

Crisis... what Crisis? (Revisited)

Exploring Multinational Enterprises' responsiveness to the Financial Crisis

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Abstract

This contribution presents a timely assessment on how multinational enterprises – as prime carriers of the present wave of globalization – are dealing with two challenges of globalization: (1) on its (perceived or real) unfairness of outcomes and (2) on the sizable transition problems (crises) that seem to stick to the phenomenon as spilled oil to endangered species. The paper uses a sample of the world's one hundred largest multinationals to illustrate their public dealings with this dual challenge. By classifying their strategies as either passive or active, the paper first sketches how multinational enterprises have started to deal with corporate responsibilities. The paper more in detail documents how these firms have immediately responded to the global financial crisis that commenced in 2008, and explores whether this response has been influenced by earlier positioning decisions taken in internationalization and corporate responsibility.

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1. Introduction

Can and do MNEs contribute to solving societal problems – some of them of their own making? This contribution assesses the strategies developed by Multinational Enterprises (MNEs) on two related phenomena: globalization and corporate responsibilities on the one hand, and the global financial crisis on the other hand. It makes a conceptual contribution by classifying societal (or non-market) strategies of MNEs as passive or active, and an empirical contribution by applying this classification to the strategies of a sample of the world's one hundred largest MNEs towards the global financial crisis.

This paper proceeds as follows. Section 2 discusses the nature of the present stage of globalization and its underlying mechanisms. To what extent is globalization surrounded (or triggered) by crises? Section 3 explains why the most important actors in globalization can be considered MNEs, not only because they face the biggest influence of globalization, but also because they are in fact the prime carriers of globalization, thus directly contributing to its present rather ambiguous shape. Section 4 builds on previous research on varieties in Corporate Social Responsibility (CSR) strategies of the one hundred largest multinationals in the first six years of the 21st century (cf. Van Tulder, 2009; see: www.erim.nl/scope) which creates the 'base-line' or 'benchmark' with which actual strategies of these same firms can be compared. This makes it possible, next, to investigate whether the basic position of corporations in 2006 towards CSR influences their approach towards the first shocks of the financial crisis at the end of 2008.

Section five zooms in on a subgroup (N=61) of the original sample of one hundred largest firms: a combination of the largest financial and non-financial corporations. The financial corporations have been most involved (responsible?) for the proliferation of the financial crisis, so one can expect them to experience the strongest urge to become active in creating solutions. Do companies with a more active stance towards societal problems prove less susceptible to the financial crisis? Is there a relationship between internationalization and decreases in stock prices and can this also explain for a company's initial attitude towards the financial crisis?

Data gathering limitations – at the time of writing financial annual reports for 2009 were not yet available - only allowed to consider the direct response to the crisis, which shows a more intuitive and perhaps less (rationally) elaborate attitude. The initial response of a public enterprise, however, very often 'frames' later more elaborate – ex-post rationalized – response. In the words of behavioral economists Thaler and Sunstein (2009), they represent a 'choice architecture' (or Nudge) which strongly influences their mindset on future approaches. The present study, therefore, could have predictive value, although this is certainly not its primary aim.

2. 'Globalization' equals 'Crisis'?

'Globalization' as a process of international economic and societal change is not new. It has come in waves and creates sizable tensions. At the moment we are, on most accounts, in the middle of a third wave of globalization which started in 1989 with the fall of the Berlin Wall. Earlier waves of globalization were related to industrial revolutions in Europe and the formation of colonial empires. This more formal form of globalization has been qualified by some as even more pervasive because it resulted also in a share of trade and foreign investment volumes compared to Global Domestic Product that surpasses even present levels (cf. Maddison, 1991; Ruigrok and Van Tulder, 1995). The present wave of globalization is built on less formal institutions, which therefore create different kind of tensions. Initially, the third wave represented to many the victory of capitalism as the dominant and most obvious *modus operandi* for economies or even the 'end of history' according to philosopher Fukuyama. Globalization optimists, proclaimed plan economics dead and market economics the leading paradigm for future progress and prosperity. As a consequence, all countries were expected to become more open in order to profit from the gains of increased mobility of goods, services, people and capital. But this optimistic idea has become challenged by at least two major forces: one from 'without' and one from 'within'.

First the existence and success of political-economic models that defied some of the basics of capitalism – often in competition with the leading economies themselves – challenges the traditional book recipes for growth. The Chinese political and economic model in particular, challenges the idea heralded by Armatya Sen (1999) in particular that economic growth should always be combined with political democratization, while the strategies of leading Chinese (state-owned) companies defied the idea that internationalization is primarily the area of publicly traded companies (multinationals). Other new contenders – particularly from so-called BRIC countries – show that economic success need not always be built on economic and political 'openness' (Rodrik, 2002) nor on fully developed liberal market economies. One size does not fit all, and as a consequence public policy in the age of globalization (Hveem, Nordhaug, 2002) is surrounded by growing controversy and ambiguity. For instance the principles of the 'Washington consensus' – introduced by the Bretton-Woods institutions to steer aid and growth programmes - has become seriously debated and practically abandoned.

Second, globalization has been accompanied by considerable and sustained crises. Some crises (food, poverty) affected developing countries in particular. Other crises (ecology) have had also major repercussions for the developed world. Do we witness mere incidents, logical transition pains or structural/systemic problems? Some even claimed that crises and shocks have regularly been created in order to enable particular interest groups to press for further and pervasive change in a particular direction – the rise of so called 'disaster capitalism' (Klein, 2007). The most recent, most vicious and systemic crisis in this context is arguably the crisis of the financial system, resulting in global recession. The global (credit/mortgage) crisis commenced in October 2008 and was precipitated by a long sequence of smaller national crises like the Peso/Rubel/Real crisis, the savings- and loans crisis in the US, the Asia currency crisis... some observers counted as many as 150 financial crises since 1989. The liberalization of the financial markets has been one the strongest forces in support of globalization. This long sequence

of financial crises, therefore, alludes to major governance and regulatory deficiencies across and within borders.

The sources of the 2008 financial crisis can be attributed to irresponsible behavior of banks and consumers, but also to failing regulation, whether in the hands of governments or the sector itself. Regulatory voids appeared in particular for new financial products or techniques such as derivatives or securitization. Products were primarily (cf. Mc Donald, 2009) where created to evade or frustrate effective regulation – not for the sake of innovation. The trade-off between ‘risk’ (creating uncertainty) and ‘responsibility’ (managing uncertainty) became settled in favor of the risk takers.² The financial crisis has shown that even the most sophisticated risk management models – at least according to the sector itself – did not function properly. An alternative approach is required to prepare for uncertainty. Could this be based on a redefinition of the firm’s responsibilities and an different attitude towards the root causes of the crisis? Crises are enhanced by denial of their seriousness or acceptance of own responsibilities, which hampers effective and timely measures. Searching for the most important actors shaping the third wave of globalization, therefore, represents Crises are therefore often accompanied by an inactive approach – pointing at denial (‘crisis, what crisis?’) - or a reactive approach – interpreting the crisis as an incident, followed by ‘business as usual’. Denial can come from the participants themselves (‘Crisis... What Crisis?’) or from influential commentators such as development economist André Gunder Frank or the same song of the British rockband Supertramp who used the phrase as the title of an influential column or a protest song in the 1970s.

