Dual Institutional Embeddedness and Home Country CSR Engagement: Evidence from Indian MNEs

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ABSTRACT

This study contributes to the international corporate social responsibility (CSR) literature and emerging market multinationals research by examining the influence of dual institutional embeddedness on home country CSR engagement in the understudied context of Indian multinational enterprises (MNEs). Specifically, we study the role of internationalization, depth of involvement in stringent CSR contexts, and implementation of mandatory CSR regulation in the home country on the domestic CSR engagement of Indian MNEs. Our results indicate that heterogeneous institutional pressures experienced by firms embedded in dual institutional contexts encourage greater home country CSR engagement.

Keywords: Emerging market multinationals; Corporate Social Responsibility; Internationalization; Mandatory CSR; Institutional theory; India.

INTRODUCTION

With the rising prominence of Indian multinational enterprises (MNEs), International Business (IB) scholars have been particularly interested in understanding key antecedents of their rapid internationalization (Deng, Delios, & Peng, 2019; Jain, Pangakar, Yuan, & Kumar, 2019; Kumar, Singh, Purkayastha, Popli, & Gaur, 2019; Ramamurti, 2012b). Other researchers have investigated the impact of Indian MNE internationalization on various outcomes, such as their financial performance (Bhardwaj, Chatterjee, Demir & Turut, 2018; Gaur & Delios, 2015), the volume, type, and nature of their innovation performance (Immelt, Govindarajan, & Trimble, 2009), among others. More recently, some IB scholars have turned their attention to examining the influence of emerging market multinational internationalization on corporate social responsibility (CSR) (Agnihotri & Bhattacharya, 2019; Mithani, 2017).

CSR is defined as *voluntary engagement by firms in activities to address social problems that go beyond what is required by the legal framework* (Matten & Moon, 2008). Since MNEs operate in multiple institutional contexts, researchers have been especially interested in understanding whether MNE internationalization leads to greater cross-border transfer and diffusion of CSR practices (Marano, Tashman & Kostova, 2017). Indian MNEs are headquartered in an institutional context which is viewed as less stringent due to the weak enforcement of CSR laws compared to developed markets (Campbell, 2007; Campbell, Eden, & Miller, 2012). Consequently, their home country's institutional context is expected to exert lower institutional pressures for domestic CSR engagement. Findings from Marano and Kostova's (2016) study of developed market MNEs operating in multiple institutional contexts highlight the importance of exploring the influence of conflicting institutional pressures on multinational CSR engagement, as these firms tend to face stronger CSR norms and regulations in stringent CSR host countries along with weaker CSR norms and regulations in less stringent

CSR countries. While it is assumed that firms from countries with weak regulatory pressures will sidestep CSR, there is evidence that Indian MNEs are concerned to exhibit socially responsible behaviors in their home country (Sahasranamam, Arya, & Sud, 2020; Subramaniam, Kansal, & Babu, 2017). Our goal is to examine whether internationalization influences Indian MNEs CSR engagement in their home country. Additionally, we investigate whether Indian MNEs operating in stringent CSR host countries will exhibit progressive CSR practices in their home country due to the higher expectations of host country stakeholders because doing otherwise could lead to a loss of global legitimacy. Simultaneously, we examine whether new CSR regulation in their home country market and rising external pressures from home country stakeholders boost domestic CSR engagement by Indian MNEs.

While mandatory reporting of CSR investments is a prevailing rule in emerging markets such as Brazil (Grüninger, 2019) and China (Chen, Hung, & Wang, 2018; Liu & Tian, 2021), the Government of India became the first national jurisdiction to mandate a minimum CSR spending for firms that meet certain levels of financial performance (The Gazette of India, 2014). Indian MNEs are embedded in dual CSR institutional contexts. One institutional context is host countries where Indian MNEs have established an international presence, which drives CSR-related cultural-cognitive institutional pressures from host country stakeholders. The second is the home country institutional context, where Indian MNEs face normative institutional pressures for legitimacy due to historical CSR traditions (Chapple & Moon, 2005) and coercive institutional pressures related to recent mandatory CSR regulation (Mitra, Mukherjee & Gaur, 2020). Since CSR regulation by the Indian Government requires domestic firms to spend a nominated portion of their profits on CSR, we reason that this dual institutional embeddedness is likely to shape Indian MNEs CSR engagement at home in unique ways unexplored in the extant research.

Given the inattention to the domestic CSR engagement of Indian MNEs in the current literature, our study begins to address this gap by drawing on neo-institutional theory (Kim, Amaeshi, Harris & Suh, 2013; Kostova, Roth, & Dacin, 2008; Kostova & Zaheer, 1999; Meyer & Rowan, 1977; Tashman, Marano, & Kostova, 2019) to assess the impact of home- and host-country institutional pressures on Indian MNEs home country CSR engagement. Specifically, we consider how exposure to heterogeneous institutional pressures arising from the differences in the strength of CSR norms in host countries and the home market drives Indian MNEs' home-country CSR engagement. First, given the prominence of Outward Foreign Direct Investment (OFDI) by Indian MNEs in the last two decades (Khan, 2012; Mukundhan, Sahasranamam, & Cordeiro, 2019), we explore the impact of internationalization on home-country CSR. Subsequently, we explore whether the depth of Indian MNEs' involvement in stringent CSR contexts, through high commitment cross-border investments into these countries, influences the relationship between internationalization and home country CSR engagement. Finally, we study the moderating role of mandatory CSR regulation (enacted by the Indian Government by amending the Companies Act of 2013) on the relationship between internationalization and home country CSR engagement. Our study will provide a better understanding of the influence of coercive institutional pressures in the home country and cultural-cognitive institutional pressures arising from internationalization on the home-country CSR engagement of Indian MNEs. Figure 1 summarizes the model we elaborate and test empirically.

Insert Figure 1 about here

Our study seeks to make several theoretical contributions to the literature. First, it extends the international CSR literature (Kolk & van Tulder, 2010; Marano & Kostova, 2016; Pisani, Kourula, Kolk, & Meijer, 2017) by examining the link between internationalization and home country CSR engagement in the context of Indian multinational firms. Although the influence of Indian MNEs internationalization has been examined in the context of CSR disclosure and communication in previous studies (Agnihotri & Bhattacharya, 2019; Chapple & Moon, 2005), our study focuses on the actual CSR engagement of firms in response to institutional pressures originating from global and domestic stakeholders. Indian MNEs are subject to 'liabilities of foreignness' (Zaheer, 1995) because of their recent expansion into international markets through FDI-based entry modes. In addition, Indian MNEs also experience 'liabilities of emergingness' due to their origins in underdeveloped markets and less sophisticated institutional contexts that create credibility deficits (Madhok & Keyhani, 2012; Scalera, Mukherjee & Piscitello, 2020). We reason that deeper exposure to host countries with stringent CSR norms through internationalization can improve MNEs' awareness of the reputational and commercial risks of engaging in irresponsible behavior. We also argue that this exposure will translate to CSR-related learning and knowledge accumulation in Indian MNEs to promote the adoption of socially responsible behaviors in their home country. Accordingly, our study makes a novel contribution to the international business and CSR literature by investigating the extent to which internationalization influences CSR engagement in emerging market home-country contexts.

Second, our study contributes to the discussion on the effect of dual institutional embeddedness (Pant & Ramachandran, 2017; Tashman et al., 2019) on the CSR engagement of MNEs. Our results validate prior research, which suggests that the global institutional embeddedness of MNEs can counterbalance the adverse effects of weak home-country institutions on CSR engagement (Tashman et al., 2019). Through their exposure to stringent CSR contexts in the host countries through internationalization and the resulting need for legitimacy from host country stakeholders, Indian MNEs, we argue, will prioritize the CSR demands of their home country stakeholders. Collectively, our findings advance recent work by suggesting that the heterogeneous forces present in the dual institutional contexts that Indian MNEs are embedded in have to be studied to understand how they shape and legitimate domestic socially responsible behavior.

