy a "unique position" in its relationship with customers and rivals (Porter and Kramer 2006). They suggest the integration of CSR into the firm's formal strategic management processes and recommend the adoption of both "inside-out" (i.e., transformation of value chain activities to provide more socially responsible products and services) and "outside-out" (i.e., investment in competitive context to reduce the constraints of external social conditions on value chain activities) approaches to attain the goal (Porter and Kramer 2006).

These contemporary perspectives on strategic CSR do not deny the possibility that philanthropy can be strategic

too, since certain philanthropic programs are closely related to the donor firm's business (e.g., donation of IT equipment to potential customers). Departing from the traditional view, however, these new perspectives focus on more practical methods and concrete systems for linking a CSR initiative to a firm's core businesses from the strategic management viewpoint.

In contrast, the responsive approach to CSR originates from the concept of "corporate social responsiveness" that surfaced in the 1970s. When the notion of corporate social responsiveness first emerged, it was regarded as a dynamic concept that could indicate the capacity and processes of a corporation to respond to social pressures (Frederick 1994; Norris and O'Dwyer 2004). Responsive (or nonstrategic) CSR entails relatively little strategic consideration during core decision-making, as opposed to strategic CSR. Weaver et al. (1999) observed that ethical programs tend to be decoupled from daily business operations to minimize the disturbances caused by the external pressures for ethical management on regular business activities. They suggest that external pressures for responsible behavior cannot make a meaningful change to the way the company conducts business, unless its ethical programs are integrated into the regular decision-making and work processes (Weaver et al. 1999). In the same vein, Porter and Kramer (2006) suggest that responsive CSR entails acting as a corporate citizen and mitigating the existing or anticipated adverse effects of business activities.

Although both CSR approaches could have a positive impact on business and society, responsive CSR is largely disassociated from corporate strategy, unlike strategic CSR. This difference indicates that the benefits of responsive CSR are short term and have a limited capacity to help ensure the sustainable management of firms.

CSR in International Business

The CSR phenomenon has gained heightened interest in recent years with the advent of globalization. When the concept of CSR is applied in the context of international business, it becomes even more complicated to define the term. The institutional diversity in multiple environments increases the difficulties of defining CSR, since countries have different value systems and standards operating in different contexts (Campbell et al. 2012). Due to the diverse expectations and values regarding the role of business in different countries, CSR in multiple environments may not be easily understood as one clear concept, therefore remaining a somewhat elusive notion (e.g., Blowfield 2005).

Many researchers explain the benefits of CSR in international business using the institutional theory and the concept of legitimacy (Branco and Rodrigues 2006; Kuznetsov et al. 2009; McWilliams et al. 2006). Several scholars have also suggested that foreign firms are at a disadvantage compared to indigenous firms with respect to operating in a foreign country (e.g., Hymer 1976; Zaheer 1995). Without dealing with this factor, foreign firms may not be able to ensure their survival and growth in the new business environment (Kostova and Zaheer 1999). Thus, MNEs coming from different social and cultural contexts need to conform to elaborate social rules and requirements to receive support and the approval needed to operate as local firms (DiMaggio and Powell 1983; Kostova and Zaheer 1999; Scott and Meyer 1991).

Though MNEs may undertake various CSR initiatives in foreign countries to achieve their goal, strategic CSR is likely to be more conducive to their long-term survival and growth for various reasons. First, gaining legitimacy in a foreign country takes a long time and entails exposure to local constituencies (Zaheer and Mosakowski 1997; Hannan 1998). Responsive CSR may not allow the foreign entrant to build a consistent image and reputation and thus gain legitimacy due to its sporadic and discretionary nature.

Strategic CSR also requires the foreign entrant to integrate its CSR initiatives with a competitive strategy (Burke and Logsdon 1996). Therefore, CSR activities can be more consistently performed in line with the normal business activities in the foreign market. Lastly, foreign firms undertaking strategic CSR may customize their products and services by reflecting on not only customer needs and preferences, but also the social demands for sustainable development (Carroll 1987). Such products and services could help the foreign firms differentiate themselves from their competitors in the local market (McWilliams and Siegel 2001).

Despite these arguments, we do not downplay the role of nonbusiness-aligned CSR initiatives in facilitating an entry into a foreign market. Some responsive CSR programs may better accommodate the needs of the society in the foreign country, as a strong emphasis is not placed on the needs of the business to improve its performance (Jackson and Nelson 2004). Foreign entrants may also have to engage in various responsive CSR activities to satisfy the demand of different stakeholders in the host country (Carroll 2004; Waddock and Smith 2000). Indeed, a well-designed CSR program that addresses the important needs of the local society with genuine noneconomic motives may significantly enhance the reputation of the sponsoring firm in the foreign market (e.g., sending medicines and relief supplies to disaster-prone areas).

However, the isolation of responsive CSR programs from the firm's core businesses limits the sponsoring firm's ability to mobilize its firm-specific skills and resources to

Table 1 A comparison of responsive and strategic CSR

CSR type	Responsive CSR		Strategic CSR	
	Acting as a good citizenship	Mitigating harm from value chain activities	Transforming value chain activities	Investing in competitive context
Relations between social benefit and corporate profit	Mutual independence	Mutual independence	Win–win relationship	Win–win relationship
Objectives of CSR activities	Performing basic social obligations	Mitigating existing or anticipated adverse effect from business activities	Strategic positioning for sustainable development	Strategic positioning for sustainable development
Target of CSR activities	Varying from situations	Victims of business activities	Stakeholders	Stakeholders
Prioritized social issues	General social issues	Value chain issues	Value chain issues	Specific issues in competitive context

Source: a summary of Porter and Kramer's (2006) framework

efficiently manage them (Porter and Kramer 2006; Burke and Logsdon 1996). Consequently, the efficacy of CSR initiatives—in terms of their impact on society and business—may be quite unpredictable and largely contingent upon external factors (e.g., the partnership with nonprofit organizations). To make matters worse, competitors may easily imitate the sponsoring firm's successful CSR programs if they are not based on firm-specific skills and resources (McWilliams and Siegel 2011). As a result, the sponsoring firm would find it difficult to use such CSR programs to gain a competitive edge in the market.

Therefore, we posit that strategic CSR is more effective than responsive CSR in building sustainable businesses in a foreign market (Burke and Logsdon 1996). Thus, in our case analysis, we chose to focus on the strategic CSR practices of the sample firms in Indonesia.

Research Framework

As the strategic use of CSR is perceived to have the potential to provide solutions to many social and environmental problems around the world, the integration of CSR with strategy has become an important issue in the literature on strategic management (Carroll and Hoy 1984). Although various strategic approaches to CSR have been described in the literature (e.g., Kotler et al. 2010; Werther and Chandler 2010), we have adopted Porter and Kramer's CSR classification (2006) as an analytical tool for our case study, for two reasons.

First, Porter and Kramer's CSR framework explicitly recognizes CSR as an important strategic choice, for which managers have to take into account the firm's long-term competitive strategy and existing resources (Kolk and Van Tulder 2010). Second, the framework focuses on the key

strategic dimensions to explain the process of CSR planning and implementation in light of strategic management. In the classic strategy literature, such dimensions include goals, mission, objectives, strategic issues, and positioning for competitive advantages (Porter 1985).

