

Can multinational companies foster institutional change and sustainable development in emerging countries? A case study

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Abstract-

Emerging countries present institutional necessities that hinder their sustainable development. In the face of this challenge, companies, and in particular multinational companies (MNCs), can foster sustainable development through their corporate social responsibility (CSR) initiatives. This study focuses on the role of institutional change in transforming CSR into sustainable development in emerging countries. To this end, we propose a view of CSR focused on its institutional determinants and outcomes from a social and developmental perspective. By using quantitative and qualitative data, we analyse the case of three MNCs from different industries based in Europe and operating in Mexico. The case study shows how firms can stimulate institutional change in developing economies and contribute to their sustainable development as measured by the sustainable development goals. Various mechanisms about how this process is made are devised: institutional entrepreneurship, multistakeholder initiatives, interconnection of different institutional dimensions, and subsidiary entrepreneurship. The case study highlights the interaction among MNCs, developing countries, and institutions and how firms' sustainable actions scale up to the macro level.

Index Terms- corporate social responsibility, institutional change, institutional necessities, Latin America, Mexico, sustainable development, sustainable development goals

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