More importantly, by examining the CSR practices of Indian MNEs, this study integrates the international business and international CSR streams of literature, thereby addressing calls by IB scholars (Brammer, Pavelin, & Porter, 2009; Doh, Husted, Matten, & Santoro, 2010) for greater synergy between IB and CSR research. Indian MNEs have historically engaged in various home-country CSR initiatives such as supporting rural entrepreneurship (Agarwal & Sahasranamam, 2016), provisioning low-cost medical care (Ramani & Mukherjee, 2014), providing education and training to the underprivileged, and helping improve farm incomes (Varadarajan & Kaul, 2017) in response to normative pressures of legitimacy from their domestic stakeholders. With their increasing embeddedness in global markets, as indicated by the striking growth in the volume of their OFDI investments (UNCTAD, 2015), they experience greater cultural-cognitive pressures for CSR engagement from their host country stakeholders (Pisani et al., 2017). In addition, with the mandatory CSR regulation looking to formalize the CSR spending of eligible Indian firms and setting a precedent for desirable corporate responsibility guidelines, Indian MNEs face coercive pressures to accelerate compliance with CSR rules. Overall, our findings suggest that incorporating features of the global and local institutional contexts that shape stakeholder interests can provide a better understanding of how heterogeneous institutional pressures influence firm CSR engagement.

The rest of the article is structured as follows. First, we present the theoretical background of the study and develop our hypotheses. We then describe the research methodology and highlight the results from the study. Finally, we conclude by discussing the theoretical and practical contributions, limitations, and future research directions.

THEORY AND HYPOTHESES

Emerging markets are defined as countries “whose national economies have grown rapidly, where industries have undergone and are continuing to undergo dramatic structural changes, and whose markets hold promise despite volatile and weak legal systems” (Luo & Tung, 2007). In such countries with weak governance systems arising from institutional voids, standards in terms of labor, governance, and environmental practices are expected to be weak (Khanna & Palepu, 1997; Soundararajan, Sahasranamam, Khan, & Jain, 2021). Some emerging market multinational enterprises (EMNEs) take advantage of these weak CSR standards by externalizing dirty operations, lowering governance standards, providing workers with subsistence-level wages and sub-par working conditions (Soundararajan et al., 2021; Surroca, Tribó, & Zahra, 2013). Recent instances include the Satyam scandal in India (Bhasin, 2013) and the Rana Plaza incident in Bangladesh (Sinkovics, Hoque, & Sinkovics, 2016).

Institutional theorists emphasize the importance of regulative, normative, and cultural-cognitive institutional pressures in influencing the legitimacy-seeking behavior of firms (DiMaggio and Powell, 1983; North, 1990; Scott, 2008; Suchman, 1995). Indian MNEs have undergone rapid internationalization in the last couple of decades (Kumar et al., 2019). Owing to their origin in contexts with relatively lower institutional pressures for socially responsible behavior, these MNEs experience not only the ‘liability of foreignness’ (Zaheer, 1995) and a potentially hostile international environment (Zahra & Garvis, 2000) but also a ‘liability of emergingness’ (Madhok & Keyhani, 2012) in global markets. Negative stereotyping by global stakeholders creates legitimacy deficits for them compared to their developed market peers (Mukherjee, Makarius, & Stevens, 2021; Torres de Oliveira et al., 2020).

At the same time, the internationalization of Indian MNEs has meant that they are exposed to global CSR norms and face increased pressures to conform to international social responsibility standards to gain legitimacy with global stakeholders. Additionally, emerging markets, such as India, have themselves undergone pro-market reforms to strengthen their home institutions, incorporating laws and rules guiding corporate triple bottom line behavior (Cuervo-Cazurra, Gaur, & Singh, 2019). Due to their embeddedness in home and host institutional contexts, we reason that Indian MNEs will face heterogeneous institutional pressures from home and host country stakeholders that drive greater domestic CSR engagement. More specifically, CSR norms, values, and cultural expectations generate cognitive-cultural institutional pressures for Indian multinationals in host countries, e.g., when non-governmental stakeholders mobilize consumers concerned with their CSR performance through media campaigns. At the same time, the mandatory CSR regulation (i.e., the 2013 amendment to the Companies Act that makes CSR activities mandatory for financially well-performing Indian firms) seeks to improve the quality of home-country CSR institutions while exerting coercive institutional pressures on Indian multinationals to comply with these targets to obtain legitimacy from the Government. Rising global cognitive-cultural institutional pressures on Indian MNEs with deeper commitment (through outward FDI) in stringent CSR host countries, along with coercive institutional pressures due to mandatory CSR regulation at home, should promote domestic CSR engagement to send a signal to legitimacy conferring stakeholders (e.g., local communities, consumers, etc.) that they are tackling their social responsibilities substantively (Oberseder, Schlegelmilch & Murphy, 2013).

Internationalization and CSR

Firm internationalization is the process ‘‘through which a firm expands the sales of its goods or services across the borders of global regions and countries into different geographic locations or markets’’ (Hitt, Ireland, & Hoskisson, 2007, p. 251). The internationalization of Indian MNEs is likely to lead to increased CSR engagement in their domestic markets for multiple reasons. First, Indian MNEs face institutional pressures from domestic stakeholders and a range of host country stakeholders, such as the host governments, global competitors, NGOs, foreign customers, and communities (Christmann, 2004; Kang, 2013). Sanders and Carpenter (1998, p. 158) note that as internationalization increases, firm survival increasingly depends on the "ability to cope with the high levels of complexity resulting from heterogeneous cultural, institutional, and competitive environments and the need to coordinate and integrate their geographically dispersed resources." Rising cognitive-cultural institutional pressures from different stakeholders are likely to increase Indian MNEs' managerial attention to CSR (Matten & Moon, 2008; Sharma & Henriques, 2005). Because internationalization attracts greater analyst coverage and media attention (Hong & Kacperczyk, 2009), Indian MNEs are more likely to respond to rising stakeholder demands and protect their global reputation by exhibiting socially responsible behaviors in their home country market (Dowell, Hart, & Yeung, 2000; Kostova & Zaheer, 1999). For example, Christmann and Taylor (2001) found that Chinese MNEs with exports to developed countries improved their local environmental performance and obtained formal certification to the global environmental standard ISO 14000 to manage varying levels of stakeholder pressures for greater social responsibility of their worldwide operations.

Secondly, since the post-liberalization cohort of Indian MNEs benefited from lower information scanning costs and lower trade barriers to internationalization (Ramamurti, 2012a), they have a greater propensity to pay attention to global CSR practices that garner the most legitimacy from foreign stakeholders in developed economies. This exposure to global CSR practices allows them to identify new and diverse CSR ideas from distinct markets and cultural perspectives. Managerial experience within complex environments and geographic diversity can also provide Indian MNEs with indispensable CSR knowledge (Ruigrok & Wagner, 2003). These are likely to impact CSR engagement in the home market due to the social learning process (Aguilera-Caracuel, Guerrero-Villegas, Vidal-Salazar, & Delgado-Márquez, 2015). Global CSR standardization (Christmann, 2004; Dowell et al., 2000) can reduce MNE CSR costs by allowing them to reproduce social and environmental practices in different locations without additional development costs (Cruz & Boehe, 2010). Standardizing CSR norms within the EMNE's internal network in all their countries of operation (Surroca et al., 2013) can also help them achieve internal coherence (Kostova et al., 2008).