Porter and Kramer's framework (2006) classifies CSR approaches into two groups: responsive and strategic. Responsive CSR in turn encompasses two specific kinds of CSR: acting as a good citizen and mitigation of harm from value chain activities. Likewise, strategic CSR also comprises two specific kinds of CSR: investment in the competitive context and the transformation of value chain activities. The essence of the framework is to explain and differentiate these CSR types according to four components: the (1) relationship between social and corporate benefits; (2) objective of CSR; (3) target of CSR; and (4) social issues to address, as summarized in Table 1.

The process of "acting as a good citizen" is a subtype of responsive CSR, which entails response to the evolving social concerns of stakeholders. Here, social benefit and private profit are not directly related to each other. Thus, the primary objective of CSR is to perform basic social obligations as a good member of society. Accordingly, the social issues involved in CSR activities are seemingly unrelated to corporate profits but relevant to general concerns. Meanwhile, "mitigation of harm from value chain activities" can be regarded as another type of responsive CSR. Here, firms need to mitigate the existing or anticipated adverse effects of the profit-seeking process. Firms may modify or change some of their value chain activities to reduce or avoid social responsibility risks; however, such accommodation is made just to deal with the imminent risks in a responsive manner. Thus, the potential conflicts between social and corporate benefits are not satisfactorily resolved yet.

The "investment in a competitive context" process is a subtype of strategic CSR, in which the company voluntarily establishes appropriate business conditions by investing in both the tangible and intangible infrastructure in the local community. Through this type of CSR, firms expect a mutually beneficial outcome and sustainable growth in the long term; they can improve business environment and cultivate their ability to carry out corporate strategy.

Another type of strategic CSR is the "transformation of value chain activities." This involves the invention of pioneering products and services advantageous to society as well as the firm's own competitiveness. In this case, communities and businesses are understood to have a win–win relationship with one another.

Based on this typology of CSR, we examine the strategic CSR activities of the companies under study.

Research Methodology

Case study methodology has a long history in the mainstream management literature (Perren and Ram 2004). It has also been widely used in exploratory researches (Pananond and Zeithaml 1998). To explore why and how MNEs in Indonesia conduct strategic CSR programs, we adopted the multiple case study methodology and analyzed the strategy of subsidiaries of two Korean MNEs (LG Electronics and Samsung Electronics) and two Japanese MNEs (Panasonic and Sharp) in the country.

We chose the electronics industry for our research due to its international orientation and high exposure to CSR-related issues (Lee 2007). Historically, the industry has been strongly linked to social issues, ranging from labor exploitation to global warming, and is thus subject to the external and tangible pressures on social and environmental policies (Lee and Kim 2009). An exemplary case is Apple's prompt response to the public call for improvement in the poor working conditions at its Chinese supplier, Foxconn (Reuters 05/11/2010). Moreover, in the electronics industry, corporate reputation has continued to increase in importance because a growing number of consumers have been making purchase decisions based on corporate image and social contributions (Iwu-Egwuonwu 2011). Therefore, one of the most serious challenges that electronic companies face today is to attain and maintain a positive, socially responsible corporate image (Sen and Bhattacharya 2001); this need makes this industry a proper research target for our case analysis.

In addition, MNEs from Korea and Japan are key foreign investors in Indonesia. According to the Indonesia Investment Coordinating Board (BKPM), Korea ranked fifth and Japan second among foreign investors in Indonesia in 2011. Among the Korean and Japanese MNEs operating in Indonesia, our sample firms (LG Electronics, Samsung Electronics, Panasonic, and Sharp) are the major suppliers in the local consumer electronic products industry and have long been conducting various CSR activities to support their local businesses. Thus, the strategic CSR implementation of these four foreign investors in Indonesia offers a relevant setting for our case analysis. Table 2 summarizes the major information on the four companies under study.

Table 2 A summary of the company information of four cases

Company name	LG Electronics Indonesia	Samsung Electronics Indonesia	Panasonic Indonesia	Sharp Indonesia
Major products	TV/audio/video, mobile phone, home appliance, IT product, commercial product	TV/audio/video, mobile devices, home appliance, camera/camcorder, computers/printers	Digital AV, home appliance, professional AV	TV/audio/video, television, home appliance, small home appliance, business equipment
Year of establishment	1995 (LGEDI)	1981	1970 (PT. national gobel) 2004 (PT panasonic gobel)	1970
Location	Blok G, MM 2100 industrial town Cikarang Barat Bekasi 17520, West Java, Indonesia	Plaza Mashil Lt.23 Suite 2301 Jl.Jend. Sudirman Kav.25 Jakarta 12920, Indonesia	JL.Dewi Sartika (Cawang II) Jakarta 13630 INDONESIA	Jl. Swadaya IV Kel. Rawaterate Pulogadung, Jakarta, Jakarta Raya in Indonesian
Number of employees (approximately)	5,000	1,800	3,000	4,000
Sales (approximately 2010)	US$2,100 million (2010)	US$726 million	US$437 million (2010)	US$1620 million (2010)

Source: Korea Trade—Investment Promotion Agency Indonesia; annual reports of the four companies
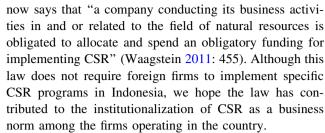
For our research, we collected data on the four sample firms from a wide range of secondary sources. Of these, annual CSR reports were considered most important; since our sample companies have released sustainability reports annually, we were able to gather general information on the CSR programs of all firms by reviewing their reports from 2005 to 2013. Other data sources, such as interview reports, company newsletters, news clips, corporate reports, government reports, and academic theses, were used as corroborating data. To collect data systematically, the following process was followed. We first collected general information on each firm's CSR strategy and on the CSR department and its role. Then, we moved on to gathering information about programs conducted in Indonesia. After reviewing all programs, we divided them into two groups (i.e., responsive and strategic CSR programs) based on two criteria: business-relatedness and how often a program was conducted. We tentatively assumed that strategic CSR was conducted on a regular basis and aligned with the business. Conversely, programs conducted more irregularly and disassociated from the main business strategy were regarded as responsive CSR.

For additional in-depth study, we interviewed senior managers in charge of CSR or general management. First, we conducted roughly 90-min-long face-to-face interviews with CSR managers and team members at the headquarters to identify the CSR policy and strategy. During the interviews, our program categorized into strategic and responsive CSR was validated. We also asked questions about the goals and motivation for strategic CSR in foreign markets, including Indonesia, and the expected benefits of strategic CSR in comparison with the responsive one. Second, to understand the characteristics of strategic CSR at the subsidiary level, we interviewed CSR managers of the Indonesian subsidiaries. These interviews were conducted in a semi-structured manner through telephone calls and e-mails. Each interview lasted for 30–60 min and comprised questions on the program objective, beneficiary, the social issue involved, and the major outcome. We also asked how they customized and implemented their signature CSR programs in Indonesia and which benefits were expected from strategic CSR.

CSR in Indonesia

In Indonesia, CSR is primarily promoted by the government rather than the private sector, unlike in the USA and Europe (Koestoer 2007). The Indonesian parliament amended the Corporate Law in 2007, primarily to add a provision for corporate social responsibility, in a first-of-its-kind instance in the world (The Jakarta Post 25/07/2007). Article 74 of the Indonesian Corporate Law of 2007 now says that "a company conducting its business activities in and or related to the field of natural resources is obligated to allocate and spend an obligatory funding for implementing CSR" (Waagstein 2011: 455). Although this law does not require foreign firms to implement specific CSR programs in Indonesia, we hope the law has contributed to the institutionalization of CSR as a business norm among the firms operating in the country.