These inside and outside forces put mounting pressure especially on multilateral organizations in all areas related to globalization, such as trade, intellectual property rights protection (cf. Hveem, 2008), investment, climate change or poverty alleviation. How to make ‘globalization good’ has become a relevant theme (Dunning, 2006), accompanied by an increased search of corporations for behaving ‘responsibly’ and ‘ethically’. There remain, however many routes and recipes towards prosperity and growth (cf. Rodrik, 2007), with serious trade-off between liberalization – as a precondition for releasing the beneficial forces of globalization - and regulation – as a guarantee for managing the destructive forces of globalization.

Some have even argued that the actual process of globalization has to fear more from its supporters than from its critics. The latter will help to make globalization more sophisticated and thus sustainable, whilst the former are not interested in dealing with the obvious side-effects of globalization which seriously threatens its sustainability. The consequence of the present shape of globalization has been that rivalry between countries has increased, which has put multilateral institutions even further under pressure. The trade talks under the auspices of the World Trade Organization have encountered great difficulties, as has been the case with efforts to come to global solutions to climate change. No international investment regime exists and – despite major efforts to rule out

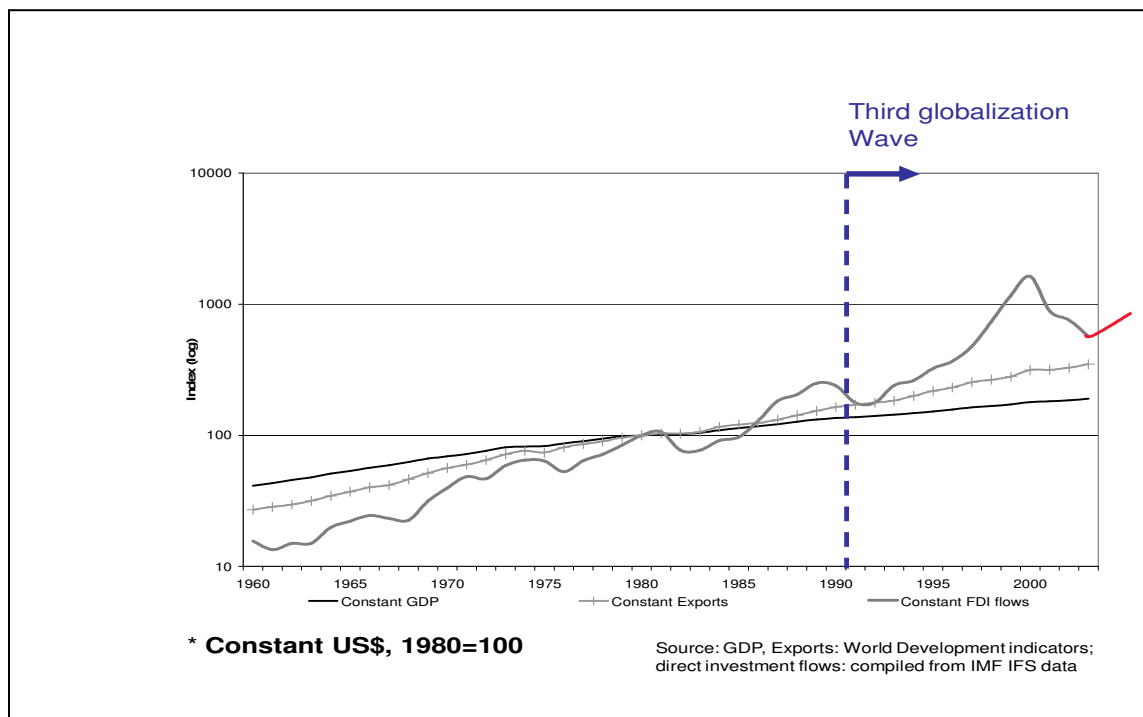
² A comparable - in hindsight badly judged – trade-off in favor of the risk takers was made by BP in its Mexican gulf operations. After the biggest oil spill in the US history appeared in early 2010, it was found that not only had oil companies successfully lobbied for diminished safety regulation, the company itself had also economized on its risk and safety procedures in order to increase short-term profits and return on investments. The reputational and actual damages of approximately US\$ 20 billion, as well as lower share prices into account, further illustrates the bad judgment of the corporate risk takers even on economic grounds.

tax harbors following the 9/11 terrorist attack on the Twin Towers in New York – international tax harmonization is still under way. The global financial crisis has prompted surprising new coalitions amongst the G20 group of governments, some new financial regulation by European governments, but no sustainable and legitimate solutions yet.

3. MNEs as carriers of the third wave of globalization

At the governmental (formal) level of international governance and institutions, globalization therefore remains poorly regulated. Does this also apply to the informal institutional level of governance through multinational enterprises? The role of multinational corporations as creators of formal and informal institutions around the world has seriously increased in the third wave of globalization, not in the least because the growth of Foreign Direct Investment (FDI) much more than trade has shaped the present era of globalization. FDI flows and stock are the macro-economic expression of the micro-economic strategies of multinational enterprises. Figure 1 illustrates that since 1980, the growth of trade (exports) outpaced that of global domestic products (GDP), which made trade in the 1980s, the leading factor of internationalization. Since 1990, however, the growth of FDI dominates that of trade, making multinational enterprises the leading carrier of globalization in the modern era. There are indications that comparable processes appeared in earlier waves of globalization (cf. Ruigrok and Van Tulder, 1995). FDI flows are dominated by often comparatively small numbers of multinationals (cf. Van Tulder with Van der Zwart, 2006) which makes FDI and therefore globalization a relatively small numbers' game.

Figure 1 The Third Globalization Wave (Global GDP, Trade and FDI)



Despite their limited numbers, the decision made by the largest multinationals, create the – often informal - institutions that shape the nature and direction of globalization. The transnational networks created by multinational enterprises represent an important political force (Hveem, 2007). Therefore, the question becomes relevant what kind of approaches these companies have adopted vis-à-vis some of the destabilizing societal challenges that have appeared in the third wave of globalization. Do multinationals take an inactive or an active approach and is this affected by their national or industry origins? Do corporate leaders deny the problems at hand, or do they search for solutions and what are solutions do they propose (either individually or as a group)? How do they frame the problem? In this area, hardly any systematic research has been executed, so any type of research is bound to be exploratory.