Thirdly, because Indian MNEs operate in home country contexts with institutional voids, they have historically taken on responsibility for addressing decades of social problems by providing essential services such as education, housing, and sanitation (Cappelli, Singh, Singh, & Useem, 2010; Mishra & Suar, 2010b; Sivakumar, 2008). Scholars have found evidence that many Indian MNEs exhibit socially responsible behaviors in their home country by addressing social tensions associated with a high population base and the extreme wealth-poverty gap (Agrawal & Sahasranamam, 2016; Mohan, 2001). As a result, local communities expect Indian MNEs to proactively engage in CSR by providing social services such as health care, cash, and kind donations, etc. This engagement should make Indian MNEs more attuned to CSR-related issues and open to CSR learning as they globalize. Exposure to global CSR practices and the priorities and traditions in the home market will likely make Indian MNEs perceive normative institutional pressures from local communities for CSR more intensively than before. Accordingly, we reason that as Indian MNEs globalize, they will enhance home country CSR engagement due to global exposure to CSR along with their desire to gain and maintain legitimacy with local communities by addressing these normative institutional pressures. Owing to these multiple reasons, we hypothesize that:

Hypothesis 1: *Internationalization positively influences Indian MNE home country CSR engagement.*

Internationalized firms are exposed to different CSR attitudes and standards in different countries. Therefore, although our arguments above suggest that internationalization is positively related to CSR activities, there is another stream of research, which argues that internationalization can have varied effects on CSR engagement depending on the CSR standards in the host country. For instance, research investigating the 'pollution haven hypothesis' (i.e., the extent to which multinational firms locate their business activities in countries with lax corporate social standards and environmental standards) suggests that firms tend to transfer their negative externalities to countries with weak CSR regulations (Christmann & Taylor, 2001; Dam & Scholtens, 2008). When operating in such less-stringent CSR contexts, MNE subsidiaries may mimic the lower CSR standards of local competitors. For example, when Indian MNEs internationalize to other emerging markets with less stringent CSR standards, institutional pressures for CSR are likely to be similar to that of the home country (Cuervo-Cazurra & Genc, 2008). Given that the extent of legitimacy deficit is likely to be low in such less stringent host countries, Indian MNEs are likely to display limited CSR engagement in their home market.

On the other hand, when Indian MNEs internationalize to a stringent-CSR host country, they are likely to encounter higher institutional pressures for CSR and possibly higher levels of prejudice against their country of origin, leading to greater legitimacy and reputation deficits (Gaur & Kumar, 2009; Madhok & Keyhani, 2012). From an institutional legitimacy standpoint, it is argued that "legitimacy is only important to the extent that the assessing party has influence over the organization being assessed" (Wry, Cobb, & Aldrich, 2013, p. 472). The deeper involvement of Indian MNEs in countries with stringent CSR standards should motivate them to prioritize stakeholder demands for socially responsible behavior in those countries and adopt CSR behaviors perceived as legitimate there (Oliver, 1991). Deeper exposure to the host country through high commitment modes, such as FDI-based wholly-owned subsidiaries, exposes firms to cultural-cognitive institutional pressures. Institutional influences manifest as discrimination hazards to doing business abroad (Campbell et al., 2012) and represent costs of obtaining external legitimacy in the host country, and are particularly high for firms that make irreversible resource commitments (Ramachandran & Pant, 2010; Sethi & Judge, 2009). Indian MNEs with a poor track record of social responsibility at home may suffer adverse customer reactions to products, monitoring, or even boycotts in international markets (Becker-Olsen, Cudmore, & Hill, 2006; Campbell, 2007). These higher institutional pressures for CSR are likely to increase CSR adoption by Indian MNEs to address the reputational and legitimacy deficits.

If an Indian MNE has only a short-term interest in a country, it is unlikely to invest in meeting the CSR standards in that country (Kang, 2013), leading to lower CSR engagement there. Alternatively, if the Indian MNE has longer-term interests and a higher commitment in a host country with higher CSR institutional strength, greater salience of cognitive-cultural institutional influences (Bandelj, 2002; Greenwood, Raynard, Kodeih, Micelotta, & Lounsbury, 2011) should lead to a greater adherence to host country CSR standards. Therefore, we reason that greater involvement in host countries with stringent CSR requirements will positively influence the relationship between internationalization and Indian MNE home country CSR engagement. Accordingly, we hypothesize that

Hypothesis 2: *Depth of involvement in host countries with stringent CSR requirements has a positive moderating effect on the relationship between internationalization and Indian MNE home country CSR engagement.*

North (1990) suggested that institutional environments comprise both formal institutions (codified political, judicial, economic regulations, and laws) and informal institutions (tacit cultural, historical, and behavioral norms). Firms tend to rely on both formal and informal institutional cues to guide their actions. Indian MNEs are embedded in dual institutional contexts (Tashman et al., 2019) and experience institutional pressures from home country and host country customers, regulators, stakeholders, and peers (Kostova & Zaheer, 1999; Marano & Kostova, 2016). These pressures can present significant challenges to CSR engagement by Indian MNEs because of the heterogeneity in CSR orientation across countries. Rising institutional pressures from new CSR-related regulation in the home market can be expected to influence domestic socially responsible behavior exhibited by Indian MNEs. We reason that heterogeneous pressures from dual institutional embeddedness will increase the likelihood that Indian MNEs will become more receptive to identifying, evaluating, and increasing their domestic CSR engagement for two reasons.

First, firms tend to address the concerns of salient stakeholders whose cooperation is crucial for their operations (Mitchell, Agle, & Wood, 1997). Given that the Government is a salient and important stakeholder for Indian MNEs (Agrawal & Sahasranamam, 2016), the propensity of the firm to pay attention to coercive institutional pressures from new regulations to gain governmental support should lead to greater domestic CSR engagement. More specifically, due to their relatively late entry into international markets, Indian MNEs rely significantly on support from their home government to pursue global expansion. The support they receive ranges from information provision, technical assistance, capacity building to financial, fiscal and insurance measures, investment-related trade policies and schemes to promote the transfer of technology and investment insurance (UNCTAD, 2001). Since the home governments provide support for Indian MNEs internationalization, regulatory institutions at home are likely to influence their strategic priorities and shape their actions (Jackson & Deeg, 2008). In this regard, mandatory CSR regulation is likely to act as a coercive institutional pressure to domestic CSR engagement (Helmig, Spraul & Ingenhoff, 2016; Jain, Aguilera, & Jamali, 2017). To achieve legitimacy at home and to complement the legitimacy requirements of global stakeholders, Indian MNEs are likely to respond positively to coercive pressures of mandatory CSR regulation. Thus, the mandatory CSR regulation should enhance the positive relationship between internationalization and home-country CSR engagement.

