The Influence of Transversal CSR Structure on Headquarters/Subsidiary Integration

Autoria: Luciano Barin Cruz, Vania de Fátima Barros Estivalete

Abstract
The emergence and consolidation of the Corporate Social Responsibility (CSR) debate leads Multinational Companies (MNCs) to introduce this subject in their main strategies. Some studies have already highlighted the effects of the introduction of CSR projects on MNCs' strategies. However, little attention has been given to the influence of transversal CSR structure on Headquarters/Subsidiary integration. In this article, we start from the following question: What is the influence of the introduction of CSR discussion on Headquarters/Subsidiary integration? Our main objective is to propose a framework based on four propositions about the influence of a transversal CSR structure on Headquarters/Subsidiary integration. We define transversal CSR structure as: 1) the existence of a CSR directory at Headquarters level and a CSR representative at Subsidiary level, and 2) the existence of representatives from different areas who participate in meetings or committees to make decisions about CSR strategy. As our main contribution, we argue that a transversal CSR structure leads to an integrated Headquarters/Subsidiary strategy. Integration occurs through the mediation of three main elements: information exchange, awareness activities, and objectives definition.

1. INTRODUCTION

Multinational Companies (MNCs) develop coordination and control activities (EDSTROM & GALBRAITH, 1977; HARZING, 2001; MARTINEZ & JARILO, 1989; OUCHI & JAEGER, 1978, JAEGER, 1983, ALLAIRE, 1984, KRANIAS, 2001, BALIGA AND JAEGER, 1984, NOHRIA & GOSHAL, 1994; KIM & MAUBORGNE, 1991; 1993, TAGGART, 1997, ELIS, 2000, MOLM, TAKAHASHI & PETERSON, 2003; PERLMUTER, 1984; ELIS, 2000) in order to better integrate Headquarters with different Subsidiaries. Considering local characteristics, this is not an easy task. Language, values and traditions are important aspects to consider.

The emergence of the sustainable development debate introduces an additional concern about Headquarters/Subsidiary integration: the Corporate Social Responsibility (CSR) discussion. MNCs are required to have explicit CSR strategies not only at the Headquarters level, but also at the Subsidiary level; thus, it becomes an additional aspect to be considered in Headquarters/Subsidiary integration.

In this article, we start from the following question: What is the influence of the introduction of CSR discussion on Headquarters/Subsidiary integration? Our main objective is to propose a framework based on four propositions about the influence of a transversal CSR structure on Headquarters/Subsidiary integration. We define transversal CSR structure as: a) the existence of a CSR directory at the Headquarters level and a CSR representative at the Subsidiary level, and b) the existence of representatives from different areas who participate in meetings or committees to make decisions about CSR strategy. As our main contribution, we argue that a transversal CSR structure leads to an integrated Headquarters/Subsidiary strategy. The integration is made through the mediation of three main elements: information exchange, awareness activities, and objectives definition (better explained below).

The reminder of this article is structured as follows. In the first section, we discuss theoretical concepts related to Headquarters/Subsidiary integration and CSR strategies. In the second section, we present the method, and in the third section we present an analysis of both MNCs' cases, highlighting the propositions and the framework. Finally, in the last section, we present the discussion and conclusions.

1

2. MNCS - HEADQUARTERS/SUBSIDIARY INTEGRATION

Integration among Headquarters/Subsidiary is one of the central topics in MNC literature (expatriation and employee transfer - EDSTROM & GALBRAITH, 1977; HARZING, 2001; formal and informal transference of information - KRANIAS, 2001; MARTINEZ & JARILO, 1989; organizational culture - OUCHI & JAEGER, 1978, JAEGER, 1983, ALLAIRE, 1984, KRANIAS, 2001, BALIGA & JAEGER, 1984, NOHRIA & GOSHAL, 1994; procedural justice - KIM & MAUBORGNE, 1991; 1993, TAGGART, 1997, ELIS, 2000, MOLM, TAKAHASHI & PETERSON, 2003; and objectives definition - PERLMUTER, 1984; ELIS, 2000). Different factors that lead to better integrated relations were proposed and analyzed, with different implications for the MNCs` strategies.

Considering these factors, Jaeger (1983) highlights some characteristics of the culture control structure. He states that interpersonal interactions are very important in this kind of structure. All the members of the culture share expectations, and performance and commitment emerge from interpersonal relationships. Feedback is passed from individual to individual and can be very subtle. The culture becomes a rich behavioral guide. In organizations where control is directed by cultural structure, interpersonal relations are more informal (JAEGER, 1983, KRANIAS, 2000).

Procedural justice is also an important factor in the Headquarter/Subsidiary integration literature. Kim and Mauborgne (1993) define procedural justice as the extent to which the dynamics of a multinational corporation's strategy-making process are judged to be fair by the top managers of its Subsidiaries. They (KIM & MAUBORGNE, 1991) give five characteristics of procedural justice perceived by a Subsidiary's managers: a) head office management is knowledgeable about the local situation of Subsidiary units, b) two-way communication exists in the multinational's strategy-making process, c) the head office is fairly consistent in making decisions across Subsidiary units, d) Subsidiary units can legitimately challenge the strategic views of the head office, and e) Subsidiary units receive an account of the MNC's final strategic decisions.