4. Making globalization good – Multinationals and Responsibilities

In assessing the strategies of firms towards societal problems, leading scholars have either taken a stakeholder or a resource-based view of the firm (cf. Van Tulder et al, 2009). Firms in interaction with societal stakeholders – represented by NGOs as well as governments - in the first approach face the extrinsic tension between a defensive (reactive) and an accommodative/preventive (proactive) strategy. A resource-based view of the firm adds ‘intrinsic’ motivations to the stakeholder view. Depending on their capabilities and own ambitions, managers face the tension between an in-active or an active attitude. Two types of trade-offs exist: extrinsic (re-active vs. proactive) and intrinsic (inactive vs. active). Both represent the more fundamental trade-off between ‘risk’ (inactive/reactive) and ‘responsibility’ (active/proactive). This leads to four specific CSR approaches, with different levels of awareness of responsibility, with different procedural attributes and in which the very CSR abbreviation also has four different meanings. [1] An *inactive* approach reflects the classical notion of Milton Friedman that the only responsibility companies (can) have is to generate profits. This is a fundamentally inward-looking (inside-in) business perspective, aimed at efficiency – and thus can be dubbed ‘Corporate *Self* Responsibility’. It also tends to be linked to a state of denial to corporate responsibilities towards societal problems. [2] A *re-active* or defensive approach shares a focus on efficiency but with particular attention to not making any mistakes (‘don’t do anything wrong’) and minimise risk. This requires an outside-in orientation. CSR translates into Corporate Social *Responsiveness*. [3] An *active* approach to CSR is explicitly inspired by ethical values and virtues (or ‘positive duties’) of the entrepreneur itself. Such entrepreneurs are strongly outward-oriented (inside-out) and they adopt a ‘positive duty’ approach. They are set on doing ‘the right thing’. CSR in this approach gets its most well-known connotation – that of Corporate *Social* Responsibility – in which a corporation tries to look for solutions of societal problems, but primarily within its own confines. [4] A *pro-active* CSR approach materializes when an entrepreneur involves external stakeholders, right at the beginning of an issue’s life cycle. This pro-active CSR approach is characterized by *interactive* business practices, where an ‘inside-out’ and an ‘outside-in’ orientation complement each other. In moral philosophy, this approach has also been referred to as ‘discourse ethics’ and can be referred to as Corporate *Societal* Responsibility (Andriof, McIntosh, 2001).

The latter shifts the issue of CSR from a largely instrumental, managerial and negative-duty approach to one aimed at managing strategic networks in which public and private parties have a role and firms actively strike partnerships with non-governmental organisations to come up with more structural and longer term solutions to societal problems which represents a largely ‘positive-duty’ approach.

Figure 2 summarizes some of the patterns that have evolved between multinationals that operate in a different regional and regulatory setting (see Fortanier and Van Tulder, 2009; Annex 1 gives more detailed observations per company for a subsample of 61 firms that will be used in the second part of this contribution).

**Figure 2 CSR approaches of largest Fortune 100 corporations
(2006 – total and regional specification; overlap possible)**

		Attitude	
		Liability/Risk	Responsibility
Respon- siveness	Intrinsic	<i>In-Active (63%)</i>  [particularly Asian + US MNEs]	<i>Active (33%)</i> [particularly European MNEs]
	Extrinsic	<i>Re-Active (55%)</i>  [particularly US + developing country MNEs]	<i>Pro-Active (4%)</i> [limited to European MNEs]

Source: Van Tulder, 2010; Van Tulder et al. 2009

Most big multinational corporations at the moment face a transition period, in which many firms are ‘somewhere in between’ different positions. This represents the different trade-offs these firms and their leaders experience. In particular country of origin effects are strong. European corporations have adopted the most active CSR approaches, whereas Asian firms have been most in-active. Firms like Nestle and Shell for instance have taken initiatives which also include a large number of partnerships with NGOs. The corporatist European tradition, of institutionalized negotiations with trade-unions and governments, proves helpful in this respect. An in-active approach is understandable in particular for the five Chinese companies that are included in the sample, since the leading paradigm for national development is still economic growth, which requires that companies concentrate on growth as well without reference to wider social and ecological dimensions. American firms remain relatively stuck in a re-active strategy. This has been particularly due to the legal system – or CSR regime - in which they operate (cf. Van Tulder with Van der Zwart, 2006).

Sector effects have been strongly mitigated by these influences, but the most active firms can be found in the non-financial sectors oil/petroleum, food, utilities and to a lesser extent the car industry. In the banking industry primarily European firms have tried to adopt a more active societal stance. The bulk of the firms, in sum, still remain

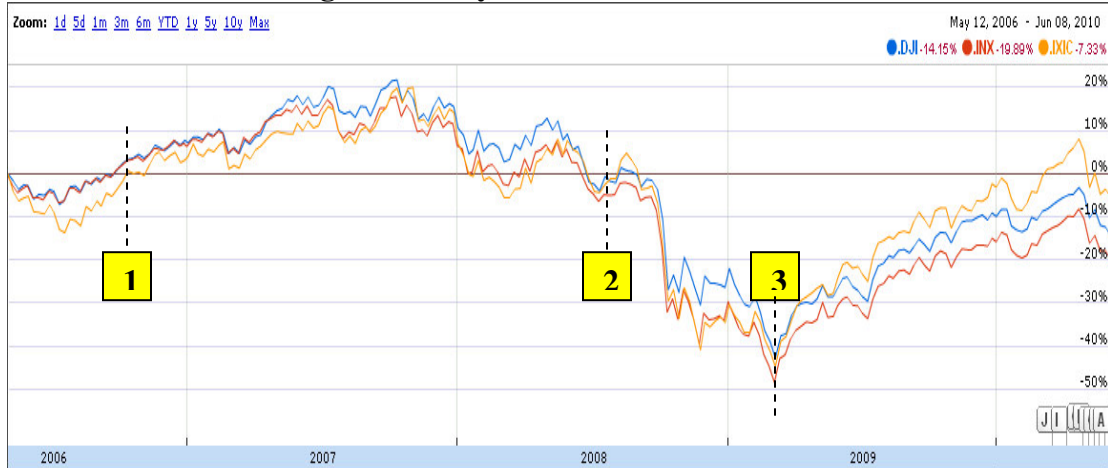
relatively passive in their societal strategies, but a trend towards more active (non reactive) strategies has nevertheless been observable over the last ten years. General economic conditions had been particularly supportive for this. One can interpret the early 21st century as a period of relative unchallenged growth for multinational enterprises. Steady growth – in particular because of the emerging markets and steadily growing stock prices – after the early collapse due to the dotcom bubble – provided the leading multinationals in general with sufficiently optimistic growth prospects. These growth prospects applied to both financial and non-financial corporations.