Second, because of their traditionally weak institutional heritage, Indian MNEs tend to suffer legitimacy deficits and a negative reputation among global stakeholders (Luo & Tung, 2007; Madhok & Keyhani, 2012). Government regulations, such as the mandatory CSR law, point to improving institutional quality in their home institutional contexts and create the potential for positive signaling benefits (Hong & Kim, 2017). Compliance with CSR regulations at home satisfies local coercive regulatory pressures while allowing Indian MNEs to improve their CSR credibility with global stakeholders (Subramaniam et al., 2017; Wang, Luo, Lu, Sun & Maksimov, 2014). More specifically, for Indian MNEs that are more geographically diversified, the exposure to developed country-based competitors will produce aspirations to show a "modern" and "progressive" face to the world. Prior research points to positive signaling benefits of home-country CSR in allowing EMNEs to access favorable resources, such as attracting local talent to work for their foreign subsidiaries (Hong & Kim, 2017). As a result, compliance with mandatory CSR regulations should enhance the relationship between internationalization and their domestic CSR engagement, allowing them to overcome scrutiny and pressure from stakeholders in developed markets who may be potentially critical of their CSR policies and behaviors when seen through "global" standards. In summary, we argue that the coercive institutional pressures from mandatory CSR laws originating in their home country institutional context will provide the necessary impetus for Indian MNEs aggressively expanding global business, concerned about their liability of foreignness, to exhibit "progressive" domestic CSR practices. Thus, we hypothesize the following:

Hypothesis 3: *Home country CSR regulation has a positive moderating effect on the relationship between internationalization and Indian MNE home country CSR engagement.*

DATA AND METHODS

Research context

The empirical context of India offers three unique advantages for our study. First, firms from India have a long, voluntary tradition of engaging in CSR to address social problems (Agrawal & Sahasranamam, 2016; Husted, 2015; Sharma & Talwar, 2005). Leading business groups in India such as Tata, Aditya Birla, Bajaj, and Godrej have played equally important roles in industrializing the nation and promoting social development (Mohan, 2001). Research has found that philanthropic traditions with a country support resource commitments towards socially-focused action (Sahasranamam & Nandakumar, 2020).

Second, the CSR-related institutions in India have undergone rapid developments in the last 15 years after making limited progress in the sixty years since independence. The changes started in 2007, when the then Prime Minister, Dr. Manmohan Singh, released a 'Ten Point Social Charter' calling for firms to partner with the Government for achieving inclusive growth (Prime Minister of India, 2007). This charter was followed by issuing the Corporate Social Responsibility Voluntary Guidelines by the Ministry of Corporate Affairs, Government of India (Ministry of Corporate Affairs, 2009), culminating in the mandatory CSR legislation of 2013. These developments have increased the research attention directed towards examining the socially responsible behavior of Indian firms (Jain et al., 2017; Sahasranamam et al., 2020; Subramaniam et al., 2017).

Third, Indian MNEs face rising coercive institutional pressures for compliance due to the mandatory CSR regulation and the monitoring of firm CSR actions by various stakeholders.

As per this mandatory CSR legislation, firms with (a) net worth exceeding ₹5 billion (approximately $70 million); or (b) turnover greater than ₹10 billion (approximately $140 million); or (c) net profits higher than ₹50 million (approximately $700,000) during an immediately preceding financial year are required to invest at least 2% of their average net profits from three immediately preceding financial years in CSR (The Gazette of India, 2014). Thus, India provides a unique institutional setting to explore the contingent influence of mandatory regulations on the relationship between internationalization and home-country CSR engagement.

Data sources

We combined data from multiple sources to create the dataset for our study. First, we used the Centre for Monitoring the Indian Economy (CMIE) PROWESS database to obtain firm-level data for publicly listed Indian firms, which includes firms listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). This database has been extensively used in prior research on Indian firms (Kumar et al., 2019; Sahasranamam et al., 2020). We collected data for the 2008–2017 period for our study. Our analysis period coincides with the global increase in consciousness surrounding CSR practices of firms following the financial crisis in 2008 (Giannarakis & Theotokas, 2011).

Our second source of data was the Reserve Bank of India's (RBI) foreign exchange department website, which provides information on FDI outflows of Indian firms. Emerging economies have become significant players in outward FDI since the 1990s (UNCTAD, 2018). In the Indian context, significant FDI participation by Indian MNEs has been observed since the start of the new millennium (Khan, 2012). Every month, RBI reports the outward FDI activity of Indian MNEs with details such as the value of investments, mode of FDI entry, the host country of entry, the industry in which the investment was made, etc. (see Mukundhan et al., 2019 for details).

Third, to capture the stringency of CSR institutions in the different countries where Indian MNEs have internationalized, we used the Responsible Competitiveness Index (RCI) data outlined in Peng and Beamish (2008). This index measures a country's institutional quality around responsible practices based on 21 indicators grouped into seven categories, namely, ethical business practices, corporate governance structures, progressive policy formulation, building human capital, engagement with civil society, contribution to public finance, and environmental management (Marano & Kostova, 2016). The index is created by the Institute of Social and Ethical Accountability using data from Amnesty International, International Organization for Standardization, International Labour Organization, Transparency International, World Economic Forum, and World Bank (for details, see Zadek & McGillivray, 2007). Prior studies have used RCI as a suitable proxy for CSR institutional quality of countries (Marano & Kostova, 2016; Peng & Beamish, 2008). Ideally, we would have liked to use the RCI data on an annual basis to capture the strength of CSR institutions in the countries of our interest. However, due to the non-availability of this data across time, we have used data from 2007 as representative of the entire period of our study. Prior work notes this approach as appropriate (Marano & Kostova, 2016; Peng & Beamish, 2008), given that institutions are relatively stable and change slowly (North, 1990).

We matched the RCI data with the data on FDI investments of Indian MNEs available from the RBI database. RCI data was not available for all the countries in the RBI database, which reduced the overall sample size. Next, we merged this data with firm-level data obtained from CMIE PROWESS to create a panel dataset. Instances of missing data in the merged dataset on key variables of interest outlined below led to a further reduction in the sample size.

As a result, we ended up with an unbalanced panel dataset of 2771 firm-year observations in the final analysis, as noted in Table 5.

Variables

Dependent variable

The dependent variable for the study is Indian MNE *home country CSR engagement.* We measure this as the ratio of charitable donations and community contributions made by Indian firms to their annual net sales. We have considered both charitable donations and community contributions together because Indian firms are likely to report these values inconsistently, such as reporting charitable donations from one year as community contributions in the following year or vice versa (Mithani, 2017). Prior research has also used this operationalization to study the home country CSR engagement of Indian firms (Sahasranamam et al., 2020). Other research also corroborates that the combination of charitable donations and community contributions constitutes a significant portion of CSR spending by Indian firms (Chowdhry, 2017; KPMG, 2017). Given the skewed distribution of this variable, we utilize its logarithmic transformation for our analysis.

Independent and moderator variables

Our independent variable is *internationalization*. We measure it as the cumulative volume of Outward Foreign Direct Investment (OFDI) made by the firm. We lag this variable by one year in the analysis to overcome reverse causality concerns. Given the skewed distribution of this variable, we utilize its logarithmic transformation in our analysis.

Our study utilizes two moderator variables — the *depth of involvement in stringent-CSR contexts and the mandatory CSR dummy*. To capture the stringency in CSR institutions worldwide, we use the RCI index value to classify countries into high- or low-CSR contexts compared to India (RCI value = 52.2). We provide an illustrative list of countries under this classification along with their RCI index value in Table 1 (for a detailed list, see Zadek & McGillivray, 2007). To capture the *depth of involvement in stringent-CSR contexts*, we consider the count of Wholly owned subsidiary-based international entries made by the firm in the high-CSR countries. A higher value in this variable reflects Indian MNEs' deeper involvement in stringent-CSR countries.

Our second moderating variable is the *Mandatory CSR dummy.* As specified in the research context, the mandatory CSR regulation was stipulated under Section 135 of the Companies Act 2013. According to this amendment of the Companies Act, firms with a net worth exceeding ₹5 billion (approximately $70 million) or having a turnover of ₹10,000 million (approximately $140 million) or earning net profits above ₹50 million (approximately $700,000) in the preceding financial year, need to spend at least 2% of their average net profits from the immediately preceding three financial years on CSR activities[1]. Since this legislation came into effect only in April 2014, we identified the Indian MNEs that met the above criteria annually since 2014 and coded a dummy variable corresponding to them as '1'. The dummy variable was coded '0' when (a) the Indian MNEs did not meet the criteria mentioned above in the post-2014 period and (b) for the entire sample of firms in the pre-2014 period.