Along with the CSR legislation, Islamic culture also influences CSR practices in Indonesia. Muslims account for more than 80 % of the country's total population of 230 million, and Islam as a way of life affects the entire society. In an Islamic society, companies constitute a group of social members that consider the balance between individual rights and responsibilities important (Chapra 1992). Companies are regarded as a part of the community and are charged with same responsibilities as individuals (Ahamad 2003).

In order to understand CSR with regard to Islamic principles, it is also necessary to look at the Shari'ah legal system, which considers a society's values, norms, and laws as a way of life (Chapra 1992). The Shari'ah law, as a regulation for humans, is also applied to enterprises (considered a group of humans) and thus becomes the base for corporate responsibility (Ahamad 2003). According to this law, a company should act as God's agent for society by preserving the economic interests of that society prior to the protection of corporate shareholders (Ahamad 2003).

Due to these legal and cultural contexts for CSR, foreign firms that seek to enter the Indonesian market may have strong motivations to undertake CSR to gain legitimacy and overcome the liability of being an outsider (Gifford et al. 2010).

Case Analysis

On the basis of information obtained through the reviews of published documents and the interviews, we shortlisted the following CSR programs: LG Electronics' LG Love School, Samsung Electronics' DigitAll Hope, Panasonic's Kids Witness News, and Sharp's Eco-Greener.

These four programs were found to have several common features. First, as the signature CSR programs of the sample firms, they gather much media attention and are thus quite well known among the public in Indonesia. Second, because of the extensive experience in the development and operation of these programs, the planning and implementation processes for them are relatively well-established and institutionalized within the sponsoring firms. Third, the sponsoring firms annually devote a large portion of their CSR resources (e.g., financial and human resources) to these programs on an ongoing basis, which

Table 3 Korean and Japanese MNEs' strategic CSR programs in Indonesia

	LG Love School	Samsung Digital Hope	Kid Witness News	Eco-Greener
Title of program	LG Love School	Samsung Digital Hope	Kid Witness News	Eco-Greener
Sponsoring company	LG Electronics	Samsung Electronics	Panasonic	Sharp
Starting year	2005	2003	1989 (USA) 2004 (global)	2010
Target area	Indonesia	Southeast Asia and Australia	29 Countries (including Japan)	Indonesia[a]
Target beneficiary	Local students and schools in underserved areas	Youth and people with disabilities and disadvantages	Local students and schools	Stakeholders affected by changes in value chain activities
Relation between social benefit and corporate profit	*Social benefit*: Providing schools in underserved areas with IT facilities and educational training *Corporate benefit*: Cultivating future workforce with IT knowledge and skills	*Social benefit*: Providing underprivileged people with IT welfare services *Corporate benefit*: Assessing future demand for IT technologies in the emerging economies and gaining insight into technological innovation	*Social benefit*: Providing students with creative educational opportunities *Corporate benefit*: Creating and enhancing positive user experience during students' film-making process	*Social benefit*: Reducing green house gas emission *Corporate benefit*: Market positioning as a eco-friendly company
Social issues to address	Regional inequalities in access to IT education	Digital divide in developing countries	Lack of creative educational opportunities	Increase in green house gas emission
Subtype of strategic CSR	Investing in competitive context	Investing in competitive context	Investing in competitive context	Transforming value chain activities

[a] While "Eco-Greener" is a campaign conducted in Indonesia, under the slogan of "Eco-Positive," similar CSR programs are implemented in other foreign subsidiaries too

signifies the commitment of the firms to these CSR programs. Lastly, these programs are closely associated with the major businesses of sponsoring firms in Indonesia and fulfill the conditions for strategic CSR, as suggested in Porter and Kramer's framework.

The sample firms also conduct other social programs that could be considered strategic CSR. However, we chose to limit our case analyses to the programs mentioned above to ensure the diversity of strategic CSR programs in our sample. These programs are quite different from one another in terms of their content and potential benefits to the sponsoring firms, as summarized in Table 3. In short, these CSR programs represent the different strategic approaches taken by the sample firms to CSR in Indonesia.

Case 1: LG Electronics: "LG Love School"

In Indonesia, LG is known as a socially responsible foreign company that contributes greatly to the local community. For instance, in 2008, LG Electronics was the first Korean firm to win the Indonesia Investment Award and gained the reputation of being the most used brand in Indonesia (Jakarta Post 11/20/2010). One of the well-known CSR programs of LG Electronics Indonesia is the LG Love School project (Interview, 15/03/2012). This social project aims to create an improved learning environment for students in underdeveloped regions by replacing old computers and IT equipment in schools, teaching students IT skills, and providing vocational training programs (LG Electronics 2013).

As Indonesia is made up of 18,000 islands, it is difficult to ensure an even implementation of a central education policy to each region and district (Suryadarma et al. 2006). The inequality in education leads to high rates of unemployment, especially in isolated regions that are far from Java, the central location of Indonesia. In line with this, the current Indonesian government has expressed great interest in bridging the digital divide through the extensive IT education (Firman and Tola 2008). For example, the Ministry of National Education initiated the national education strategic plan 2010–2014, which embraces issues such as developing ICT-based learning resource centers for elementary and secondary education and improving human resource capacity to support the efficient use of ICT at the central and local levels (Ministry of National Education, Indonesia 2010). If companies build infrastructure for IT education in suburban areas through their CSR programs, they could greatly contribute to the society by strengthening Indonesia's national competitiveness and easing the financial burden of the central and local governments. Thus, LG's active participation through CSR programs for IT education seems to be one of the effective solutions to both the national digital divide and skill shortage problems in Indonesia.

At the same time, this type of CSR program could also benefit the company. Since national training programs in Indonesia are often outdated, do not meet the needs of the industry, and are not equally available to all sectors and regions, local hiring is more difficult in high-tech industries than in low-tech sectors. In LG Electronics' view, therefore, LG Love School project is one way to secure the local workforce that possesses IT skills from the long-term perspective. A manager from LG Indonesia explained the benefits of the CSR program in recruiting local talent as follows:

> There are many reasons why we (LG Indonesia) perform CSR activities. One of the most compelling reasons is that CSR can be a way to establish a business-friendly environment on our own. In other words, if there is no educated workforce, we will try to train local students through CSR programs and make them more employable in the near future (LG Indonesia subsidiary manager, 29/02/2012).

By maintaining a closer relationship with the beneficiary schools, the company could expect to develop a local workforce with a higher level of IT knowledge and skills in the long term. Hence, it can be said that LG Electronics is involved in the CSR project to help the local community as well as strengthen its position in the Indonesian market by establishing a business-friendly environment.

In short, the interview results suggest that LG's Love School project could be classified as a type of "strategic CSR" focusing on "investment in a competitive context;" social benefit and corporate profit are in a mutually beneficial relationship. Schools in underserved areas are provided with the newest IT facilities and educational training, which helps the company develop an employable local workforce with useful IT skills. The objective of the program could be strategic positioning—the cultivation of a local workforce with IT skills. The beneficiaries of this CSR activity are local students and schools that are stakeholders in a larger sense.

Case 2: Samsung Electronics: "DigitAll Hope"

Among the many CSR programs Samsung implements in Indonesia, one of the most typical is Samsung DigitAll Hope. This social program was launched in 2003 with the aim to narrow down the digital divide for disadvantaged people through the application of advanced IT technologies (Samsung Electronics 2010).