5. Dealing with Systemic Flaws - Responses to the financial crisis

Enter the financial crisis in October 2008 - a 'colossal failure of common sense' in the characterization of an insider at Lehman Brothers (McDonald, 2009). A typical response of denial, for instance in the first months of the credit crisis, can be found in Russia where broadcasters were instructed to never use the word 'crisis', unless it dealt with the United States of America. This is not only an example of an inactive or reactive attitude, but also illustrates the opportunism that is triggered by crises related to the process of globalization (section 2). Annex 1 shows a subsample of fifty five multinational Enterprises that were studied in more detail for their immediate response to the financial crisis. The general attitude of MNEs towards the shock of (a nascent) systemic crisis can be read in their first financial reports that appeared in the course of April – June in 2009. How do firms 'frame' the crisis? Do they identify it as a 'crisis' or something else? What strategic consequences do they draw from the crisis: an inactive approach towards the causes of the crisis, some small alterations, or important changes that require not only an active approach, but also new rules of the game?

This section looks at the general response of leading MNEs (5.1), but also tries to come to some exploratory observations on influencing factors (5.2). Strategic indicators that are taken as possible influencing factors are first the degree of internationalization. This is measured as their Trans Nationality Index (TNI), which is a weighted ratio of the degree of internationalization of sales/employment/assets of these firms (cf. UNCTAD, 2009). A second factor can be found in the extent to which these firms were hit by the financial crisis. This is measured by the drop in stock price they experienced between September 2008 – just before the crisis – and the end of March 2009 – the moment most of these companies had to draft their annual reports. The stock prices are indexed for December 2006, at a time that there was no serious threat to the financial system. Figure 3 illustrates this by considering the fluctuations along three intimately related indices: Dow Jones (DJ), Standard and Poor (SP) and Nasdaq (NS). The baseline defined at 0% on (1) 29 December 2006, is reached again on (2) 26 September 2008, after which the bottom of the crisis is reached on (3) 27 March 2009.

Figure 3 – Key dates in the financial Crisis



A third factor that will be explored is the previously built up CSR strategy of companies. This in itself – as explained in section 3 – is the result of country-of-origin and sector effects, which will not be dealt with in this contribution (see. Van Tulder, 2009). What will be elaborated is whether corporate statements or ‘narratives’ on the financial crisis can be classified in the same manner as their CSR strategies (section 5.3). The particular framing of the crisis in a more or less active manner – including a particular trade-off between risk and responsibility is bound to be influenced by the built up position of the corporation in the area of CSR (section 2). Does an active approach towards CSR also trigger a more active approach towards the crisis and is this influenced by the degree to which these companies were hit by the financial crisis (section 5.4)?

5.1 Framing - the general response

Political leaders, finance ministers and central bank presidents are always extremely cautious in denominating a ‘crisis’ as a ‘crisis’ – even when it has already materialized. Using synonymous concepts like ‘recession’ are even more contagious for fear of creating a self-fulfilling prophecy and triggering multiplier effects – through which ‘recession’ automatically turns into ‘depression’. Well functioning financial markets are strongly influenced by trust and other non-tangible subjective categories, so perceptions and framing are extremely important. On the other hand, business leaders face the dilemma much earlier than politicians to warn shareholders of the nascent crisis, which makes the choice they face between reassurance/denial and trust a somewhat different trade-off. A business leader that denies the problem while it is already there, probably loses more credibility (directly mirrored by a drop in market capitalization) than a regulator and politician. Sometimes, proclaiming a ‘recession’ proves an even stronger statement than noticing that there is crisis going on. This is an interesting line of further research. For this study, the following exploratory approach was chosen. 2006 and 2008 (issued in April-June 2009) annual reports were scanned for the use of eight different words. It can be assumed that the stronger the wording is, the bigger probably the influence of the crisis on the corporation (Table 1).

Table 1 – Framing the Crisis: key terms

Strong statements				Moderate statements		Weak statements	
recession	Down-turn	crisis	Slow-down	Severe economic condition	Severe economic environment	Challenging year for the company	Challenging economy

Table 2 and 3 show the averages per company for two different sectors: non-financials and financials, whilst also distinguishing between ‘big league’ and ‘major league’ multinationals, and between European, Asian and North American multinationals (if applicable) for the years 2006 and 2008. What becomes immediately clear is the stronger framing of almost all companies in 2008 as compared to 2006. Whereas in 2006 most companies only marginally referred to some challenging conditions, the words crisis does not really appear. This drastically changes by the end of 2008. Most non-financial companies refer to the (financial) crisis, but have difficulty in assessing the extent to which this is related to their own sector and might result in a slowdown, downturn or even an outright recession. In particular the utilities and automotive sector directly identified the seriousness of the financial crisis to their sector, which illustrates first the extreme degree of ‘financialization’ of these sectors. Firms like General Motors had become primarily profitable – and therefore financially vulnerable - because of their credit activities. The crisis was directly linked to bad house mortgages, which makes the link with utilities most obvious. Both sectors had already shown a bigger sense for increasingly difficult environmental conditions.

The actual crisis had been anticipated by the management of some corporations. For the financials, the anticipated effect has been stronger. Already in 2006 some reference was made to crisis and recession, which was often related to worsening conditions and the first acknowledgement of a slowdown in the sector. In both sectors, the biggest firms (the ‘major league’ MNEs) as a group have on average more explicit in their negative assessments.³ The latter shows perhaps also a bigger awareness of these firms for their vulnerability towards macro-economic fluctuations. Whether it is proof of a bigger awareness of own responsibilities for the outbreak of crises could be topic for further research.

³ If the median instead of the average value is taken for the non-financials, scores change slightly in favor of the ‘big league MNEs’. For the other MNEs the overall patterns are largely the same. Using the median instead of the averages would have stressed that in 2006 hardly any company had any major score on crisis-related terms.