Control variables

Based on prior research exploring internationalization and CSR, we control for the following variables, namely, *financial performance*, *firm size*, *firm age*, *marketing intensity*, *business group affiliation, foreign institutional investor presence, foreign stock exchange listing, current ratio,* and *leverage ratio* in our study (Cameron, Whetten, & Kim, 1987;

[1] See http://ebook.mca.gov.in/Actpagedisplay.aspx?PAGENAME=17518 for more information

Harjoto & Jo, 2011; Li & Zhang, 2010; Marano et al., 2017; Muller & Kolk, 2010; Oh, Chang, & Martynov, 2011).

Financial performance. We control for financial performance in the model as poor financial performance is likely to encourage conservative CSR behavior by firms (Cameron et al., 1987). We use return on assets (ROA) to capture financial performance.

Firm size. Research has noted that *firm size* is positively associated with CSR (Johnson & Greening, 1999; Muller & Kolk, 2010). So, we control for firm size by measuring it as the logarithm of its total sales.

Firm age. Prior research offers mixed evidence on the role of firm age on CSR, highlighting both positive (Moore, 2001) and negative effects (Cochran & Wood, 1984). We control for firm age in our study and operationalize it as a continuous variable capturing the difference between the year of firm incorporation to time *t*.

Marketing intensity. From prior evidence, it has been noted that firms with high marketing intensity are more likely to engage in CSR to support their product-signaling efforts (Fisman & Khanna, 2004; Harjoto & Jo, 2011). Thus, we control for marketing intensity, measured as the ratio of marketing expenses to the firm's total sales.

Business group affiliation. Group-level philanthropy may influence the charitable donations of affiliate firms (Mithani, 2017). Hence, we operationalize the business group affiliation of firms in our sample as a dummy variable using the classification provided in the PROWESS database (Khanna & Rivkin, 2001; Lodh, Nandy, & Chen, 2014). The dummy takes the value of '1' if the Indian MNE is associated with a business group and '0' otherwise.

Foreign stock exchange listing. EMNEs list their securities in foreign stock exchanges to improve access to capital and generate brand exposure in those markets, and this is likely to influence their CSR investments (Marano et al., 2017). We capture foreign stock exchange listing based on Global Depository Receipts (GDR) and American Depository Receipts (ADR) issued by Indian firms. We capture this data from the PROWESS database and code it as a dummy variable that takes the value of '1' if the Indian MNE has issued ADR/GDR receipts and '0' otherwise.

Foreign institutional investor presence. Foreign institutional investors are likely to pay more attention to CSR given their global exposure and, in their attempts, to reduce information asymmetry (Oh et al., 2011). Therefore, we control for the presence of foreign institutional investors in the Indian MNEs in our model. Using data provided by PROWESS, we operationalize it as a dummy variable that takes the value of '1' if the firm has received investments from foreign institutional investors and '0' otherwise.

Current ratio. Prior empirical studies suggest that firms are more likely to engage in discretionary spending such as CSR when they have greater financial slack (Waddock & Graves, 1997; Xu, Yang, Quan, & Lu, 2015). To control for this effect, we use the current ratio, which is the ratio of the firm's current assets to current liabilities.

Leverage ratio. Firms with higher debt levels are expected to use their cash in servicing debt and other covenants rather than invest in CSR activities (Li & Zhang, 2010; Oh et al., 2011). We, therefore, control for the leverage ratio, which is the ratio of the firm's debt to equity.

We also control for industry differences in CSR engagement through dummy variables based on National Industry Classification (NIC) codes[2] (Central Statistical Organization, 2008). The

[2] Following National Industrial Classification 2008, there are 21 broad industry categories (Central Statistical Organization, 2008). We use this broad industry classification: 1 - agriculture, forestry, fishing; 2 - mining and quarrying; 3 - manufacturing; 4 - Electricity, gas, steam and air conditioning supply; 5 - Water supply; sewerage, waste management and remediation activities; 6 - construction; 7 - Wholesale and retail trade; repair of motor vehicles and motorcycles; 8 - Transportation and storage; 9 - Accommodation and Food service activities; 10 - Information and communication; 11 - Financial and insurance activities; 12 - Real estate activities; 13 - Professional, scientific and technical activities; 14 - Administrative and support service activities; 15 - Public administration and defence; compulsory social security; 16 - Education; 17 - Human health and social work activities; 18 - Arts, entertainment and recreation; 19 - Other service activities; 20 - Activities of households as employers; undifferentiated goods- and services producing activities of households for own use; 21 - Activities of extraterritorial organizations and bodies.

list of variables used in our study, and their operationalization and summary statistics, are provided in Table 2.

ANALYSIS AND RESULTS

From the summary statistics presented in Table 2, the mean age of firms in our sample is 25 years, indicating a good representation of new and old firms. The mean for the business group affiliation is 0.4, indicating a considerable presence of business group affiliated firms in our sample. We report the correlation matrix in Table 3. We find a positive and significant correlation between internationalization and Indian MNE home country CSR engagement. Similarly, the correlations of the moderator variables with Indian MNE home country CSR engagement are positive and significant. We checked the Variation Inflation Factor (VIF) scores to ascertain if multicollinearity affects our model specification. The mean VIF score was 1.33, with the highest individual VIF score being 1.86. These scores are much lower than the cut-off value of 4, indicating that multicollinearity is not a concern in this study (Neter, Kutner, Nachtsheim, & Wasserman, 1996).

We use a Heckman two-stage selection model for testing the hypotheses. In the first stage, we use a probit model to predict FDI-based internationalization entry (dummy variable) of Indian firms using the control variables listed above. We use the exchange rate index between the US dollar and Indian rupee, i.e., *USD-INR exchange rate*, as the instrument variable. The exchange rate is a particularly fitting instrument variable for our setting since it is likely to influence Indian MNEs' foreign direct investments but unlikely to affect the home-country CSR of Indian MNEs, which is our dependent variable. Subsequently, we calculate the Mills ratio from the equation and add it to the second stage estimation model that predicts home country CSR investment. We use panel random-effects regression for estimating the hypothesized relationships. We compute robust standard errors and account for industry effects through industry dummies. We lag the primary independent and first moderator variables in the analysis by a year to overcome reverse causality concerns. We also account for endogeneity concerns using the Heckman two-stage model with instrumental variables. Our research design helps mitigate concerns of omitted heterogeneity by using industry-fixed effects (El Ghoul, Guedhami, Wang, & Kwok, 2016).

Table 4 presents the first stage of our two-stage estimation approach predicting internationalization. The results show that our instrument variable, i.e., USD-INR exchange rate, predicts internationalization significantly. We estimate the Mills ratio from this regression.

Table 5 presents the results from the second stage of regression analysis. Model 1 presents the base model, testing the effect of control variables on Indian MNE home-country CSR engagement. We find that older Indian MNEs are likely to invest more in CSR, consistent with the reputational benefits expected by such firms from their stakeholders (Agrawal & Sahasranamam, 2016; Mukherjee et al., 2021). Similarly, in line with extant literature (Sahasranamam et al. 2020), we find that business group affiliation enhances the domestic CSR spending of Indian MNEs.

In Model 2, we introduce the independent variable, namely internationalization, and observe a positive and significant effect on Indian MNEs' home country CSR engagement ($\beta = 0.08$; $p < 0.001$). The significance of this variable holds consistent in Model 3 and Model 4 as well. Thus, we find support for Hypothesis 1. Model 3 introduces the direct and interaction effect of depth of involvement in high-CSR contexts variable. Here, we find a positive and significant moderating effect for the variable ($\beta = 0.02$; $p <= 0.05$), illustrating that greater involvement in high-CSR contexts enhances the relationship between internationalization and Indian MNE home country CSR engagement. This finding lends support for Hypothesis 2. We plot this interaction effect in Figure 2.