The objectives definition is highlighted by Elis (2000). He states that MNC managers should establish a decision process for strategic objectives. This process should stimulate bilateral communication, information exchange, reliability of information, autonomy, and knowledge of local context. Such a decision process could improve the perception of procedural justice.

Expatriation is another important factor. Edstrom and Galbraith (1977) state that the expatriation process can create international, interpersonal and verbal information network through the MNC. The main reasons provided by Edstrom and Galbraith (1977) include filling important positions in Subsidiaries, the development of international managers', and the maintenance of structure and the decision.

Martinez and Jarilo (1989) summarize these important factors when listing some formal and informal coordination mechanisms in MNCs. The formal mechanisms are:
- Departmentalization or grouping of organizational units, shaping the formal structure;
- Centralization or decentralization of decision-making through the hierarchy or formal authority;
- Formalization and standardization (written policies, rules, job descriptions, and standard procedures) through instruments such as manuals, charts, etc.;
- Planning: strategic planning, budgeting, functional plans, scheduling, etc.; and
- Output and behavior control: financial performance, technical reports, sales and marketing data, etc., as well as direct supervision.

The informal mechanisms are:

- Lateral or cross-departmental relations: direct managerial contact, temporary or permanent teams, task forces, committees, integrators, and integrative departments;
- Informal communication: personal contacts among managers, management trips, meetings, conferences, transfer of managers, etc.; and
- Socialization: building an organizational culture of known and shared strategic objectives and values by training, transfer of managers, career path management, measurement and reward systems, etc.

Although some authors (DAM & SCHOLTENS, 2007; LEVIS, 2006) discuss CSR aspects in MNCs, the influence of CSR strategies in Headquarters/Subsidiary integration has rarely been addressed.

3. CSR STRATEGIES

The debate on sustainable development issues has been increasing in recent years. Since sustainable development was defined by the Brundtland Report as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987, p. 43), it has gained attention in the agenda of public and private managers.

From this general concept emerged the Corporate Social Responsibility (CSR) discussion, which reflects the incorporation of sustainable development into companies' strategies. As defined by the European Commission (2002; p.5) and recalled by Steurer et al. (2005), CSR is "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

Many authors (MACKEY, MACKEY & BARNEY, 2007; AGUILERA ET AL., 2007; BARNETT, 2007; BARIN-CRUZ et al., 2007; BANSAL, 2005; MATTEN & MOON, 2008; and BASU & PALAZZO, 2008, among others) are developing arguments and propositions on the CSR issue.

Considering the governance aspects, Husted (2003) states three types of CSR governance: (1) outsourcing CSR through corporate charitable contributions, (2) internalizing CSR through in-house projects, or (3) using a collaborative model. These types are directly related to the companies' relationship with their stakeholders.

The different kinds of CSR governance can influence "ecoinitiatives" from the employees (RAMUS & STEGER, 2000) and the consequent improvement on companies' environmental performance. In this sense, Bansal and Roth (2000) and Bansal (2003) insist on individual action. The first article affirms that one of the important aspects to consider with regard to corporate ecological responsibility is the salience and interest of ecological questions for the individuals that compose the company. In other words, to what extent does an ecological question make sense for these individuals, and to what extent will they act with respect to their possible ecological values? The second article affirms that individual interests can be stimulated through education, training and information availability that allow the individuals to make links between poverty and environmentally and socially unsustainable practices.

The company's stance on the sustainable development debate can also be influenced by CSR governance type. Some types can be more interested in making companies change values and create new needs (FERGUS & ROWNEY, 2005) or consider environmental questions as opportunities and not threats (SHARMA, 2000). These different types of CSR governance can also be influential on behavior and, consequently, evolution of a company CSR strategy as stated by Raiborn & Payne (1990) and Payne & Raiborn (2001), moving

from the basic level (reactive approach to environmental and social laws) to a more practical level and finally ending at the theoretical level (proactive approach to environmental and social laws).

However, one specific aspect of CSR governance has rarely been addressed in management literature: CSR structure and its influence on Headquarters/Subsidiary integration.

4. METHOD

The research design is based on the Eisenhardt's (1989) proposition to construct theory from inductive case studies. We have followed the eight steps suggested by the author as shown in Chart 1. We note that, as suggested by Siggelkow (2007), we use our case studies as an inspiration to create theory from data.

Steps (Eisenhardt, 1989)	Activity	Applicability on this research
1. Getting started	Definition of research question	What is the influence of CSR structure on the integration of Headquarters and Subsidiaries?
2. Selecting Cases	Specified population	- Biggest retailer MNCs in France and the world. - Brazilian subsidiary as one of the strongest branches
3. Crafting Instruments and Protocols	Multiple data collection methods	Combination of in-depth interviews and document analysis
4. Entering the Field	Flexible and opportunistic data collection methods	- Introduction of new questions during interviews - Incorporation of new interviewees
5. Analyzing Data	- Within-case analysis - Cross-case pattern search	- Deep analysis of each individual case - Search patterns from the case's cross-analysis
6. Shaping Propositions	- Iterative tabulation of evidence for each construct - Search for the "why" behind relationships	- Iterative presentation of data for both cases -Identification of propositions
7. Enfolding Literature	Comparison with similar literature	Definition of propositions, using similar theory to justify developed concepts
8. Reaching Closure	When to stop iterating theory and data	Definition of a framework from the propositions as the output of the research

Chart 1: Research Design

4.1 Data Collection

The data collection process is defined by the first four steps: 1) getting started, 2) selecting cases, 3) crafting instruments and protocols, and 4) entering the field.