Table 2 Average Framing (2006-2008) non-financials (N=43)

		Key terms (averages)							
		Crisis	Recession	Downturn	Slowdown	Condition ⁴	Environment	Challenging	Economy ⁵
Totals	2006	0,0	0,1	0,3	0,4	1,0	1,2	0,7	0,6
	2008	8,6	1,8	3,0	1,4	5,1	4,3	1,8	3,5
Big league MNEs (32) [1]	2006	0,0	0,1	0,3	0,4	0,9	1,1	0,7	0,5
	2008	6,9	1,3	2,8	1,4	5,2	4,0	1,9	3,2
Major league MNEs (11) [2]	2006	0,0	0,2	0,5	0,5	1,4	1,5	0,5	0,8
	2008	12,8	3,3	3,3	1,3	4,8	5,2	1,7	4,3
Europe (N=18)	2006	0,1	0,1	0,4	0,6	1,2	1,8	0,7	0,8
	2008	18,1	3,3	5,4	2,2	6,7	6,0	2,2	5,3
Asia (N=10)	2006	0,0	0,2	0,2	0,3	1,0	1,4	1,0	0,4
	2008	2,6	0,3	1,3	1,0	3,3	2,9	1,6	1,4
N. America (N=15)	2006	0,0	0,1	0,3	0,3	0,8	0,5	0,4	0,4
	2008	1,3	1,1	1,2	0,7	4,4	3,3	1,6	2,7
Food and retail (N=9)	2006	0,1	0,1	0,3	0,3	0,2	0,6	1,0	0,3
	2008	4,0	1,1	1,9	0,8	4,0	5,3	2,1	1,7
Extractive (N=12)	2006	0,0	0,1	0,3	0,2	0,9	0,8	0,3	0,2
	2008	4,2	2,1	3,6	0,9	6,6	2,8	1,9	2,4
ICT (N=12)	2006	0,0	0,0	0,5	0,2	1,2	1,3	0,5	0,3
	2008	3,6	0,3	1,8	0,8	3,1	4,3	1,2	2,3
Utilities (N=4)	2006	0,0	0,3	0,0	1,5	1,5	2,0	0,5	2,3
	2008	30,5	4,0	7,3	4,8	7,0	4,5	3,3	10,5
Automotive (N=6)	2006	0,0	0,5	0,3	0,8	1,8	2,5	1,3	1,2
	2008	20,0	3,8	2,8	2,2	6,7	5,8	1,7	6,2

Revenues: [1] 50-100 \$bn; [2] 100-500 \$bn (2006)

⁴ In expressions like “severe economic condition” or “difficult financial condition”

⁵ In expressions like “challenging economy”, “severe economy”

Regional patterns exist as well with European Multinationals most concerned, negative and explicit, whereas American firms – certainly in the non-financial sector – remaining relatively silent about the causes as well as the consequences of the crisis. Asian MNEs are on average somewhere in between the USA and Europe. At a much lower level do firms acknowledge the possibility of a recession. American financials are more inclined to consider the crisis as a ‘challenging’ environment and even opt for the possibility of a downturn or recession than to frame the raised problems (for which they in many accounts should be considered primarily responsible) as a ‘crisis’. Again, this is proof of the influence of the American institutional system or CSR regime which gives strong negative incentives for firms to move beyond denial and what is minimally needed in terms of liability in order to take a more active responsibility.

Table 3 Average Framing (2006-2008) Financials (N=12)

		Key terms (averages)							
		Crisis	Recession	Downturn	Slowdown	Condition	Environment	Challenging	Economy
Totals	2006	0,5	0,3	0,3	1,6	2,4	2,0	1,8	0,7
	2008	33,2	5,8	6,8	2,8	27,3	15,0	5,3	8,3
Big league MNEs (N=7) [1]	2006	0,7	0,4	0,4	2,0	2,7	1,4	1,0	0,6
	2008	31,4	7,0	5,9	4,1	33,9	16,6	4,9	11,1
Major league MNEs (N=5) [2]	2006	0,2	0,2	0,2	1,0	2,0	2,8	2,8	0,8
	2008	35,6	4,0	8,0	1,0	18,2	12,8	5,8	4,4
Europe (N=8)	2006	0,8	0,4	0,5	2,4	3,1	2,5	1,8	0,6
	2008	40,1	5,8	6,4	3,1	26,0	10,9	5,3	7,6
USA (N=4)	2006	0,0	0,3	0,0	0,0	1,0	1,0	1,8	0,8
	2008	19,3	5,8	7,5	2,3	30,0	23,3	5,3	9,8

Revenues: [1] 50-100 bn\$; [2] 100-500 bn\$ (2006)

5.2 Positioning as factor - Internationalization and sensitivity to the crisis

One explanation for the globalization of the mortgage crisis in the United States has been related to the extensive internationalization of the financial sector itself. The financial tool of securitization has been linked to the possibility for firms to repackage and spin-off risks to other – preferably international – partners. The more international banks are, the more they have been inclined to engage in this mechanism, in particular the American banks. One might expect therefore a positive link between internationalization and the drop in stock prices. For non-financial firms, the exact operation of this mechanism is

less obvious. A high degree of internationalization could moderate the risk as experienced by the collapse of stock markets.