In Model 4, we include the direct and interaction effects of the mandatory CSR dummy. We observe that mandatory CSR dummy has a direct positive and significant effect on enhancing Indian MNE CSR engagement at home and a significant contingent effect on the relationship between internationalization and Indian MNE home country CSR engagement ($\beta = 0.07$; $p <= 0.001$). Thus, we find support for Hypothesis 3 and plot the interaction in a graph illustrated in Figure 3.

Robustness tests

We carried out three sets of robustness tests. First, we repeated our analysis using a propensity score matching approach. We used the FDI-based internationalization as the treatment variable and matched it using all the other control variables listed earlier. Subsequently, we used the matching weights in the second stage regression to predict home-country CSR engagement. From this regression analysis, we observed results similar to our model presented in Table 5. Second, we used an alternative operationalization of the internationalization variable, measuring it as export intensity (export earnings/sales), and observed similar direct effects. Finally, in the moderating effects model, we replaced the depth of involvement in stringent CSR contexts variable with the weighted mean value of the RCI index. We performed this test to check whether mere exposure to stringent CSR norms influences home-country CSR engagement. In this regard, we did not find the moderating effect of the weighted mean value of the RCI index to be statistically significant. This finding lends additional support to our argument that the resource commitments made by firms in stringent CSR countries translate into increased CSR engagement at home.

DISCUSSION AND IMPLICATIONS

In the context of Indian MNEs, extant research has identified stakeholder salience (Mishra & Suar, 2010a), ownership structure (Sahasranamam et al., 2020), and market seeking motives (Agnihotri & Bhattacharya, 2019) as key determinants of CSR disclosure and/or CSR engagement by firms. On the other hand, prior studies have used dual institutional embeddedness to explain CSR disclosure and/or engagement by multinationals from developed economies (Marano & Kostova, 2016; Tashman et al., 2019). Our study is among the earliest to empirically explore the role of dual institutional embeddedness on Indian MNEs' home-country CSR engagement. In contrast to prior studies that have either examined CSR reporting/disclosure or focused on CSR investments of developed country MNEs, we study the actual CSR investments made by Indian MNEs at home and argue that these investments serve as strategic responses for building legitimacy simultaneously in the home and host institutional contexts. Furthermore, instead of merely conceptualizing emerging markets as weak CSR institutional contexts, we trace the patterns of home-country CSR engagement by Indian MNEs over time to understand how they vary with the improvement of CSR-related institutions in the home country market, i.e., India. We find that strengthening home country institutions complement internationalization in explaining Indian MNEs' home-country CSR engagement.

Our results show that internationalization independently enhances Indian MNEs' home-country CSR engagement. Additionally, we find that the strength of this relationship increases with deeper MNE involvement in stringent-CSR contexts, indicating that experiencing greater cultural-cognitive pressures for legitimacy abroad translates to higher CSR engagement at home. Furthermore, coercive institutional pressures arising from the home country context, in the form of mandatory CSR regulations, positively influence the relationship between internationalization and home-country CSR engagement.

Theoretical contributions

We make multiple theoretical contributions to the existing literature. First, we contribute to the international CSR literature (Kolk & van Tulder, 2010; Pisani et al., 2017) and the literature on CSR in emerging markets (Jamali & Karam, 2016; Mitra et al, 2020) by exploring the link between internationalization and Indian MNEs home country CSR engagement. The presence of substantial institutional voids has historically characterized the institutional environment in India, and firms have typically used internationalization to escape these institutional constraints (Luo & Tung, 2007). On the other hand, international markets expose Indian MNEs to the risks of engaging in irresponsible social behaviors and offer them opportunities to understand and learn from the CSR practices of other developed-country MNEs. Our findings extend Marano and Kostova's (2016) work on the impact of global institutional pressures on CSR in developed market MNEs by studying the role of internationalization and the magnitude of cross-border resource commitment on home-country CSR engagement.

Second, we contribute to the emerging literature on the dual institutional embeddedness of EMNEs (Pant & Ramachandran, 2017; Tashman et al., 2019). Tashman et al. (2019) use the dual institutional embeddedness argument to highlight that internationalization helps MNEs counterbalance adverse home country contextual effects. We contribute to this literature by studying the influence of internationalization through FDI (embeddedness in host markets) and mandatory CSR regulation (embeddedness in home markets) on home country CSR engagement. Our results suggest a complementary effect of dual institutional embeddedness on CSR, where cultural cognitive pressures arising from exposure to international contexts through FDI and coercive pressure arising from mandatory CSR regulation at home enhances home-country CSR engagement of Indian MNEs.

Practical implications

Our study has practical and policy implications as well. The Indian Government introduced mandatory CSR regulations for all eligible firms because they wanted organizations to be an equal and important stakeholder in the country's social development. However, initial studies conducted on the effect of mandatory CSR regulations have provided mixed results. For example, Bhattacharyya and Rahman (2019) found a positive association between mandatory CSR expenditure and firm accounting performance. They attributed this finding to firms optimizing their CSR spending in the post-regulation period.

On the other hand, Garg and Gupta (2020) found that mandatory CSR expenditure is negatively associated with financial performance in Indian Public Sector Enterprises. In another study, Bhattacharyya and Rahman (2020) found that mandatory CSR expenditure is negatively related to a firm's stock market returns, particularly when firms solely comply with the regulation and do not exceed the minimum contribution limits. We find that coercive institutional pressures from mandatory CSR regulation complement host-country cultural-cognitive institutional pressures in Indian MNEs with FDI investments, as reflected in enhanced domestic CSR engagement. From a policy standpoint, this suggests that Indian regulators should focus on targeting CSR policies towards Indian firms with limited internationalization and exposure to global CSR standards. For practitioners and Indian MNE managers, our work outlines the role of coercive and cultural-cognitive institutional pressures in driving CSR while operating in dual institutional contexts.

Limitations and future research

As highlighted earlier, our study is among the earliest to explore the effect of home- and host-country institutional pressures on EMNE home-country CSR engagement. Our research focuses on Indian MNEs and explores the effect of internationalization along with the impact of unique contextual legislation mandating CSR spending. Our choice of context and period limit the generalizability of our findings. Future research can be conducted in other emerging and frontier market contexts in Asia, Latin America, and Africa to explore the impact of unique national pressures for CSR. Also, there have been amendments to the Indian mandatory CSR law (in January 2021) around non-compliance rules and impact assessment (Rishi & Antani, 2021). Future research might consider exploring the influence of such amendments on CSR engagement by Indian MNEs. Second, we also acknowledge limitations due to the lack of data on the FDI subsidiaries in host countries, such as their financial performance. Future research utilizing such details on FDI subsidiaries of Indian MNEs could better capture other aspects of host-country institutional pressures.

As highlighted earlier, the Indian context offers a unique setting for advancing CSR research due to the combination of normative (historical traditions of charity) and coercive (mandatory CSR regulation) pressures from domestic stakeholders. To develop contextualized theory, we call for future research that explores CSR in this context in greater depth. We highlight some avenues for research in this regard. First, research has observed that institutional pressures for CSR in emerging market firms vary depending on their ownership structure (Sahasranamam et al., 2020). This finding suggests a need for future research investigating differences in legitimacy pressures for CSR due to variations in ownership for internationalizing Indian MNEs. Second, according to the 2019 United Nations Global Compact (UNGC) - Accenture strategy CEO study[3], 48% of CEOs are implementing sustainability in their operations, and 71% of CEOs believe that with greater commitment, businesses can make a crucial impact in the achievement of global sustainability goals. This

[3] Source: https://www.accenture.com/_acnmedia/pdf-109/accenture-ungc-ceo-study.pdf#zoom=50

finding brings into focus the role of CEOs, the top management team, and the corporate boards in emphasizing sustainability in firm operations.