However, this program is not confined to Indonesia. It is carried out annually based on a regional-level contest. Samsung holds the contest in several different regions. For the Southeast Asian version, applications are accepted from Indonesia as well as Singapore, Malaysia, the Philippines, Thailand, and Vietnam. Any independent organization or group (e.g., NGOs, social ventures, or student groups) in the region can apply to participate in the annual contest. The program specifically defines its target beneficiaries as youth in poor provinces and people with disabilities.

The most remarkable feature of this social program is the emphasis on the creative use of advanced IT technologies to resolve the chosen social problems. This focus on IT technologies offers several advantages to the sponsoring firm. First, Samsung is one of the most advanced IT companies in the world. Based on its expertise, therefore, it can not only choose the most promising projects among the many applications received from independent organizations, but also efficiently support and monitor the progress of the chosen projects in the implementation phase.

More importantly, the DigitAll Hope program in developing countries, including Indonesia, offers Samsung the opportunity to assess the future demand for IT technologies in the emerging economies and gain insight into technological innovation. In the regional contest held under the DigitAll Hope program, Samsung annually receives more than 300 applications from diverse groups. The contest allows Samsung's managers and engineers to garner new creative ideas for applying IT technologies to address social problems in emerging countries. It also enhances their ability to develop novel solutions and approaches for commercializing the company's IT technologies in the future. In this regard, we may view the DigitAll Hope program as an informal platform for "open innovation" (Chesbrough 2003), through which Samsung can gain access to external ideas potentially useful for competing in the global IT industry.

A good example is one of the winning projects of 2005, the "Mobile Multimedia Unit for Tsunami Victims in Nanggroe Aceh Darussalam (NAD)," proposed by Sutera Foundation, a local NGO in Indonesia. The goal of the project was to help the children in Aceh, a remote northern province in Indonesia severely hit by the tsunami triggered by the Indian Ocean earthquake in December 2004 (UNICEF 2005). Back then, there were growing concerns about discontinuities in education and the psychological trauma of children. To allay such concerns, Mobile Multimedia Unit (MMU), a form of minibus fully equipped with moving IT educational facilities, began to operate in the affected areas to provide IT educational programs (RISTEK 08/12/2005). This project demonstrated the technological feasibility of delivering IT education services from a moving vehicle to the remote provinces of an emerging country.

To sum up, the relationship between social benefit and corporate profit can be described as a win–win situation in this case: the underprivileged people benefit through IT welfare services, and the company can explore future

directions for new business. The objective of the CSR program is strategic positioning, as the company could differentiate its technology from products based on the lessons of CSR implementation. The beneficiaries of the CSR activity are the youth and the handicapped in the host country. Thus, Samsung DigitAll Hope can be considered a type of "investment in a competitive context" and thus falls into the "strategic CSR" category.

Case 3: Panasonic: "Kids Witness News"

One of the actively promoted CSR programs of Panasonic Indonesia is Kids Witness News (KWN), which has long been a part of the company's CSR. Ever since the headquarters of Panasonic developed the program in the USA in 1989, participating groups have expanded to more than 29 countries, including Indonesia. This program mainly provides an array of Panasonic's latest digital video equipment to schools and supports students' production of short films on various social issues. Panasonic Indonesia held a series of KWN road shows and encouraged students to produce their own videos with the provided digital equipment. The winners of the local KWN contest entered the regional and global competition as well (Kids Witness News Indonesia 2013).

In the case of KWN, Panasonic Indonesia's objective is twofold (Kids Witness News Indonesia 2013). First, Panasonic Indonesia aims to provide local students with educational opportunities to boost their creativity and communication skills (Panasonic 2012). Second, the program offers an opportunity to create a quality user experience while students are making films using Panasonic products. A positive quality user experience is essential for companies to build competitive advantage (Hassenzahl and Tractinsky 2006). Thus, participants in the program may gain a better user experience of Panasonic products after actively interacting with them. In other words, it is expected that the students who participate in the value-creating film-making process using Panasonic products will have a more positive user experience, since the project brings together a unique combination of products and internal user states, such as mood, expectations, and active goals. In addition, participants in the program will become more familiar with the user interface of the products, which further increases their chances of becoming loyal customers.

Historically, Apple has implemented similar strategies to build a user base for its IT products in the USA. For instance, in the 1980s, the company launched the "Kids Can't Wait" program, through which it donated many "Mac" personal computers to schools in the country. An objective of this philanthropic program was to familiarize young students with its personal computers and unique operating software (Mac OS). The company hoped that some of the students who learn to use Mac computers at the school's PC laboratory would become regular customers after graduation (Shea 2012).

Altogether, Kid Witness News is a "strategic CSR" initiative which can be broadly classified as a type of "investment in a competitive context." The relationship between social benefit and corporate profit is harmonious, based on the belief that these two goals can be achieved simultaneously through CSR implementation: CSR activity provides a special educational opportunity to children while creating a positive user experience and enhancing familiarity with user interface. Thus, the objective of CSR activity is strategic positioning, and the beneficiaries of the CSR program are the local students and schools of Indonesia, who are potential consumers and "stakeholders" in a broad sense. This program addresses social issues with the aim of improving the competitive context by enhancing the user experience.

Case 4: Sharp: "Eco-Greener"

In 2004, Sharp announced the corporate vision of becoming an environment-friendly company by producing energy-creating and energy-saving products (Sharp 2005). Following this announcement, Sharp's head office implemented the "Eco-Positive Strategy" (Sharp 2010). The strategy aims to reduce greenhouse gases (GHG) by improving value chain activities and providing energy-saving products with emission reductions that are more than the total emissions from Sharp's business operations (Sharp 2012).

In line with this strategy, our interview results suggest that most of Sharp Indonesia's CSR activities are focused on environmental protection and saving energy. One of the most archetypal CSR programs of Sharp in Indonesia is the Eco-Greener campaign. This campaign is geared toward monitoring and improving value chain activities. More specifically, Sharp's CSR encompasses the creation of a green factory and production of green products, making these among the unique characteristics of the company's CSR implementation. While other firms are more concerned with designing their own signature CSR programs, Sharp mainly focuses on making eco-friendly decisions at every stage of its value chain. Sharp Indonesia's eco-positive strategy is implemented with a belief in the coexistence of social benefit and corporate profit, as evident in a comment by a manager at Sharp Indonesia:

> We believe that only socially responsible companies can achieve sustainable growth in the long view. Even under the pressure of the world economic crisis in 2008, we did not suspend production or investment in eco-friendly products. Both the headquarters and Sharp Indonesia strive to develop products with high energy efficiency and pay careful attention to make

every value chain process in compliance with environmental standards (Sharp Indonesia subsidiary manager, 20/06/2013).

Sharp Indonesia chooses GHG emissions as a social issue to deal with through its CSR program in order to attain mutual advantages for Indonesian society (the reduction of greenhouse gas emissions) and the firm itself (product differentiation). Indonesia's high GHG emission levels have long been a serious issue, and the country is among the top ten polluting nations (Thamrin 2011). To address this problem, Indonesia is in the process of establishing a national policy framework called the "Presidential Regulation for a National Action Plan for Reducing Greenhouse Gas Emissions." In 2011, President Susilo Bambang Yudhoyono signed Presidential Decree No. 61/2011 for the framework. Based on the action plan, Indonesia pledged to cut its carbon emissions by 26 % below business-as-usual projected emissions by 2020 (Jakarta Post 31/10/2011).