**Figure 4 – Relationship between internationalization and changing stock prices
(September 2008-March 2009)**

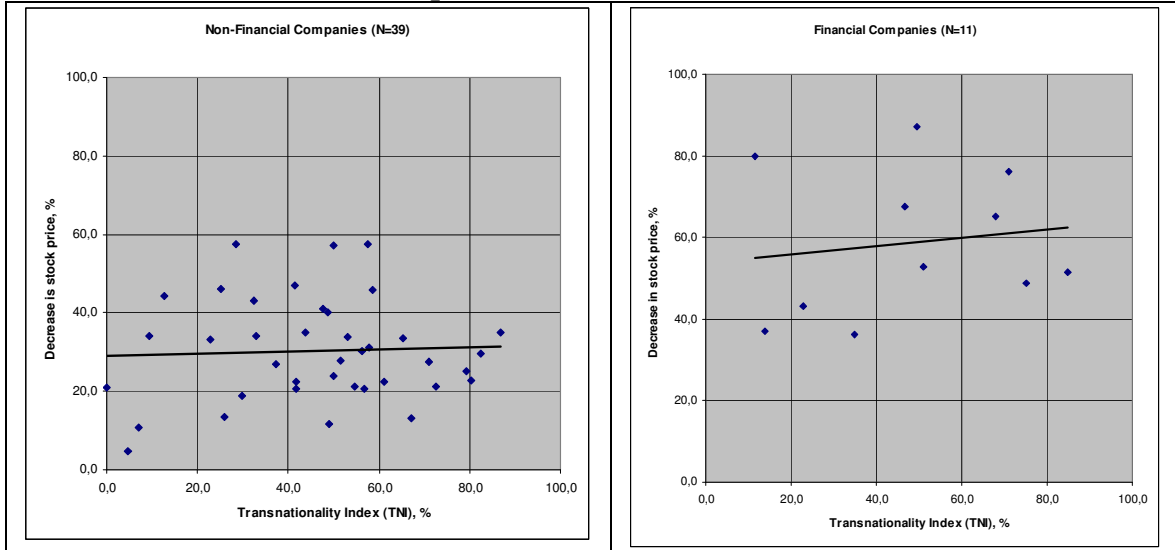


Figure 4 differentiates between the samples of financials and non-financials and shows that there has been a modest but positive correlation – although nowhere statistically significant - between degree of internationalization for financials and a decrease in stock price during the month immediately following the crisis. This is the more remarkable, because a number of the financials (UBS, AIG, Citigroup, ING) had already experienced a considerable drop in their stock prices in the December 2006-September 2008 period (Annex 1). On average the drop in stock price has been considerably lower for the non-financial MNEs than for the financial MNEs. An interesting area for further research in this context could be the extent to which the internationalization of financial institutions has been a factor in the willingness of national authorities to save them. Bank of America for instance, has been one of the least international banks in the sample, experienced a big drop in its stock prices, and has become one of the prime targets for the US government's rescue plan. Does the moral hazard problem differ for 'national champions'? For non-financials there is not even a moderate correlation.

5.3 Corporate narratives

In order to identify the nature of the strategy chosen by MNEs, we can consider in more detail the 'narratives' that were formulated by companies in their annual reports. We try to interpret these narratives as more or less active in (1) understanding the causes of the crisis, (2) in addressing the own responsibilities and (3) in delineating particular strategies to recover from the crisis. A number of representative quotes are used to illustrate for particular strategies. They more or less speak for themselves, so the

comments and interpretation is kept to a minimum. The financial and non-financial sector will be separately addressed.

Inactive responses

A number of non-financial MNEs (around 10 in the sample) can be classified as inactive. They either consider themselves not part of the crisis or reiterate their confidence in a continuation of their previous strategies (Box 1 gives illustrations). The corporations that did not issue any statements on the crisis were also amongst the ones with the lowest drop in share prices. Most of the inactive firms originate in the United States and in sectors like oil and food.

Box 1 Inactive approaches to the financial crisis – non-financials (2009)

Chevron	"While times are challenging, the people of Chevron have their eyes fixed on the horizon. That's where growth will take hold. And when it does, the world will need all the energy it can get."
DaimlerChrysler	"The best remedy in these hard times is strong products and pioneering technologies. We have both." "This economic situation is unusual, but so is our determination. We will stay on track."
Conoco	"We remain confident of our ability to maintain current levels of production while fully replacing reserves over the long term."
Total	"we are confident in the Group's ability to weather the storm without revising its strategy."
IBM, Kroger	No major statements (limited drop in share prices 97, 96)

Reactive approaches

The majority of non-financial MNEs take a reactive approach to the crisis. They underline the seriousness of the crisis, and search for answers within their own business environment. No references made that new institutions are required or drastically new operating practices need to be developed (Box 2 illustrates). The framing of corporations here is interesting, as can be illustrated by the quote from Chinese state-owned oil company Sinopec. It favors a 'proactive' approach, which nevertheless should largely be classified as 'reactive', since it only specifies the corporate strategy in its direct market environment taking advantage of the weakness of its competitors. Comparable statements are made by other East Asian companies (in particular from China and South Korea) that have suffered less from stock price declines and have a tradition of putting market shares and economic growth above profitability and shareholder value. Coming out of the crisis stronger represents an absolute and a relative statement, but both dimensions largely represent a 'resource based' view of the firm. Other expressions of the same for instance refer to structural reform (Hitachi), but not for the industry or the regulatory environment but for the internal operations of the company. In the banking industry a comparable and explicit mix-up between a proactive and a reactive strategy can be found with BNP Paribas (Box 4). The French bank officially aims at a "proactive approach", which in practice however boils down to reiterating its core businesses already decided earlier and a strict cost cutting strategy. This almost touches upon an 'inactive' strategy portrayed as 'proactive'.

Box 2 Reactive approaches to the crisis – non-financials (2009)

Toyota	"These challenging times are particularly well suited to the development of strong human resources. There is a phrase that says, "The strongest grass is revealed after swift wind." I believe that the experience of overcoming tough challenges is essential to developing a corporate structure that is strong and flexible enough to adapt to change."
Sinopec	"In 2009, the Company will proactively respond to the influence of international financial crisis, take the market opportunity and adjust its operation strategies to expand resources, expand market, improve management, and reduce cost, in order to fulfill the full year targets."
Hitachi	"In response to these challenges we have pushed ahead with a series of structural reforms with a view of growing our business and becoming a truly global company. "
Metro Group	"Although the effects of the global financial crisis on sales, procurement, currency and financing markets are difficult to gauge, we are determined to continue to strengthen our position as a leading international retailing group" (p.114). "Nonetheless, we feel well prepared for a deteriorating market environment with our price-aggressive sales brands Metro Cash & Carry and Media Markt and Saturn "(p.124). "...we want to serve our customers even better this year and strengthen our market position"(p. 33).
E.ON	"2008 made it abundantly clear that we must redouble our efforts if we want to maintain our position as a leading player.. " (p.2) "We now need to work just as hard to further improve our performance and competitiveness- all the more so as our markets become more difficult" (p.2) "We need to focus on leveraging our strengths so that we can better realize." (p.2) "The current financial and economic crisis makes it essential that we make better use of our resources and our potential." (p.3) "I am convinced that we'll succeed and that E.ON can confidently face the challenges of the future." (p.3)
Statoil	"With a strong balance sheet and a flexible and robust portfolio, StatoilHydro is well positioned to manage through the global economic downturn, but we have to adapt to the new realities. We have made firm plans to respond to both upsides and downsides, and are prepared to act quickly to changing conditions." (p.1) "A downturn also represents an opportunity for improvements. We seek to reduce our own costs, improve quality and processes and work with our suppliers to bring industry costs down to more sustainable levels." (p.1)
LG	"The volatility and uncertainty in the financial markets are unprecedented. Never before in LG Electronics' history have we witnessed such rapid deterioration and retrenchment in major markets. However, regardless of whether or not countries emerge from recession in 2009 or 2010 or even 2011, we will take a longer-term view of our priorities. I believe that we need to stay even more focused on the six strategic pillars laid out before to guide our innovation." (p.15)

Active responses

At least two non-financial companies could be identified that have been trying to address the financial crisis in a more active manner. In practice – as illustrated by Electricité de France and General Electric (table 8) – this implies first that the management of the company reiterates its societal mission towards external as well as internal stakeholders. Secondly, the corporation comes with an analysis of the changes at hand and makes some proposals how to deal with this. The search for new opportunities is framed in a 'reset world', for which the company, however, does not give major details on how the company itself wants to contribute.