4.1.1 Getting Started

We focus here on the influence of CSR structure on Multinational Companies (Headquarters/Subsidiary integration). Some aspects of this integration question have already been addressed by several authors (GHOSHAL & BARTLETT, 1990; BARTLETT & GHOSHAL, 1991; DOZ & PRAHALAD, 1991; BARTLETT & GHOSHAL, 1993; KIM & MAUBORGNE, 1993; NOHRIA & GHOSHAL, 1994; BIRKINSHAW, 1997;

4

BIRKINSHAW, HOOD & JOHNSON, 1998). The innovativeness and contribution here is the consideration of the influence of CSR structure.

4.1.2 Selecting Cases

Both cases represent important MNCs in the worldwide retailer's sector. Both of them consider the Brazilian Subsidiary as one of the major branches for their international activities.

MNC A has a strong international presence (14 countries) with more than 208.000 employees, 22.8 billion Euros in sales and activity in the retail sector in several areas, including hypermarkets (344 stores), supermarkets (2.396 stores), discount stores (1.130 stores), small stores (5.038 stores), restaurants and cafeterias (247 stores) and other activities. In Brazil, MNC A has been a partial owner of the Brazilian Subsidiary since 1999. Nowadays, the MNC owns 50% of the stock of the Brazilian Subsidiary. However, the Brazilian Subsidiary already had a history before MNC A became involved, including an important history in the Brazilian market and historical social activity in the communities where they are present. In 2005, the Brazilian Subsidiary had 534 stores in 15 (Brazilian) states with around 61.000 employees and about 16.1 billion Reals (Brazilian currency) in sales (around 6.19 billion Euros) and 15.2% of the market share, becoming the biggest retailer MNC in Brazil.[i]

MNC B was, in 2005, the largest MNC in the retail sector in Europe and the second largest in the world. It is present in 30 countries, with around 436.000 employees, 93.6 billion Euros in sales and activity in the retail sector (around 12.028 stores), divided into hypermarkets (926 stores), supermarkets (2.355 stores), discount stores (5.451 stores) and proximity stores (3.196 stores). In Brazil, in 2005, the Subsidiary had around 48.000 employees working in 161 unities among hypermarkets and supermarkets. The MNC closed the year with 12.5 billion Reals (Brazilian currency) in sales (around 4.8 billion Euros).[ii]

4.1.3 Crafting Instruments and Protocols

Two data collection methods were used for both MNCs: 1) interviews with managers involved with CSR strategy, and 2) internal and external documental collection.

Documental research and interviews were conducted within the period of August and December 2006. Seventy-nine documents were analyzed for MNC A, and 66 documents were analyzed for MNC B (in particular, we include CSR reports from between 2002 and 2005, internationally published by the MNCs). In MNC A, thirteen interviews were conducted with managers in charge of CSR practices at the Headquarter level and the Brazilian Subsidiary level. The interviews were conducted in French and Portuguese following a semi-structured questionnaire, with each interview lasting about 50 minutes. The profile of the interviewees can be seen in Chart 2.

Interviewees	Level
A1. Sustainable Development Director	Headquarter
A2. Responsible for the sustainable development next to the presidency	Headquarter
A3. RH International Director	Headquarter
A4. Quality Director	Headquarter
A5. Manager of Bio and Nutrition Products	Headquarter
A6. Manager of Partnerships with the Community	Headquarter
A7. Production Director	Headquarter
A8. Manager of Ethics in the MNC	Headquarter
A9. Institute Director of the Brazilian Subsidiary	Subsidiary
A10. Responsible for HR in Brazil	Subsidiary
A11. Responsible for the Caras do Brasil (Faces of Brazil) Program	Subsidiary
A12. Manager of the Caras do Brasil (Faces of Brazil) Program	Subsidiary

A13. Responsible for Waste Management in Brazil	Subsidiary

Chart 2: Profile of the Interviewees at MNC A.

At MNC B, ten interviews were conducted with some of the main individuals responsible for sustainable development at the Headquarters level and the Brazilian Subsidiary level. As with MNC A, the interviews were conducted in French and Portuguese, following a semi-structured questionnaire, with each interview lasting around 35 minutes. The profile of interviewees from MNC B can be seen in Chart 3.

Interviewees	Level
B1. Sustainable Development Manager of the Hypermarkets	Headquarter
B2. Sustainable Development Manager of the Supermarkets	Headquarter
B3. Manager of Products Related to Sustainable Development	Headquarter
B4. Sustainable Development Ambassador of a Hypermarket	Headquarter
B5. Sustainable Development Ambassador of a Hypermarket	Headquarter
B6. Responsible for the Waste Management of a Hypermarket	Headquarter
B7. Responsible for a Waste Recycling Company that Works for MNC B	Headquarter
B8. Responsible for Communication in MNC B Linked to the Sustainable Development Area	Headquarter
B9. Responsible for Sustainable Development in the Brazilian Subsidiary	Subsidiary
B10. Responsible for the Relationship Program with Suppliers in Brazil	Subsidiary

Chart 3: Profile of the Interviewees at MNC B.