Considering these circumstances, Sharp Indonesia has set internal standards to achieve the status of "Green Factory" by minimizing GHG emissions, energy consumption, waste discharge, resource consumption, and accidents caused by chemical substances. For instance, in 2011, Sharp Indonesia reduced electricity and diesel oil usage by 2.47 and 0.092 kg, respectively, by implementing measures such as replacing mercury lamps, changing closed roofs into transparent ones, and introducing periodic emission tests. These efforts helped the company achieve the rank of "Green Factory" in 2011 (Sharp 2012). Sharp Indonesia has also been producing and selling environmentally conscious, or Super Green, products. Through these efforts, the company has increased energy efficiency and saved on financial costs, while reducing the amount of GHG emissions throughout the value chain process.

In a nutshell, a win–win relationship exists between social benefit and corporate profit. On one hand, GHG emissions go down in Indonesia, while on the other, the company emerges as an eco-friendly enterprise with high energy efficiency and low energy costs. Therefore, the objective of CSR activity is strategic positioning, and the beneficiaries of the activity are the stakeholders affected by the changes in value chain activities. The social issue addressed in this case is linked to the GHG emission issue. Accordingly, the Eco-Greener program is classified as a type of "transformation of value chain activities" and, more broadly, a "strategic CSR" initiative.

Discussion of Findings

The results of our case analysis reveal the important features of the strategic CSR programs undertaken by the sample firms in Indonesia, such as their goals, motivations, and implementation strategies. Our analysis also shows intriguing differences in strategic CSR practices between the Korean and Japanese MNEs. This section discusses these major findings.

Goals and Motivations of Strategic CSR

As suggested by the proponents of strategic CSR (Porter and Kramer 2006; Burke and Logsdon 1996; Polonsky and Jevons 2009), the primary goal of the strategic CSR initiatives observed in this study was to address critical social issues to enhance the sponsoring firm's competitive position in foreign markets. Strategic CSR, as a more integrative approach, is understandably expected to serve that goal better than is responsive CSR. Intriguingly, however, our interviews reveal that these MNEs strongly favor strategic CSR over responsive CSR for two practical reasons.

First, the close linkage between CSR and business enables the sponsoring firm to leverage its organizational capabilities to maximize the positive impact of its CSR programs on society and its business. With regard to this operational advantage, an LG manager at the headquarters said in an interview, "We increasingly focus on CSR activities which we can do exceedingly better than other competitors. We should mobilize our management skills and technologies to develop such CSR programs." Through the interviews, we found that all sample firms make a great deal of effort to choose social issues that they can effectively resolve by using their firm-specific capabilities.

More importantly, the integration of CSR initiatives into the main businesses enhances the credibility of the sponsoring firm's commitment to society. According to our interviewees, this benefit stems from the fact that the close linkage between CSR and business can better guarantee the ongoing commitment of the sponsoring firm to the chosen social issues. This advantage of the strategic CSR program is clearly illustrated by Sharp's Green Factory initiative, as summarized by a manager in an interview at the company headquarters: "The implementation of the Green Factory initiative worldwide helps us to build a corporate reputation as a global company genuinely caring about the local community and the environment."

Likewise, a Samsung manager at the headquarters said in an interview, "If a CSR initiative is disassociated with the main business, it could be a one-time or irregular event. In this regard, the close linkage between CSR and business would signify to internal and external stakeholders our genuine and ongoing commitment to the chosen CSR initiatives." The point is that strategic CSR programs can help the sponsoring firm to better position itself as a trustworthy and socially responsible corporate citizen in the communities where it operates.

Implementation of Strategic CSR

In line with the Porter and Kramer (2006) typology of CSR, the sample firms implemented their strategic CSR programs either focusing on "investment in a competitive context" or "transformation of value chain activities." Beyond this dichotomous categorization of strategic CSR approaches, we also found that these firms have developed diverse approaches and methods to integrate their CSR initiatives into the businesses.

For instance, although the CSR programs of the other three MNEs are concerned with the competitive environment in the local market, LG's Love School program focuses on a more general problem of the local IT industry—the shortage of quality workers with IT skills. In contrast, Samsung's program is designed to attend to its specific strategic need (i.e., access to global demand for new IT technologies), while Panasonic's program targets a specific group of potential customers (young students and their families). These differences suggest that MNEs have a wide spectrum of choice, from very general to specific ones, even in the same category of strategic CSR.

We also observed in our interviews that the strategic CSR programs tend to be centrally planned and managed by the company headquarters. Samsung, Panasonic, and Sharp implemented their signature programs essentially in the same format in Indonesia and other developing countries, although some minor changes are allowed to adapt to local differences (e.g., Sharp's relaxation of GHG emissions standards for the certification of the Green Factory in Indonesia). However, LG was an exception, as it launched the LG Love School program exclusively in Indonesia. For other developing countries, it formulated customized CSR programs, which were similar to Indonesia's, albeit with different slogans and content. The company's headquarters clearly set the basic theme of the programs as "the improvement of the education environment for children and young people in the world." Nonetheless, the planning and implementation of the country-specific programs were largely undertaken by its foreign subsidiary located in the target country under the guidance of the company headquarters.

The centralized management of the signature programs by the first three firms can ensure that the programs are closely aligned with their competitive strategy. This task would be better handled by the CSR managers at the headquarters, who directly report to the top management, than by the CSR staff in the subsidiary. However, a shortcoming of this centralized approach is that the headquarters CSR team may not be able to pay much attention to the genuine impact of the proposed program on the society in the target country due to the geographical and cultural distance between the home and host countries (Jamali 2010). In contrast, LG's decentralized approach would

facilitate the responsiveness of its CSR program to the different social needs in the foreign markets. However, this approach may result in a loose link between the sponsoring firm's competitive strategy and its strategic CSR program.

Lastly, of the four sample firms, only Sharp undertook a strategic CSR program that focused on the transformation of value chain activities. The other three firms—LG, Samsung, and Panasonic—chose to implement strategic CSR programs that were based on philanthropic contributions to Indonesian society. The popularity of the second type of approach to CSR may indicate the difficulties in adopting a full-integration approach to CSR such as Sharp's, especially in the foreign market. In addition, MNEs might have a general preference for a strategic philanthropic approach in developing countries, since these nations usually suffer from various social issues resulting from poverty and an unequal distribution of wealth. This unique situation in developing countries may make the philanthropic approach of MNEs more effective in appealing to the general public and potential customers in the foreign market.

Strategic CSR Practices in Korean and Japanese MNEs

We found some intriguing differences between Korean and Japanese MNEs in their strategic approaches to CSR. First, the two Japanese MNEs—Panasonic and Sharp—implemented essentially the same CSR programs at home and in foreign countries; however, the two Korean MNEs—LG and Samsung—implemented their signature CSR programs only in foreign markets, not in the home country (see Table 3). Second, the CSR programs of the Korean MNEs clearly focused on underprivileged people in developing countries (e.g., youth in poor provinces or people with disabilities). However, Japanese firms did not specifically attend to the needs of underprivileged people in the host country; instead, they were more focused on general social issues (e.g., lack of creative learning opportunities for children and climate change).