Box 3 Active statements - non-financials (2009)

Electricite de France	“Against a backdrop of global economic crisis, EDF Group senior management will reiterate its commitment to sustainable development and to addressing the three primary challenges.” (p.41) “EDF is keeping its eye on the long term in spite of the current crisis.” (p.3) “We must not allow the global recession to bring our initiatives to a halt.” (p.1)
General Electric	The current crisis offers the challenge of our lifetime. The global economy, and capitalism, will be “reset” in several important ways. The interaction between government and business will change forever. In a reset economy, the government will be a regulator; and also an industry policy champion, a financier, and a key partner. The financial industry will radically restructure. There will be less leverage, fewer competitors, and a fundamental repricing of risk. It will remain an important industry, just different. Successful companies won’t just “hunker down”; they will seek out the new opportunities in a reset world. (p.2)

Financial services

Taking the statement of the financial services firms separately shows that many of them are still in a re-active mode immediately following the crisis. Efficiency measures – such as simplifying the organization, cutting on overhead and creating coherence - are proposed to reduce risk and limit speculation, but hardly any statement is made on the own responsibilities. The crisis is caused by others. The CEO tries to boost the morale of the employees, for instance that the company has repeatedly weathered this kind of storms in the past. This applies in particular to north-American banks. The more active statements come primarily from European banks. They stress the need for new rules of the game, and link this to a renewed sense of responsibility. Whereas the inactive or reactive banks stress risk, the active banks stress responsibility (in a variety of ways). Additionally the more active banks also spend more energy in searching for the causes of the crisis, which makes it consequently easier to legitimize the strategic changes as proposed in the annual report. Active banks address much more their ‘stakeholders’ and society at large, whereas in/re-active banks primarily address their ‘shareholders’. It seems that the more companies are affected by the financial crisis (measured as drop in share prices), the more they are inclined to look for a more active strategy. Examples are UBS and Credit Agricole. Interestingly enough, both companies in the past had been relatively inactive in their CSR strategy. General Electric presented another example of this mechanism (Box 3). Due to its sizable financial activities, the company could have been classified as a ‘financial’ as well.

Box 4 provides somewhat longer quotes from the industry itself. The more active approaches are often also accompanied by a more elaborate vision on the position and the responsibility of the bank in the economy. HBSC provides perhaps the clearest example of how corporations can productively ‘frame’ their approach to the crisis: (1) first by providing their own analysis of the causes of the crisis; (2) secondly, by identifying the own role and responsibilities of the banking industry in this crisis, as well as the role played by others – without becoming too defensive or apologetic; (3) thirdly by delineating ways out of the crisis – without denying that a systemic crisis requires a redesign of the regulatory framework. The two other exemplary active responses provide other interesting quotes along comparable lines.

Box 4 - Financial Services and the crisis (2009)

inactive	Fortis	“We believe (...) it is time now to look forward and to seize this opportunity to build for the future. (p.3) While none of us know today how quickly the economy will recover – or indeed how long it will take for confidence to return to the markets – we can assure you that we are wasting no time in exploring every opportunity available to us to create value and a return for shareholders. (p.3) The financial difficulties of a number of large US and UK financials, emanating from the bankruptcy of Lehman Brothers in the US had a severe impact on the financial markets, financials in general and Fortis in particular, leading to a new wave of speculation and negative rumours. (p.40)
reactive	ING	“As the increased complexity of the financial services industry has been a major cause of the crisis, going back to the basics of finance is inevitable. (p.11) While drawing lessons from the crisis... we will focus on fewer, coherent and strong businesses. Also, we will simplify the organisation, improve the fundamentals of our business and invest in improving commercial processes. (p.12) ING is confronting the crisis head-on by putting customers first, preserving a strong capital position, further mitigating risks and lowering costs. (p.12) Active repositioning of its product portfolio was at the core of ING’s response to changing customer needs due to the economic downturn. (p.31) (...) We are steering the business through these turbulent times, focusing on today’s priorities with the discipline that these exceptional times require. (p.6) The financial crisis has demonstrated the importance of having a robust risk management organisation in place. The lessons learned in this crisis will contribute to this continuous process (p.182)
	Citi-group	The environment in 2008 was significantly more challenging than expected. (...) It is our commitment to Citi’s customers, shareholders, and employees to create solutions that mitigate the impact of these difficult times. With the top team in the industry, we will succeed. I have no illusions about the impact of the severe financial turmoil. But I have no doubt that with continued hard work, Citi will again be at its best in these difficult times and beyond. (...) Throughout 2008, in the midst of a global economic downturn and global financial crisis, we remained focused on Getting Fit. We have made and continue to make significant progress in strengthening Citi’s capital and structural liquidity; reducing the balance sheet, expenses and headcount; and decreasing risk across the organization.
	BNP Paribas	“We will (...) take a proactive approach by implementing the action plans for each of our core businesses as announced upon publication of our 2008 results. In all our businesses, customer service, risk control, capital and liquidity management and cost discipline will remain our key priorities. (p.8) More than ever before, our goal is to consolidate on the leading position forged by BNP Paribas, the bank for a changing world, in a European and world banking industry in the throes of far-reaching change. (p.9)
	Bank of America	The opportunity we have in 2009 is to increase customer loyalty for the future as we help customers work through hard economic times. (p.7) The industry that emerges from this crisis will look much different. Credit markets will feature simpler, more transparent products. (p.8) Despite a year with no shortage of bad news, I maintain a positive and optimistic outlook for our future. (p.3) 2008 was one of the most challenging years in our company’s history. 2009 will be a great challenge as well. But this is not the first time this company has faced and successfully managed through economic or business crises. We have a 225-year history of persevering during hard times, and positioning ourselves to be even stronger when economic growth returns. (...) Despite all this change — and, in some ways, encouraged by it — we remain committed to our core vision for this company. (p.3) Our industry as a whole did a poor job on that front in the lead-up to our current crisis. We all have learned — or relearned — hard lessons. (p.6)
active	Credit Agricole	For us, the main conclusion is that we need a new international framework for banking and finance. In addition, the crisis has given us a stronger sense of our responsibility as a bank, of our obligation to look at the long-term consequences of our business and financial decisions. (p.7) Crédit Agricole S.A. strengthens its senior management