4.1.4 Entering the Field

In both cases, we have developed an initial semi-structured questionnaire, with questions like "Do you know what Headquarters (or the Subsidiary) does in terms of CSR?", "What kind of CSR practices could be developed by Headquarters and Subsidiary?", and "How does the company try to integrate CSR practices between Headquarters/Subsidiary?". From these initial questions, the interviewees forced us to introduce new specific questions like "How does the Brazilian CSR structure influence the French CSR structure, and vice-versa?", "Is it possible/necessary to have the same CSR structure in Brazil and in France?", and "How can the Brazilian CSR structure help the French CSR structure, and vice-versa?". We have adopted this flexible process to allow for the emergence of specific and important new elements from the empirical field.

Moreover, we have developed this flexible process in conjunction with the chosen interviewees. In both MNCs, we started by interviewing the main sustainable development managers of each MNC; from the first interview, we asked them for new indications that could support our study. Each new interviewee was a potential source for the next interview. We followed this process in the headquarters as well as in the Subsidiaries.

4.2 Data Analysis

The data analysis process includes the final four steps: 5) analyzing data, 6) shaping propositions, 7) enfolding literature, and 8) reaching closure.

4.2.1 Analyzing Data

In both MNCs, data analysis followed two methods: 1) within-case analysis, and 2) cross-case pattern search.

The within-case analysis was conducted through separate analysis of each case. We generated 100 pages of interview transcription and 79 analyzed documents for MNC A. For

MNC B, we generated 70 pages of interview transcription and 66 analyzed documents. For both cases, data was analyzed independently. From these analyses, the specific influences of CSR structures of each case emerged, which helped us to identify the MNCs' idiosyncrasies.

The cross-case pattern search was conducted after the within-case analysis. Considering the specific CSR structure of each MNC, we identified some general elements to describe these CSR structure. In other words, we identified general concepts to manage these idiosyncrasies. We developed this process by going to the CSR and MNCs literature and interacting our data with some established literature (as we explain in the following literature section).

4.2.2 Shaping Propositions

We have conducted an iterative presentation of each conceptual element. We present our resulting analysis through the some speeches[iii] on behalf of both MNCs to justify the emergence of each element. From this iterative presentation, we define some propositions for each element, linking the existent CSR and MNC literature to our data.

4.2.3 Enfolding Literature

As we have highlighted in the previous sections, we included previous literature by interacting our data (CSR structure of each MNC) with similar literature on CSR and MNC. We identified authors who have discussed factors related to Headquarters and Subsidiary integration and defined the influence of the CSR structure on some factors.

4.2.4 Reaching Closure

The result of these steps is our proposed framework, which reflects the propositions suggested during the analysis and our iterative efforts to link the elements that emerged from the data with the existent literature. The framework fills the gap on CSR and MNC literature suggested by our research question.

5. RESULTS OF ANALYSIS

We focus our analysis on the presentation of three main elements that emerged from the case studies: information exchange, awareness activities, and objectives definition. Information exchange is defined here as the information on sustainability issues exchanged through formal and informal activities. Awareness activity is defined as the employees' awareness about sustainability issues, stimulated by formal and informal activities. Objectives definition is defined as the definition of objectives considering sustainability issues, stimulated by formal and informal activities.

These elements are decisive mediators for the influence of CSR structure on Headquarters/Subsidiary integration. As highlighted by interviewees A1, B1 and B8, both MNCs have a transversal structure for their CSR strategy:

> "We have not created a strong central structure, but we have created a sustainable development committee. This sustainable development committee has 40 experts in France and 10 international experts. These experts are people with experience in specific areas and they have double functions" (Interviewee A1)

"The sustainable development is always transversal […] therefore, we have people in a specific CSR structure but also people that work with CSR and are located in other classical areas of the Company" (Interviewee B1)

"At the corporate level there is the sustainable development directory […] in each country, we have some sustainable development representatives […] we establish dialogue with them […] they exchange information with us, but they can also feel that they have some support at the corporate level" (Interviewee B8)

