

Findings: The case study was performed by conducting an S-LCA following four phases: goal and scope, life cycle inventory, life cycle impact assessment and life cycle interpretation. Generic country-level data and organisation specific data were collected through questionnaires, document review and desktop screening, while two different assessment tools were tested for the different data types. For generic country-level data, a Social Hotspot Assessment framework developed for this study, was applied and evaluated. For organisation specific data the existing Subcategory Assessment Method (SAM) was subject for feasibility evaluation.

The S-LCA implementation involved several application issues that affect the perceived applicability and feasibility of the methods. Problems identified relate to the definition of system boundaries and uncertainties in the choice of appropriate and relevant indicators. The major problems refer to data collection both in terms of availability and quality issues both with regards to the inventory and assessment phase. Further, in the assessment and interpretation phase uncertainties regarding assessment criteria and aggregation of results evolved when using the framework for identifying hotspots, affecting the reliability of the results.

Despite the identified issues, it is evident that it is possible to conduct and finalise a Social Hotspot Assessment using the methodology. However, based on the reliability issues of the results and the effort it requires, it is concluded that the applied framework is not feasible for smaller clothing companies with limited resources. The assessment of organisation specific data by applying SAM is considered incomplete and identified issues reflect the incompatibility of the method and are thus not considered applicable or feasible for smaller companies.

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Session 6C: International CSR (1/3)

Chair: Lutz PREUSS

Friday 11:00-12:00

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### **Corporate Social Performance, Legitimacy, and the Choice of Foreign Partners by State-Controlled Entities in the Global Extractive Industries**

Pavlos C. Symeou & George I. Kassinis

Partner selection in IJVs is an important but understudied phenomenon, especially when viewed from the perspective of the host country partner involved (Nippa and Reuer, 2019; Sun et al., 2021a). Contrary to the existing research's assumption that international strategy decisions reflect the interests of MNEs, other organizations' interests may be equally salient (Nippa and Reuer, 2019). Understanding the perspective of the host partner, the focus of this paper, is critical because, often, it is this local actor that initiates the search for foreign partners (Shi et al., 2014), or it can dominate the partnership due to location-specific advantages (Erramilli et al., 1997). Also, the value of nonmarket strategies, including managing CSP, aimed to give MNEs a foothold in the country (Sun et al., 2021b) hinges on the local partners' perceptions.

The host country partner perspective is especially salient when the local state is that partner and when one considers SCEs' significant involvement in partnerships with MNEs (Sun et al., 2021a). SCEs often dominate their focal industries, exhibit unique institutional logics, and play a mixed role as regulators, commercial enterprises, and social contributors. Importantly, they are unique in how their sociopolitical

legitimacy is formed. This uniqueness stems mostly from the social contract between the state and the local society and from the state's distinct salient sociopolitical stakeholders.

The sociopolitical legitimacy of the state and its actors has significant implications for the success of the state's economic exchanges with foreign MNEs. We draw on neo-institutional theory (Kostova and Zaheer, 1999) and argue that in selecting an IJV partner, in addition to using other important task- or partner-related selection criteria, an SCE will evaluate partner characteristics that help enhance its legitimacy, that of the IJV, and ultimately that of the state in the eyes of salient stakeholders. One such characteristic is, as we posit, a candidate foreign partner's CSP. We consider the legitimation mechanisms bolstered by CSP and explain how particular institutional factors in the foreign country, the host country, and supranationally interact with them, influencing CSP's importance as a selection criterion.

The context of our study is the global extractive industries. They are a crucial wealth-creating instrument for resource-rich countries, which often rely on foreign partners to exploit resources. Because of the often-disruptive effects of these industries' activities on communities and the natural environment and local and international sociopolitical stakeholders' scrutiny, the foreign partner's CSP, the legitimacy of the IJV, and ultimately that of the SCE and the state may determine partnership success. We test our hypotheses using a sample of IJVs between SCEs from 48 countries and 203 foreign partners from 22 countries between 2000-2015.

Our findings suggest that an MNE's CSP can be an attractive selection criterion for an SCE because of its legitimacy effects. The SCE's evaluation of CSP as legitimacy enhancing is influenced by the level of corruption in the MNE's home country, the legitimacy of the host state, and the number of neighboring countries participating in international multi-stakeholder initiatives. Our examination represents the first, to our knowledge, attempt to study the host state's perspective in forming partnerships with foreign MNEs, considering MNEs' CSP as a selection criterion, and showing how nonmarket strategy interacts with institutional elements at the host, home, and supranational levels.

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## **Innovation but for whose benefit and why? Investigating digital transparency tools in the global palm oil industry**

Rory Padfield, Adam Tyson, Chee Yee Wong, Gemma Bridge & Suzana Match

In recent years, there has been growing interest amongst a variety of governmental, non-governmental and corporate stakeholders in the practice of business transparency and supply chain traceability. Firms across a broad range of industries and commodities have invested in innovation tools to achieve greater levels of transparency in their operations. Examples include Sime Darby's Cross Check 2.0 and Unilever's multi-data visualisation tool. But it is unclear how these tools are addressing sustainability and ultimately who or what are the beneficiaries of these innovations. Focusing on a range of businesses that either produce or source oil palm for their operations, this presentation summarises the key findings from a two-year project investigating how and why companies utilise these tools, who benefits, and to what degree they support broader sustainability efforts. We draw on the theory of sustainability orientated innovation (Adams et al, 2016) as a means to evaluate the impact of the tools on the broader environment and society. Evidence is gathered from twenty-one interviews with stakeholders working in the palm oil industry, sourcing of palm oil or involved in the agro-commodity field. Our analysis reveals that there is a spectrum of geospatial visualisation tools employed by firms in the palm oil sector.