The analysis of our interviews with the MNE managers explains to some extent the reason for the differences in CSR strategies between Korean and Japanese MNEs. In the interviews, we observed that Japanese CSR practices in recent years have not changed much, not only in Japan but also in foreign countries. This does not mean that Japanese firms are not interested in integrating their CSR activities into their businesses. According to Japanese interviewees, it is rather because business-aligned CSR has already been a long-standing tradition in the Japanese business community. Thus, Japanese firms do not see much need to alter their established CSR programs to reflect the recently popularized concept of strategic CSR. Consequently, Japanese MNEs tend to maintain "the Japanese Way" in their

CSR strategy abroad (Black and Morrison 2010), although minor changes are made to accommodate local differences in the foreign country (for example, catchy words and communication channels).

On the other hand, Korean MNEs have been more active in embracing the idea of strategic CSR in their programs. Advocating this view, an LG manager at the company headquarters said, "I think that there is a change in the paradigm of CSR. A decade ago, we could not explicitly link our CSR activities to our businesses, fearing that stakeholders might doubt our sincere commitment to the society. These days, however, many scholars and media professionals advocate the integration between CSR and business." A Samsung manager at the headquarters made a similar comment: "Because of our company's remarkable success in the global market, we are facing mounting pressures for social responsibility in and outside of Korea. So, we benchmarked advanced MNEs, and found that strategic CSR is a desirable and legitimate approach for market leaders." Korean MNEs may thus perceive locally customized strategic CSR programs to be useful not only in satisfying the growing demands from social responsibility but also in enhancing their competitive position in the home and foreign countries.

Conclusion

This study makes several contributions to the literature on CSR and strategic management. First, our analysis suggests that MNEs strongly favor strategic CSR over responsive CSR, since they believe that (i) the close linkage between CSR and business would allow them to better leverage their organizational capabilities to support the social programs; and (ii) the integration between CSR and business would enhance the credibility of stakeholders with regard to their genuine and sustained commitment to the chosen social issues. Thus, it seems that firms favor strategic CSR not just because of its economic benefits, but also because of its advantages in managing the programs and communicating with stakeholders. In this regard, our analysis unveils more practical and managerial drivers of strategic CSR, thereby offering new insights into the study of the motivations behind CSR.

Second, the sample firms have developed various strategic approaches to CSR depending on the social issues they attempt to address in the host country with their CSR programs. They also adopt diverse organizational methods of linking social programs to their competitive strategy, such as contributing IT educational equipment to schools (LG), holding regional/international contests (Samsung and Panasonic), and redesigning the production system (Sharp). Our findings suggest that MNEs have a wide range of choices when implementing strategic CSR initiatives in

developing countries in terms of their arrangements and potential benefits to the sponsoring firms. The choice would depend on the company's competitive strategy and market position in the host country. In this regard, our findings call for an extension of CSR theories to explain the diverse forms and practices of strategic CSR from the perspective of international strategic management.

Third, we found that some MNEs take a centralized approach to align their CSR programs to the competitive strategy more closely, while other MNEs prefer a decentralized approach to facilitate the responsiveness of their CSR programs in the foreign markets. However, the success of a strategic CSR program requires the sponsoring firm to meet both requirements (integration and responsiveness), which may conflict (Kujala and Sajasalo 2009). Consequently, we could infer that the core skills of strategic CSR in international management reside in the firm's ability to combine the strategic capabilities at the headquarters with the local knowledge of the foreign subsidiary in order to create a CSR program that can mutually benefit business and society in the foreign market. As indicated by the resource-based view, such skills could be a source of competitive advantage at the global level if they are rare and firm-specific, and thus are difficult to imitate by competitors (Barney 2001).

Lastly, the results of our analysis reveal that Korean MNEs customize their strategic CSR programs more actively than do Japanese MNEs in Indonesia. Our exploratory case analysis could not fully explain this intriguing cross-country difference in the strategic approaches to CSR. However, our interview results suggest that Korean MNEs, as late movers in the international markets, have more enthusiastically embraced the idea of strategic CSR as an opportunity to tighten the linkage between their CSR initiatives and regular business operations in the home and foreign countries. On the other hand, the concept of strategic CSR did not have much impact on the Japanese side, since business-aligned CSR is already a common practice for firms in Japan. This may have made Japanese MNEs unwilling to change their established CSR programs to reflect the unique social needs in the emerging countries. These findings provide some clues for understanding the intricate connection of MNEs' CSR practices between their home and foreign countries, with the implication that the tradition of CSR formed in the home country's institutional environment could, in some cases, be a barrier to MNEs adapting their CSR practices to the different local business environment in the foreign country.

Our findings also have important implications for international managers and CSR practitioners. The results of our analysis suggest that the implementation of strategic CSR programs can be an effective strategy for entering an emerging market, especially when they are creatively

designed to simultaneously serve the pressing social needs in the host country and address the important strategic issues of the sponsoring firm in the foreign market; MNEs may deliberately incorporate their strategic CSR programs as an important component of their international expansion strategy. This approach is useful in emerging countries because the demand for corporate social responsibility is high due to their poverty and scarcity of public services (Egri and Ralston 2008: p. 325). To successfully undertake strategic CSR initiatives in a foreign market, MNEs need to focus on the important social issues in the host country they can best deal with based on their firm-specific capabilities and resources. Moreover, they should develop corporate-wide competencies and skills that can effectively combine the strategic capabilities at the headquarters with the local knowledge of overseas subsidiaries.

Although this exploratory case study reveals several important features of the strategic CSR of MNEs, it has its limitations. One major limitation is that our sample is confined to a small number of Korean and Japanese MNEs operating in Indonesia. This drawback makes it difficult to generalize our findings to other contexts. Future studies can overcome this limitation by examining the strategic CSR activities of MNEs in multiple countries. Another limitation pertains to our methodology. Owing to the difficulties in obtaining objective data on the strategic CSR of MNEs, we based our research on interviews and secondary data. Thus, we cannot deny the possibility of biases and pre-conceptions that might negatively affect the results of the case analysis. Future research needs to address this issue by conducting quantitative analysis of a large sample data on the CSR activities of MNEs in foreign markets.

Lastly, we found that an important reason for MNEs favoring strategic CSR over responsive CSR is the belief that the close linkage between CSR and business would enhance the credibility of their commitment to the society. This may be a reasonable assumption since an abrupt termination of business-aligned CSR programs could be discouraged by its potentially negative impact on regular business operations. However, due to the limitation of our data, we did not conduct any additional analysis to assess the validity of the assumption. Thus, future quantitative analyses should investigate whether the integration between CSR and business does indeed have the expected deterrent effects and whether the effects, if any, send a credible signal of responsible management to relevant stakeholders in the home and foreign markets.

References

Ahamad, K. (2003). The challenge of global capitalism: An Islamic perspective. In J. H. Duning (Ed.). *Making globalization good: The moral challenge of global capitalism* (pp. 181–209). New York, Oxford University Press.

Asongu, J. (2007). Innovation as an argument for corporate social responsibility. *Journal of Business Public Policy, 1*(3), 1–21.

Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management, 17*(1), 99–120.

Barney, J. (2001). Is the resource-based theory a useful perspective for strategic management research? *Yes. Academy of Management Review, 26*(1), 41–56.

Baron, D. (2001). Private politics, corporate social responsibility, and integrated strategy. *Journal of Economics & Management Strategy, 10*, 7–45.

Barrientos, S., Dolan, C., & Tallontire, A. (2003). A gendered value chain approach to codes of conduct in African horticulture. *World Development, 31*(9), 1511–1526.

Black, J., & Morrison, A. (2010). A cautionary tale for emerging market giants. *Harvard Business Review* September, pp. 99–105.