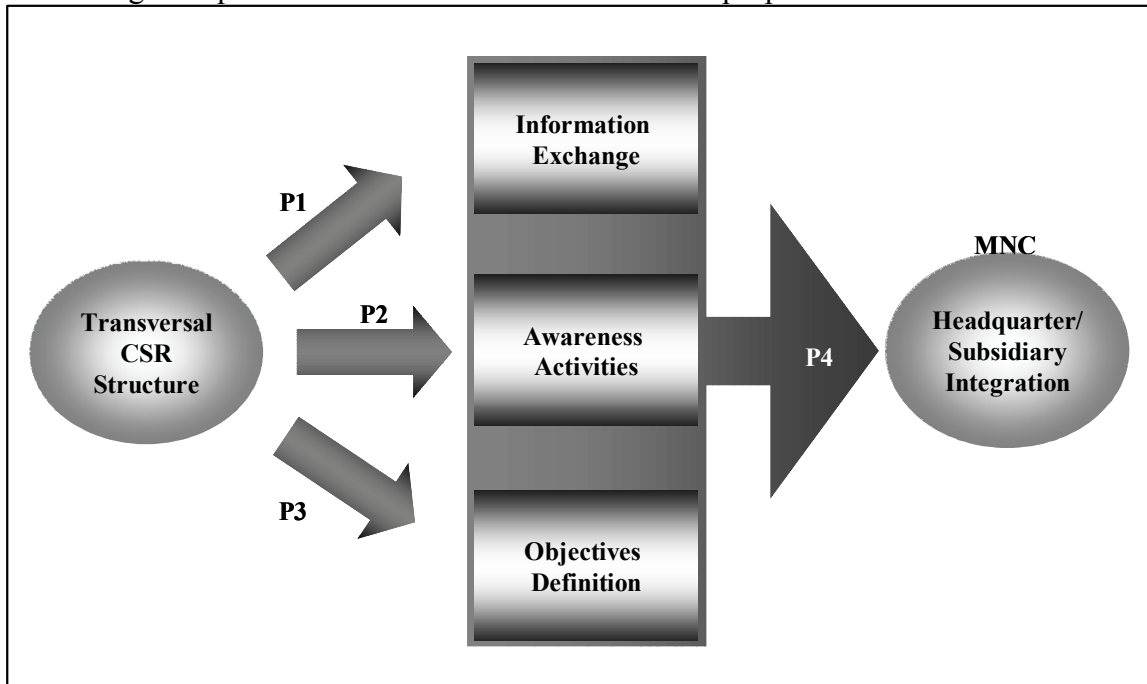Figure 1 presents the framework and the related propositions.

Figure 1: Framework – Influence of Transversal Structure on Headquarters/Subsidiary Integration

5.1 Information Exchange

Both MNC A and MNC B have developed a transversal structure that has stimulated information exchange. In MNC A, it is evident through the use of some formal activities (as stated by MARTINEZ & JARILO, 1989), such as international internal conferences, internal newsletters, and CSR reports. Interviewees A4 and A12 highlighted the potential for conferences with managers from different areas and their consequent impact on information exchange.

"It is the only situation in which people from informatics, logistics, marketing, and quality sit together in the same table, at the same meeting […] they discuss their experiences and talk about sustainable development problems" (Interviewee A4)

"The most important (advantage) is the information exchange for problem solutions [...] many times we don't have a solution, but they have already found how to work with the same problem [...] (Interviewee A12)

A transversal CSR structure with a committee formed by managers from different areas at the corporate level and representatives from each Subsidiary stimulates information exchange about different CSR problems and solutions from each specific area or country.

In MNC B, there is also an international structure for CSR, supported by representatives from other areas, with a dual function. In addition, the Subsidiaries (including the one in Brazil) have a transversal structure that stimulates information exchange through formal activities (as stated by MARTINEZ & JARILO, 1989). Interviewee B8 remembers different tools used for communication; in particular, the use of Internet allows for international exchange.

> "We work with a collaborative platform on the Internet in which we put documents […] therefore, it serves as a library, a place for information exchange […] everything we say in videoconferences is put on this platform […] every document that each country wants shared, it can be put it there […] there is also the sustainable development report that is also a communication mechanism […] It is sent to every country […] it is translated into English and Spanish […] therefore, it is also a way to see how people work on this subject in other countries" (Interviewee 8)

Also in MNC B, the CSR transversal structure at the corporate level (considering the participation of different areas) as well as in Subsidiaries (considering the CSR representatives in each country) leads to an improvement in the information exchange. So, we state Proposition 1 as follows:

P1: Transversal CSR Structure can improve information exchange among Headquarters and Subsidiaries.

5.2 Awareness Activities

Transversal CSR structure can also allow for better awareness about sustainable development. It can have an impact inside the MNC, through the different areas involved, and even outside, through the main stakeholders.

In MNC A, the transversal CSR structure allows for each area to have a representative in the international CSR committee. In this structure, each representative has to the task of disseminating most of the information about the CSR strategy and to make the employees of their area aware of CSR concerns. The same happens with the Subsidiaries; as the representative of each Subsidiary participates in the international committee, they are responsible for making the corporate level aware of CSR demands at the local level and also for making the local level aware of CSR corporate orientations. The CSR director also develops some awareness through activities with the main stakeholders. Interviewee A1 highlighted some of these characteristics:

> "Therefore, each one is an expert in his or her specific area […] they are responsible for answering questions in their areas […] and I, as the sustainable development director, I facilitate this sustainable development committee" (Interviewee A1)

> "I facilitate this committee, and I answer questions, I go to some schools, I answer the notation agencies' surveys, I meet socially responsible shareholders" (Interviewee A1)

In MNC B, there is not a transversal committee as in MNC A. However, they also have representatives from some areas responsible for communicating with the CSR area and

disseminating orientations about sustainable development. In each country, the CSR representative has the role of developing internal employees' awareness of activities at the local level as well as external stakeholders' awareness. Interviewee B8 highlights some of these practices:

> "There are several things [...] all our policy is based on our values [...] MNC A undertook, in recent years, many awareness activities on their values [...] in many countries, we created awareness campaigns [...] there can be specific training in some stores [...] I will speak for the stores [...] they have environmental world day [...] during this day, every store of the MNC mobilizes itself [...] there are different actions in different countries [...] in each new store, we make a formation course in which we talk about the subject" [...] (Interviewee B8)

In both MNCs, we see the possible informal impacts of these transversal CSR structures on internal and external awareness. As stated by Martinez and Jarilo (1989), lateral or cross-departmental relations, informal communication and socialization are created with the awareness activities and can stimulate Headquarters/Subsidiary integration. Therefore, we state Proposition 2 as follows:

P2: Transversal CSR structure can improve awareness activities among Headquarters and Subsidiaries.