Given that the role of leadership in driving socially responsible behavior has received limited attention in the literature on emerging economies (Arya, Horak, Bacouel-Jentjens, & Ismail, 2021) and in the Indian context (Jain et al., 2017; Sivakumar, Sahasranamam, & Rose, 2016), future research might explore how senior managers and boards make CSR-related investment decisions in response to heterogeneous institutional pressures from dual institutional contexts. Future research could particularly benefit from using the microfoundations lens (Contractor, Foss, Kundu & Lahiri, 2019). Another area for future research is to explore the influence of industry-specific legitimacy pressures in combination with other institutional pressures. Finally, future research could also benefit from studying the role of time in CSR engagement. For instance, longitudinal studies evaluating the temporal effects of institutional pressures on Indian MNE home country CSR engagement would be particularly relevant. On a related front, scholars could examine patterns in the variations of Indian MNE home-country CSR engagement over time, related to varying levels of coercive, mimetic, and normative institutional pressures.

Conclusion

Our study provides new insights into Indian MNEs' domestic CSR engagement by exploring the effects of their dual institutional embeddedness. This study contributes to the ongoing conversation on the role of internationalization on CSR by highlighting the varied roles played by home- and host-country institutional pressures in the context of Indian MNEs. We find that exposure to global legitimacy pressures and learning environments through internationalization enhance Indian MNEs' home country CSR engagement. We also observe that dual institutional embeddedness of internationalization through FDI (embeddedness in host markets) and mandatory CSR regulation (embeddedness in home markets) enhances home country CSR engagement.

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Figure 1. Conceptual model

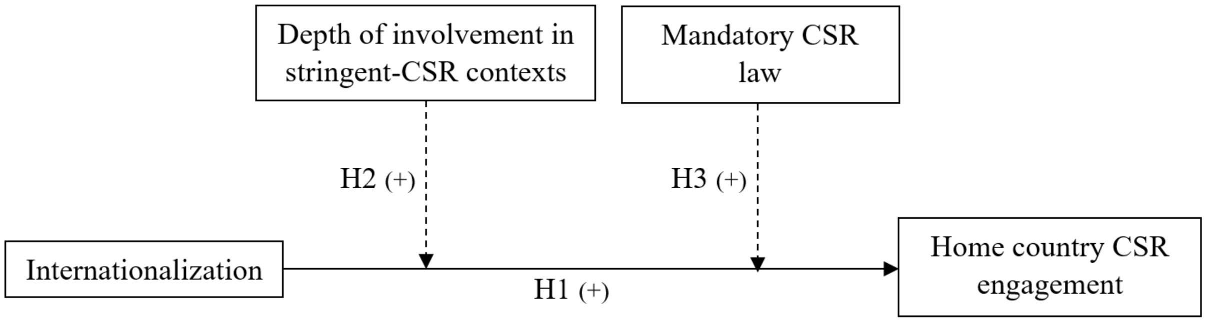
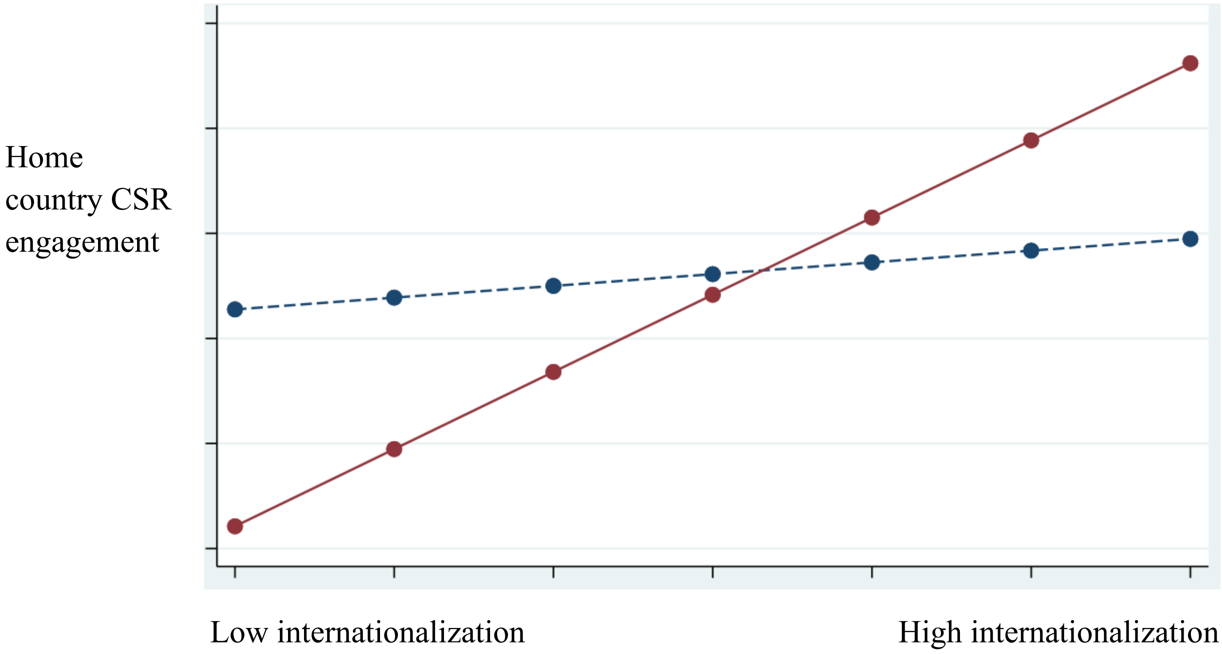
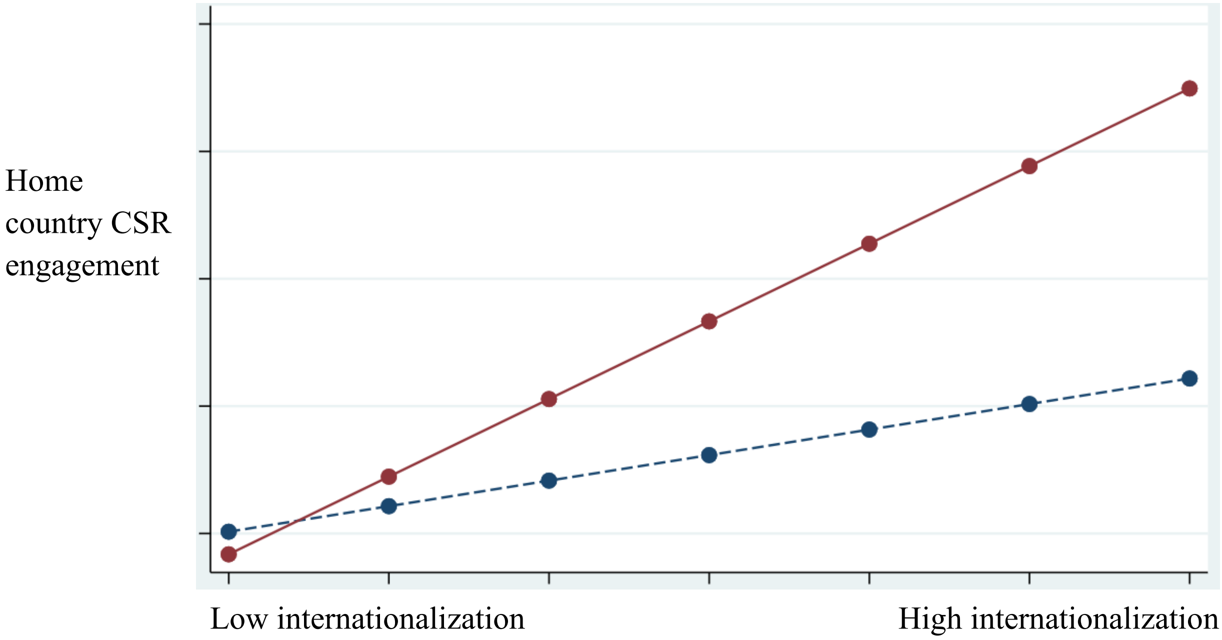