Blowfield, M. (2005). Corporate social responsibility: Reinventing the meaning of development? *International Affairs, 81*(3), 515–524.

Branco, M., & Rodrigues, L. (2006). Communication of corporate social responsibility by Portuguese banks: A legitimacy theory perspective. *Corporate Communication: An International Journal, 11*(3), 232–248.

Burke, L., & Logsdon, J. (1996). How corporate social responsibility pays off. *Long Range Planning, 29*(4), 495–502.

Campbell, J., Eden, L., & Miller, S. (2012). Multinational and corporate social responsibility in host countries: Does distance matter? *Journal of International Business Studies, 43*, 84–106.

Carroll, A. (1979). A three-dimensional conceptual model of corporate performance. *Academy of Management Review, 4*(4), 497–505.

Carroll, A. (1987). *In search of the moral manager*. Business Horizons March–April, 7–15.

Carroll, A. (1999). Corporate social responsibility-evolution of a definitional construct. *Business Society, 38*(3), 268–295.

Carroll, A. (2004). Managing ethically with global stakeholders: A present and future challenge. *The Academy of Management Executive, 18*(2), 114–120.

Carroll, A., & Hoy, F. (1984). Integrating corporate social policy into strategic management. *Journal of Business Strategy, 4*(3), 48–57.

Chapra, M. (1992). *Islam and the economic challenge*. Leicester: The Islamic foundation.

Chesbrough, H. (2003). *Open innovation: The new imperative for creating and profiting from technology*. Boston: Harvard Business School Press.

Cretu, A., & Brodie, R. (2007). The influence of brand image and company reputation where manufactures market to small firms: A customer value perspective. *Industrial Marketing Management, 36*, 230–240.

Dawkins, D., & Lewis, S. (2003). CSR in stakeholder expectations: And their implication for company strategy. *Journal of Business Ethics, 44*(2/3), 185–193.

De Bakker, F., Groenewegen, P., & Den Hond, F. (2005). A bibliometric analysis of 30 years of research and theory on corporate social responsibility and corporate social performance. *Business Society, 44*(3), 283–317.

DiMaggio, P., & Powell, W. (1983). The iron cage revisited: institutional isomorphism and collective rationality in organizational fields. *American Sociology Review, 48*, 147–160.

Egri, C., & Ralston, D. (2008). Corporate responsibility: A review of international management research from 1998 to 2007. *Journal of International Management, 14*(4), 319–339.

Firman, H., & Tola, B. (2008). The future of schooling in Indonesia. *Journal of International Corporation in Education, 11*(1), 71–84.

Fogler, H., & Nutt, F. (1975). A note on social responsibility and stock valuation. *Academy of Management Journal, 18*(1), 155–166.

Frederick, W. (1994). From CSR1 to CSR2—The maturing of business—And society thought. *Business and Society, 33*(2), 150–164.

Fry, F., & Hock, R. (1976). Who claims corporate responsibility? The biggest and the worst. *Business and Society Review, 18*, 62–65.

Galbreath, J. (2009). Building corporate social responsibility into strategy. *European Business Review, 21*(2), 109–127.

Gardberg, N., & Fombrun, C. (2006). Corporate citizenship: Creating intangible assets across institutional environments. *Academy of Management Review, 31*(2), 329–346.

Gifford, B., Kestler, A., & Anand, S. (2010). Building local legitimacy into corporate social responsibility: Gold mining firms in developing nations. *Journal of World business, 45*(3), 304–311.

Godfrey, P. (2005). The relationship between corporate philanthropy and shareholder wealth: A risk management perspective. *Academy of Management Review, 30*(4), 777–798.

Grosser, K., & Moon, J. (2005). Gender mainstreaming and corporate social responsibility: Reporting workplace issues. *Journal of Business Ethics, 62*(4), 327–340.

Gugler, P., & Shi, J. (2009). Corporate social responsibility for developing country multinational corporations: Lost war in pertaining global competitiveness? *Journal of Business Ethics, 87*, 3–24.

Hannan, M. (1998). Rethinking age dependence in organizational mortality: Logical formalizations. *American Journal of Sociology, 47*, 126–164.

Hassenzahl, M., & Tractinsky, N. (2006). User experience—A research agenda. *Behaviour & Information Technology, 25*(2), 91–97.

Hillman, A., & Keim, G. (2001). Shareholder value, stakeholder management, and social issues: What's the bottom line? *Strategic Management Journal, 22*(2), 125–139.

Husted, B., & Allen, D. (2007). Strategic corporate social responsibility and value creation among large firms: Lessons from the Spanish experience. *Long Range Planning, 40*(6), 594–610.

Hymer, S. (1976). *The international operations of national firms: A study of foreign direct investment*. Cambridge, MA: The MIT Press.

Iwu-Egwuonwu, R. (2011). Corporate reputation & firm performance: Empirical literature evidence. *International Journal of Business and Management, 6*(4), 197–206.

Jackson, I., & Nelson, J. (2004). *Profits with principles: Seven strategies for delivering value with values*. New York: Random House LLC.

Jamali, D. (2010). The CSR of MNC subsidiaries in developing countries: Global, local, substantive or diluted? *Journal of Business Ethics, 93*(2), 181–200.

Jamali, D., & Mirshak, R. (2007). Corporate social responsibility (CSR): Theory and practice in a developing country context. *Journal of Business Ethics, 72*, 243–262.

Jeremy, G. (2009). Building corporate social responsibility into strategy. *European Business Review, 21*(2), 109–127.

Koestoer, Y. (2007). Corporate social responsibility in Indonesia. *Paper presented at the seminar on good corporate and social governance in promoting ASEAN's regional integration*, 17 January 2007, Jakarta, Indonesia.

Kolk, A. (2005). Corporate social responsibility in the coffee sector: The dynamics of MNC responses and code development. *European Management Journal, 23*(2), 228–236.

Kolk, A., & Van Tulder, R. (2010). International business, corporate social responsibility and sustainable development. *International Business Review, 19*(2), 119–125.

Kostova, T., & Zaheer, S. (1999). Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review, 24*, 64–81.

Kotler, P., Kartajaya, H., & Stiawan, I. (2010). *Marketing 3.0: From products to costumers to the human spirit*. Hoboken, New Jersey: Wiley.

Kujala, J., & Sajasalo, P. (2009). Reforming the integration-responsiveness framework: A business ethics perspective. *Journal of International Business Ethics, 2*(1), 59–72.

Kuznetsov, A., Kuznetsova, O., & Warren, R. (2009). CSR and the legitimacy of business in transition economies: The case of Russia. *Scandinavian Journal of Management, 25*, 37–45.

Lantos, G. (2001). The boundaries of strategic corporate social responsibility. *Journal of consumer marketing, 18*(7), 595–632.

Laszlo, C., & Zhexembayeva, N. (2011). *Embedded sustainability: The next big competitive advantage*. Palo Alto, CA: Stanford University Press.

Lee, K. (2007). Corporate social responsiveness in the Korean electronics industry. *Corporate Social Responsibility and Environmental Management, 14*(4), 219–230.

Lee, K., & Kim, J. (2009). Current status of CSR in the realm of supply management: The case of the Korean electronics industry. *Supply Chain Management: An International Journal, 14*(2), 138–148.

Lerner, L., & Fryxell, G. (1988). An empirical study of the predictors of corporate social performance: A multi-dimensional analysis. *Journal of Business Ethics, 7*, 951–959.