5.3 Objectives Definition - Dialogue with Stakeholders

Transversal CSR structure can also allow for a better objectives definition process. In MNC A, the objectives definition considers CSR practices and is defined through the local realities of each Subsidiary. The transversal CSR structure allows for each Subsidiary to give their social and environmental demands and try to adapt the corporate objectives to this local reality. The transversal CSR structure obliges the MNC to adapt their indicators, considering the social and environmental characteristics of each country. Interviewees A1 and A2 highlight these characteristics:

> "It is difficult to have the same thinking all along the MNC [...] an important point for us is that each Subsidiary has autonomy [...] we keep the brand and some projects of the local structure" [...] (Interviewee A1)

> We see that in each country, the indicators have different meanings [...] some indicators are better for some specific countries than others [...] therefore, today, we enter a phase in which we ask each country about the most adapted indicators, those that really matter [...] so, we think that our next reports will have different indicators [...] therefore, it is important to understand each country and to have interesting indicators for each country (Interviewee A1)

> "I think that sustainable development should be adapted to each country, because every country is different" (Interviewee A2)

In MNC B, the transversal CSR structure also allows for the CSR objectives to be defined considering the local social and environmental demands of each Subsidiary. Each Subsidiary considers the macro orientations held at the corporate level. However, they have the responsibility of identifying local characteristics and defining how the Subsidiary can develop programs that simultaneously are related to the corporate orientations and assist this local reality. Interviewees B9 and B8 highlight these characteristics:

"I always have to implement this concept [...] think globally and act locally [...] my approach has to be different" (Interviewee B9)

"Each Subsidiary adapted the global sustainable development policy of the MNC […] this is the reason why some countries concentrate on social projects, as in Latin America […] in other countries, like in Europe, they also do a lot of social projects, but they are concentrated on environmental projects […]" (Interviewee B8)

"The idea is to have local teams thinking on sustainable development issues […] this means the MNC is engaged in many areas, so each country, considering its specific characteristic, adapted some projects" (Interviewee B8)

At this time, both formal and informal integration mechanisms (MARTINEZ & JARILO, 1989) are developed through the transversal CSR structure in both MNCs. Lateral or cross-departmental relations, informal communication and socialization are stimulated and allow for the improvement of the objectives definition process. Strategical planning, as a formal mechanism, is also improved through the transversal structure. Local demands are considered. Social and environmental local characteristics become part of corporate strategic planning. Therefore, we state Proposition 3 as follows:

P3: Transversal CSR Structure can improve the objectives definition process among Headquarters and Subsidiaries.

The above discussion has led us to three propositions relating transversal CSR structure to information exchange, awareness activities and objectives definition. In Proposition 4, we state that through these three propositions, transversal CSR structures can improve Headquarters/Subsidiary integration in MNCs (through informal and formal mechanisms). Therefore, Proposition 4 is stated as follows.

P4: Through information exchange, awareness activities and objectives definition interaction, transversal CSR structure can improve Headquarters/Subsidiary integration.

6. DISCUSSION AND CONCLUSIONS

In this research, we have argued that transversal CSR structure can lead to Headquarters/Subsidiary integration. We have defined transversal CSR structure as: 1) the existence of a CSR directory at the Headquarters level and a CSR representative at the Subsidiary level, and 2) the existence of representatives of different areas that participate in meetings or committees to make decisions about CSR strategy.

Following the steps suggested by Eisenhardt (1989) and the suggestion to use case studies in a more persuasive way (SIGGELKOW, 2007), we use our case studies as inspiration for theory creation from data. Thus, this research contributes by suggesting that the influence of transversal CSR structure leads to Headquarters/Subsidiary integration through the mediation of three main elements: information exchange, awareness activities and objectives definition.

6.1 Managerial Implications

This research's results suggest that managers should stimulate the creation of transversal CSR structures if they want to improve Headquarters/Subsidiary integration.

This can be achieved through the definition of CSR representatives for each Subsidiary, as well as representatives from some specific areas (marketing, human resources, production, logistics, etc.) participating in CSR committees and decisions. Through information exchange, awareness activities and objectives definition, formal and informal mechanisms can be stimulated to improve Headquarters/Subsidiary integration.

Concerning information exchange, CSR representatives in Subsidiaries should participate in internal international meetings and use formal and informal mechanisms (intranet, internal reports, etc.) to get local information to Headquarters and other Subsidiaries. Representatives in different areas should participate in CSR meetings to exchange specific information about their areas with other areas.

Concerning awareness activities, CSR representatives in Subsidiaries should be constantly aware of environmental and social concerns (on the part of Headquarters and other Subsidiaries). Headquarters managers should also be constantly aware of the concerns of subsidiaries. These constant interactions can disseminate the CSR values continuously through Headquarters and Subsidiaries.