Figure 2. Interaction plot between internationalization and depth of involvement in stringent-CSR contexts



Note: Solid line represents a higher depth of involvement in stringent-CSR contexts, while the dotted line represents a lower depth of involvement

Figure 3. Interaction plot between internationalization and mandatory CSR dummy



Note: Solid line represents firms that are under the mandatory CSR regime, while the dotted line represents firms not being a part of it

Table 1. An illustrative list of countries with their RCI value and classification

Country	**RCI index value**	**Classification w.r.t India**
Sweden	81.5	High-CSR context
United Kingdom	75.8	High-CSR context
United States	69.6	High-CSR context
South Africa	62.5	High-CSR context
Albania	50.4	Low-CSR context
Uganda	48.1	Low-CSR context
China	47.2	Low-CSR context
Bangladesh	39.8	Low-CSR context

Note: See Zadek & McGillivray (2007) for the entire list of countries and RCI values

Table 2. Variables, operationalization, and summary statistics

Variables	Operationalization	Mean	s.d.	Min	Max
Home country CSR engagement	Log ((Donations + Community expenses)/Total sales)	-7.36	1.96	-14.58	7.96
Internationalization	Log (Cumulative OFDI investment by the firm till t-1)	-0.21	2.84	-9.21	7.95
Depth of involvement in stringent-CSR contexts	Count of WOS entries in stringent CSR countries till time t-1	1.21	1.64	0	9
Mandatory CSR dummy	= 1, if the firm meets the mandatory CSR criteria based on its prior financial year financial record post-2014	0.29	0.45	0	1
Financial performance	Log (Return on assets)	-3.30	1.33	-11.71	5.33
Firm size	Log(sales)	3.72	2.32	-6.50	11.13
Firm age	Number of years since incorporation	25.54	18.68	0	138
Marketing intensity	Log (Marketing expense/Total sales)	-4.92	1.84	-12.9	9.75
Current ratio	Current assets/ Current liability	4.68	56.33	0	2534
Leverage ratio	Debt/Equity	2.72	59.22	0	5892
Foreign stock exchange listing	=1, if the firm is listed in a foreign stock exchange	0.09	0.29	0	1
Foreign institutional investor presence	=1, if the firm has foreign institutional investment	0.33	0.47	0	1
Business group affiliation	=1, if the firm is affiliated to a business group	0.40	0.49	0	1

Table 3. Correlation matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
(1) Home country CSR engagement	1.000												
(2) Internationalization	0.069*	1.000											
(3) Depth of involvement in stringent-CSR contexts	0.058*	0.422*	1.000										
(4) Mandatory CSR dummy	0.185*	0.194*	0.314*	1.000									
(5) Financial performance	0.129*	0.015	-0.003	0.030*	1.000								
(6) Firm size	-0.402*	0.255*	0.133*	0.212*	0.188*	1.000							
(7) Firm Age	0.060*	0.120*	0.045*	0.138*	0.041*	0.279*	1.000						
(8) Marketing intensity	0.279*	-0.026*	-0.018	-0.024*	0.056*	-0.242*	0.063*	1.000					
(9) Current ratio	0.089*	0.008	0.003	-0.004	-0.049*	-0.109*	-0.032*	0.035*	1.000				
(10) Leverage ratio	-0.036*	-0.028*	-0.004	0.001	-0.115*	-0.027*	-0.026*	-0.002	0.001	1.000			
(11) Foreign exchange listed dummy	-0.099*	0.182*	0.094*	0.014	-0.051*	0.218*	0.190*	-0.018	0.001	-0.006	1.000		
(12) Foreign institutional investor presence	-0.030*	0.241*	0.141*	0.088*	0.099*	0.387*	0.279*	0.006	-0.029*	-0.018*	0.390*	1.000	
(13) Business group affiliation	0.104*	0.220*	0.060*	0.070*	0.043*	0.225*	0.206*	0.060*	0.019*	0.018*	0.172*	0.241*	1.000

* $p<0.05$

Table 4. First stage Heckman model predicting FDI-based international entry

Variables	Model 1
Financial performance	0.04**
	(0.02)
Firm size	0.11***
	(0.01)
Firm age	-0.01***
	(0.00)
Marketing intensity	0.03**
	(0.01)
Current ratio	0.00
	(0.00)
Leverage ratio	0.00
	(0.00)
Foreign stock exchange listing	0.31***
	(0.08)
Foreign institutional investor presence	0.18***
	(0.05)
Business group affiliation	-0.07
	(0.05)
Instrument variable: USD-INR exchange rate	0.01**
	(0.00)
Constant	-0.72***
	(0.13)

*** p < 0.001, ** p < 0.05, * p < 0.1; Standard errors in parentheses

Table 5. Regression results from second stage Heckman model predicting Indian MNE home country CSR engagement

Variables	**Model 1**	**Model 2**	**Model 3**	**Model 4**
Internationalization		0.08***	0.04*	0.03*
		(0.02)	(0.02)	(0.02)
Depth of involvement in stringent-CSR context			0.00	
			(0.03)	
Internationalization x Depth of involvement in stringent-CSR context			0.02**	
			(0.01)	
Mandatory CSR dummy				0.59***
				(0.08)
Internationalization x Mandatory CSR dummy				0.07***
				(0.02)
Financial performance	-0.11**	-0.05	-0.02	0.18***
	(0.05)	(0.05)	(0.05)	(0.05)
Firm size	-1.15***	-1.05***	-0.98***	-0.44***
	(0.11)	(0.11)	(0.12)	(0.12)
Firm age	0.06***	0.05***	0.05***	0.02**
	(0.01)	(0.01)	(0.01)	(0.01)
Marketing intensity	-0.15***	-0.11**	-0.09**	0.06
	(0.04)	(0.04)	(0.04)	(0.04)
Current ratio	-0.01	-0.01	-0.01	0.00
	(0.02)	(0.02)	(0.02)	(0.02)
Leverage ratio	-0.17***	-0.15**	-0.15**	-0.12**
	(0.05)	(0.05)	(0.05)	(0.05)
Foreign stock exchange listing	-2.41***	-2.14***	-1.97***	-0.56*
	(0.29)	(0.28)	(0.30)	(0.34)
Foreign institutional investor presence	-1.00***	-0.83***	-0.71***	0.13
	(0.19)	(0.19)	(0.20)	(0.21)
Business group affiliation	0.99***	0.86***	0.82***	0.46***
	(0.13)	(0.13)	(0.13)	(0.13)

	Industry dummies included			
Mills ratio from first stage of Heckman model	-10.61***	-8.96***	-8.00***	-0.93
	(1.32)	(1.33)	(1.42)	(1.57)
Constant	5.93***	4.44**	3.40**	-4.41**
	(1.50)	(1.49)	(1.60)	(1.73)
R-squared overall	0.33	0.34	0.35	0.36
Observations	2,771	2,771	2,771	2,771

*** p < 0.001, ** p < 0.05, * p < 0.1; Robust standard errors in parentheses