Logsdon, J., & Wood, D. (2002). Business citizenship: From domestic to global level of analysis. *Business Ethics Quarterly, 12*(2).

Maignan, I., & Ralston, D. (2002). Corporate social responsibility in Europe and the U.S.: Insights from businesses' self-presentations. *Journal of International Business Studies, 33*, 497–514.

Matten, D., & Crane, A. (2005). Corporate citizenship: Toward an extended theoretical conceptualization. *Academy of Management Review, 30*(1), 166–179.

Matten, D., & Moon, J. (2008). Implicit' and 'Explicit' CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review, 33*(2), 404–424.

McWilliams, A., & Siegel, D. (2000). Corporate social responsibility and financial performance: Correlation or misspecification? *Strategic Management Journal, 21*, 603–609.

McWilliams, A., & Siegel, D. (2001). Corporate social responsibility: A theory of the firm perspective. *Academy of Management Review, 26*(1), 117–127.

McWilliams, A., & Siegel, D. (2011). Creating and capturing value: Strategic corporate social responsibility, resource based theory and sustainable competitive advantage. *Journal of Management, 37*(5), 1480–1495.

McWilliams, A., Siegel, D., & Wright, P. (2006). Corporate social responsibility: Strategic implications. *Journal of Management Studies, 43*(1), 1–18.

Muller, A. (2006). Global versus local CSR strategies. *European Management Journal, 24*(2–3), 189–198.

Norris, G., & O'Dwyer, B. (2004). Motivating socially responsive decision making: The operation of management controls in a socially responsive organization. *The British Accounting Review, 36*(2), 173–196.

Pananond, P., & Zeithaml, C. (1998). The international expansion process of MNEs from developing countries: A case study of

Thailand's CP group. *Asia Pacific Journal of Management, 15*(2), 163–184.

Patton, P. (2009). Locusts, fish, bionic bones-car engineers look to nature. *Auto Week, 59*(5), 25–27.

Perren, L., & Ram, M. (2004). Case study method in small business and entrepreneurial research: Mapping boundaries and perspectives. *International Small Business Journal, 22*(1), 83–101.

Polonsky, M., & Jevons, C. (2009). Global branding and strategic CSR: An overview of three types of complexity. *International Marketing Review, 26*(3), 327–347.

Porter, M. (1985). *Competitive advantage: Creating and sustaining superior performance*.

Porter, M., & Kramer, M. (2006). Strategy and society—The link between competitive advantage and corporate social responsibility. *Harvard Business Review, 84*, 78–92.

Quester, P., & Thompson, B. (2001). Advertising and promotion leverage on arts sponsorship effectiveness. *Journal of Advertising Research, 41*(1), 33–47.

Saiia, D., Carroll, A., & Buchholtz, A. (2003). Philanthropy as strategy: When corporate charity "Begins at Home". *Business Society, 42*(2), 169–201.

Scott, R., & Meyer, J. (1991). The organization of societal sectors. In W. W. Powell & P. DiMaggio (Eds.), *New institutionalism in organizational analysis*. Chicago: University of Chicago Press.

Sen, S., & Bhattacharya, C. (2001). Does doing good always lead to doing better? Consumer reactions to corporate social responsibility. *Journal of Marketing Research, 38*(2), 225–243.

Shea, T. (2012). *Steve jobs and apple*. New York: The Rosen Publishing Group.

Spencer, J., & Gomez, C. (2011). MNEs and corruption: The impact of national institutions and subsidiary strategy. *Strategic Management Journal, 32*, 28–300.

Steiner, G. (1980). An overview of the changing business environment and its impact on business. In L. E. Preston (Ed.), *Business environment/public policy: 1979 conference papers* (pp. 3–18). St Louis, MO: AACSB.

Suryadarma, D., Widyanti, W., Suryahadi, A., & Sumarto, S. (2006). *From access to income: Regional and ethnic inequality in Indonesia*. Jakarta: SMERU Research Institute.

Thamrin, S. (2011). Indonesia's national mitigation actions: Paving the way towards NAMAs. *Discussion document, prepared for the CCXG/Global forum on environment, seminar on MRV and carbon markets, 28–29 March 2011*, Paris. http://www.oecd.org/env/cc/48304156.pdf.

Votaw, D. (1973). Genius becomes rare. In D. Votaw & S. P. Sethi (Eds.), *The corporate dilemma*. Englewood Cliffs, NJ: Prentice Hall.

Waagstein, P. (2011). The mandatory corporate social responsibility in Indonesia: Problems and implications. *Journal of Business Ethics, 98*, 455–466.

Waddock, S., & Smith, N. (2000). Relationships: The real challenge of corporate global citizenship. *Business and Society Review, 105*(1), 47–62.

Weaver, G., Treviño, L., & Cochran, P. (1999). Integrated and decoupled corporate social performance: Management commitments, external pressures, and corporate ethics practices. *Academy of Management Journal, 42*, 539–552.

Wernerfelt, B. (1984). A resource based view of the firm. *Strategic Management Journal, 5*, 171–180.

Werther, W., & Chandler, J. (2010). *Strategic corporate social responsibility: Stakeholders in a global environment*. London: SAGE Publications Ltd.

Wood, D. (2010). Measuring corporate social performance: A review. *International Journal of Management Reviews, 12*, 50–84.

Wright, P., & Ferris, S. (1997). Agency conflict and corporate strategy: The effect of divestment on corporate value. *Strategic Management Journal, 18*, 77–83.

Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal, 38*(2), 341–363.

Zaheer, S., & Mosakowski, E. (1997). The dynamics of the liability of foreignness: A global study of survival in Financial services. *Strategic Management Journal, 18*(6), 439–464.

Reports and Other Sources

Kementerian Riset Dan Teknologi (RISTEK). (08/12/2005). *Pemenang Samsung Digitall Hope 2005*. http://www.ristek.go.id/?module=News%20News&id=101.

LG Electronics. (2005–2013). *Sustainability report*.

Ministry of National Education Indonesia. (2010). *Ministry of National Education, 2010–2014 Strategic Plan*.

Panasonic. (2012). *Report on global corporate citizenship activities*.

Reuters. (05/11/2010). *Foxconn apple working conditions*. http://www.reuters.com/article/2010/11/05/us-china-foxconn-death-idUSTRE6A41M920101105.

Samsung Electronics. (2010). *Sustainability report*.

Sharp Electronics. (2005). *Environmental and social report*.

Sharp Electronics. (2010). *Environmental and social report*.

Sharp Electronics. (2012). *Environmental and social report*.

The Jakarta Post. (20/11/2010). LG to increase investment, domestic market penetration. http://www.thejakartapost.com/news/2010/11/20/lg-increase-investment-domestic-market-penetration.html.

The Jakarta Post. (25/07/2007). Corporate social responsibility now the law in Indonesia. http://www.thejakartapost.com/news/2007/07/25/corporate-social-responsibility-now-law-indonesia.html.

The Jakarta Post. (31/10/2011). Plan laid out; Indonesia upbeat about its 2020 emission target. http://www.thejakartapost.com/news/2011/10/31/plan-laid-out-indonesia-upbeat-about-its-2020-emission-target.html.

United Nations Children's Fund (UNICEF). (23/09/2005). Indonesia: Banda Aceh nine months after the tsunami. http://www.unicef.org/emerg/disasterinasia/index_28354.html?p=printme.