Finally, concerning objectives definition, CSR representatives in Subsidiaries should adapt macro objectives into local realities and inform Headquarters about these adaptations. This can influence Headquarters in CSR objectives definition, helping with the macro strategy. Consequently, Headquarters managers should be flexible when listening to and assisting the Subsidiaries in the implementation of these adapted actions. In addition, Headquarters managers should also integrate the areas representatives' demands to recognize specific characteristics that can form CSR objectives.

6.2 Limitation and Future Research

We highlight some limitations in data collection and analysis. In the data collection, the research presents limitations related to the number of repeated interviews with the same managers. Considering the managers` agenda, we could conduct only one interview with each individual. With regard to the data analysis, it was not possible to use all the analyzed documents in the presented analysis. Many of these documents can be consulted on the MNC's websites.

As a topic little addressed by the MNC and CSR literature, a future research agenda for the influence of transversal CSR strategies on Headquarters/Subsidiary integration can be established. We suggest that the four propositions presented here could be more thoroughly explored and tested. Questions like "What is the impact of different types of formal and informal information exchange mechanisms on Headquarters/Subsidiary integration? What is the impact of different types of formal and informal awareness process (concerning sustainable development) mechanisms on Headquarters/Subsidiary integration? What is the impact of different types of formal and informal objective definition processes on Headquarters/Subsidiary integration? How do information exchange, awareness activities and objectives definition influence each other and increase or decrease Headquarters/Subsidiary integration?

Finally, we highlight the importance of studying this link between transversal CSR structure and Headquarters/Subsidiary integration, considering the increasing world demand for sustainable development projects and their potential impact in different countries.

7. REFERENCES

AGUILERA, R. V.; RUPP, D. E.; WILLIAMS, C. A. & GANAPATHI, J. Putting the S back in corporate social responsibility: A multilevel theory of social change in organizations. **Academy of Management Review**, vol. 32, n. 3, 2007, pp. 836-863.

ALLAIRE, Y. Theories of Organizational Culture. **Organization Studies,** vol. 5, n.3, 1984.

BALIGA, B. R. & JAEGER, A. M. Multinational Corporations: Control systems and delegation issues. **Journal of International Business Studies,** vol. 15, 1984, pp. 25-40.

BANSAL, P. & ROTH, K. Why Companies go Green: A model of Ecological Responsiveness. **Academy of Management Journal**, vol. 43, n. 4, 2000, pp. 717-736.

BANSAL, P. From issues to actions: The importance of individual concerns and organizational values in responding to natural environmental issues. **Organization Science**, vol. 14, n. 5, 2003, pp. 510-527.

BANSAL, P. Evolving sustainably: A longitudinal study of corporate sustainable development. **Strategic Management Journal**, vol. 26, 2005, pp. 197-218.

BARIN-CRUZ, L.; PEDROZO, E. A; BACIMA, R. & QUEIROZ, B. Company and Society: The "Caras do Brasil" (Faces of Brazil) program as leverage for sustainable development. **Management Decision**, vol. 45, n. 8, 2007, pp. 1297-1319.

BARNETT, M. L. Stakeholder Influence Capacity and the Variability of Financial Returns to Corporate Social Responsibility. **Academy of Management Review**. vol. 33, n. 3, 2007, pp. 794-816.

BARTLETT, C. A. & GHOSHAL, S. Global strategic management: Impact on the new frontiers of strategy research. **Strategic Management Journal**, vol. 12, 1991, pp. 5-16.

BARTLETT, C. A. & GHOSHAL, S. Beyond the M-Form: Toward a managerial theory of the firm. **Strategic Management Journal**, vol. 14, 1993, pp. 23-46.

BASU, K. & PALAZZO, G. Corporate Social Responsibility: A process model of sensemaking. **Academy of Management Review**. vol. 33, n. 1, 2008, pp. 122-136.

BIRKINSHAW, J. Entrepreneuship in multinational corporations: The characteristics of Subsidiary initiatives. **Strategic Management Journal**, vol. 18, 1997, pp. 207-229.

BIRKINSHAW, J.; HOOD, N. & JONSSON, S. Building firm-specific advantages in multinational corporations: The role of Subsidiary initiative. **Strategic Management Journal**, vol. 19, 1998, pp. 221-241.

DAM, L. & SCHOLTENS, B. Environmental regulation and MNEs location: Does CSR matter? **Ecological Economics**, vol. xx, 2007, pp. 1-11.

DOZ, Y. L. & PRAHALAD, C. K. Managing DMNCs : A search for a new paradigm. **Strategic Management Journal**, vol. 12, 1991, pp. 145-164.

EDSTROM, A. & GALBRAITH, J. Transfer of Managers as a Coordination and Control Strategy in Multinational Organizations. **Administrative Science Quarterly,** vol. 22, 1977, pp. 248-263.

EISENHARDT, K. M. Building Theory from Case Studies Research. **Academy of Management Review**, vol. 14, n. 4, 1989, pp. 532-550.

ELIS, K.M. Strategic Context, Knowledge Flows, and the Competitiveness of MNCs: A procedural justice approach. **Competitiviness Review**, vol. 10, n. 1, 2000, pp. 9-24.

EUROPEAN COMMISSION: 2002, 'Communication from the Commission concerning Corporate Social Responsibility: A Business Contribution to Sustainable Development', http://europa.eu.int/comm/employment_social/soc-dial/csr/csr2002_en.pdf.

FERGUS, A. H. T. & ROWNEY, J. I. A. Sustainable Development: Epistemological Frameworks & an Ethic of Choice. **Journal of Business Ethics**, vol. 57, 2005, pp. 197-207.

GHOSHAL, S. & BARTLETT, C. The multinational corporation as an interorganizational network. **Academy of Management Review,** vol. 15, n. 4, 1990, pp. 603-625.

HARZING, A. W. An analysis of the functions of international transfer of managers in MNCs. **Employee Relations**, vol. 23, n. 6, 2001, pp. 581-598.

HUSTED, B. W. Governance Choices for Corporate Social Responsibility: to Contribute, Collaborate or Internalize? **Long Range Planning**, vol. 36, 2003, pp. 481-498.

JAEGER, A. M. The transfer of organizational culture overseas: an approach to control in the multinational corporation. **Journal of International Business Studies.** vol. 14, 1983, pp. 91-114.

KRANIAS, D.S. Formal Control of the Japanese Multinational Companies to their Subsidiaries in the UK. **Managerial Auditing Journal.** vol. 15, n. 5, 2001, pp. 297-306.

KIM, W.C. & MAUBORGNE, R.A. Implementing Global Strategies: The role of procedural justice. **Strategic Management Journal.** vol. 12, 1991, pp. 125-143.

KIM, W. C. & MAUBORGNE, R. Procedural justice, attitudes, and Subsidiary top management compliance with multinationals' corporate strategic decisions. **Academy of Management Journal**. vol. 36, n. 3, 1993, pp. 502-526.

KRANIAS, D.S. Cultural Control: the case of japanese multinational companies and their Subsidiaries in the UK. **Management Decision.** vol. 38, n. 9, 2000, pp. 638-648.

LEVIS, J. Adoption of corporate social responsibility codes by multinational companies. **Journal of Asian Economics**, vol. 17, 2006, pp. 50-55.

MACKEY, A.; MACKEY, T. B. & BARNEY, J. B. Corporate Social Responsibility and Firm Performance: Investor preference and corporate strategies. **Academy of Management Review**, vol. 32, n. 3, 2007, pp. 817-835.

MARTINEZ, J. I. & JARILLO, J. C. The evolution of research on coordination mechanisms in multinational corporations. **Journal of International Business Studies.** Fall, 1989.

MATTEN, D & MOON, J. "Implicit" and "explicit" CSR: A conceptual framework for a comparative understanding of corporate social responsibility. **Academy of Management Review.** vol. 33, n. 2, 2008, pp. 404-424.

MOLM, L.D.; TAKAHASHI, N. & PETERSON, G. In the eye of the beholder: Procedural Justice in Social Exchange. **American Sociological Review,** vol. 68, n. 1, 2003, pp. 128-152.

NOHRIA, N. & GHOSHAL, S. Differentiated fit and shared values: Alternatives for managing headquarters-Subsidiary relations. **Strategic Management Journal**, vol. 15, 1994, pp. 491-502.

OUCHI, W. G. & JAEGER, A. M. Type Z Organization: Stability in the midst of mobility. **Academy of Management Review,** vol. 3, 1978, pp. 305-314.

PAYNE, D. M. & RAIBORN, C. A. Sustainable Development: The Ethics Support the Economics. **Journal of Business Ethics**, vol. 32, 2001, pp. 157-168.

PERLMUTER, H.V. Building the symbolical social enterprise: a social architecture for the future. **World Futures**, vol. 19, 1984, pp. 271-284.

RAIBORN, C. A. & PAYNE, D. M. Corporate Codes of Conduct: A collective conscience and continuum. **Journal of Business Ethics**, vol. 9, 1990, pp. 879-889.

RAMUS, C. A. & STEGER, U. The roles of Supervisory Support Behaviors and Environmental Policy in Employee "Ecoinitiatives" at leading-edge European companies. **Academy of Management Journal**, vol. 43, n. 4, 2000, pp. 605-626.

SHARMA, S. Managerial Interpretations and Organizational Context as Precidtors of Corporate Choise of Environmental Strategy. **Academy of Management Journal**. vol. 43, n. 4, 2000, pp. 681-697.

SIGGELKOW, N. Persuasion with Case Studies. **Academy of Management Journal**, vol. 50, n. 1, 2007, pp. 20-24.

STEURER, R., LANGER, M.E., KONRAD, A. & MARTINUZZI, A. Corporations, stakeholders and sustainable development I: a theoretical exploration of business-society relations, **Journal of Business Ethics**, Vol. 61, 2005, pp. 263-81.

TAGGART, J. H. Autonomy and Procedural Justice: A framework for evaluating Subsidiary strategy. **Journal of Internacional Business Studies.** First Quarter, 1997, pp. 51-76.

WORLD COMMISSION ON ENVIRONMENTAL AND DEVELOPMENT. **Our Common Future**, Oxford University Press, New York, NY, 1987.

---

i   Information about 2005.

ii   Information about 2005.

iii   Translated from French and Portuguese to English.