		<p>organisational structure to adapt to the new global financial environment and to prepare for a post-crisis era. Crédit Agricole, France's biggest bank and the leading provider of funds within the French economy, will be at the forefront for the French government plan to support the Economy. (p. 77) Of course, the banking landscape is undergoing a dramatic shift. The role of governments and the extent of their involvement in regulating and supporting the banking industry have been completely redefined. (p.5) The French government's plan was more of a way to help the banks to support lending than a bailout. Naturally, Crédit Agricole backed this plan, in keeping with its position as the leading financial partner to the French economy. With its extremely solid financial position, our Group has the wherewithal to fulfil its role during the difficult times we face while actively preparing for the post-crisis period (p.5)</p>
	HSBC	<p>The causes of the crisis are complex and interrelated. But we can clearly see that a number of different factors contributed: First, the global financial imbalances that arose from the accelerating global economic shift towards emerging markets. Second, cheap credit. Third, securitisation based on overly complex product structures. And finally, excessive gearing. The result has been unprecedented stress in the financial system, and it has led to a major breakdown in trust. (p.8) The banking industry has done many things wrong. Inappropriate products were sold inappropriately by many. Compensation practices ran out of control and perverse incentives led to dangerous outcomes. There is genuine and widespread anger that the contributors to the crisis were in some cases amongst the biggest beneficiaries of the system. Underlying all these events is a question about the culture and ethics of the industry. The industry needs to recover a sense of what is right and suitable as a key impulse for doing business. (p.8) One of the consequences of the crisis – and rightly – is that we are going to see a fundamental re-evaluation of the rules and regulations that govern our business. But we should remember that no amount of rules and regulations will be sufficient if the culture does not encourage people to do the right thing. It is the responsibility of Boards to supervise and management to embed a sustainable culture into the very fibre of the organisation. For HSBC, there is nothing more important. (p.10) We are living through a genuinely global crisis; it cannot be solved by one nation alone. Governments need to work together with our industry to tackle the root causes of the crisis, while maintaining the open, globalised markets that have helped spread prosperity in the last two decades. Protectionism, both in trade and in capital flows, is a threat and in all its forms must be resisted. (p.11) Our strategy has been tested and remains intact. (p.9) We remain confident that HSBC is well-placed in today's environment and that our strength leads to opportunity. (p.11)</p>
	UBS	<p>We will continue to make changes in 2009, including the implementation of a new compensation model for senior executives that aligns compensation with the creation of sustainable results for shareholders. (p.3) The crisis faced by the financial services industry made it difficult for the firm to do as much as it would have liked to fulfill its stakeholder expectations. Still, as can be seen from the examples given below – from antimoney laundering to community development and human rights to protecting the environment – UBS continued with a wide range of important and effective corporate responsibility-related activities during 2008. Even in difficult times, UBS remains convinced that corporate responsibility makes good business sense (p.60) UBS has crafted its business strategy to benefit from one underlying global trend: the growth of wealth. Despite the current financial crisis, the firm believes that over the long term wealth creation will continue to be a prominent characteristic of the world economy. UBS's three core businesses of wealth management, asset management and investment banking are geared to take advantage of this trend. (p.12)</p>

5.4 CSR attitude and crisis proneness

In sum, the respective narratives show relatively inactive (48%) and reactive (43%) immediate responses to the financial crisis. Only a few companies immediately responded to the financial with an active attitude (6%). None could be classified as pro-active. A pro-active approach would include a specification of the way the company would like to implement (active) ideas in collaboration/partnership with direct and indirect stakeholders. This addition would make the statement an ideal-type 'sustainable corporate story'. The more sophisticated the 'story' of a corporation is, the more it receives a 'moral authority' in a particular issue, which as a consequence increases its 'license to operate' and its overall legitimacy (Cf. Schultz et al. 2000).

This finding seems to support earlier skepticism as to the potential contribution of MNEs to contribute to the build-up of new institutions that could increase the social potential of globalization (cf. Frynas, 2006). The lack of pro-active responses, however, should not come as a major surprise. The exact consequences and repercussions of the crisis were largely unclear. Statements had to be issued immediately after the actual outbreak of the crisis. A pro-active strategy is always part of a bargaining game, so the active strategies of the five corporations (of which four are strongly involved in financial services) can also be interpreted as the first step in a complex bargaining process. The initial positions, however, in this bargaining process are clear.

The number of firms that consider the crisis as the step-up to a more systemic change in the global economy remains still quite limited. This finding implies that a more fundamental discussion on the nature of globalization and how to make it more sustainable (section 3) cannot be expected to be initiated by the Multinational Enterprises alone. The early phase of the global crisis has not yet proven to trigger major corporate initiatives as the corporate narratives illustrate.

Their previous stance on CSR – as indication of their general approach towards society - provides part of the explanation for this finding. In section 2, it was illustrated that on average firms have a relatively in-active/re-active approach towards CSR, with some exceptions in particular from Europe. A first simple statistical analysis of the possible correlation between CSR approaches and stock price decreases, shows however, that a more active CSR approach not necessarily contributes to less decreases in stock prices (Annex 1 contains the basic data). A more active CSR strategy, therefore, cannot prevent a public company from being affected by the immediate effects of a financial crisis. But can it contribute to the formulation of more active responses? The above narratives were taken as a first indication of the company's attitude adopted in the crisis. In annex 1 these are summarized and superimposed on the CSR approach of these companies. In 62% of the cases, the established CSR strategy functions as a rough predictor of the corporate attitude/narrative towards the financial crisis. One third represents the lower (passive) end of their CSR approach, 1/6th chooses for the higher (more active) end of their CSR approach. This subgroup on average faces relatively small drops in the stock prices, with the exception of some of the banks (BoA) which however re-iterated its already inactive CSR stance in its initial response to the crisis.

Perhaps the most interesting subgroup is represented by the companies that – under influence of the financial crisis – have adopted more active attitudes than what we would have expected from their previous CSR approach. 1/5th of all the companies in the

sample chose this stance. Primarily banks and insurers adopted this strategy, but none really jumped to a radical new position. Most of these companies were badly affected by the financial crisis in their market capitalization.

A less active stance than might have been expected on the basis of their CSR policies is adopted by 1/6th of the companies. We find a small number of banks (BNP, ING) and a variety of other corporations (BP, DaimlerChrysler, Total, Carrefour, Tesco, Altria, Sony) primarily from Europe, that also might be considered less ‘responsible’ (banks) or affected (petroleum, food, retail) by the crisis. Notable exception is Citigroup, which has taken a remarkably passive stance, but is generally considered to be one of the root causes of the financial crisis by (illegally) taking over an insurance company, which prompted the Clinton administration in 1998 to liberalize banking regulation that was in force since the financial crisis of the 1930s (and for good reasons; see McDonald, 2009).

6. Conclusion: globalization saved?

The exploratory research on which this contribution reports, is far from finished. The statistical tests can be improved, the period under consideration expanded, the number of firms broadened, the indicators and narratives made conceptually more sophisticated. What is needed is a follow-up study of corporate attitudes after the immediate post-crisis period. The documentation of initial responses to the crisis, however, tells a clear story on the likelihood that companies in the future can help build appropriate (informal) institutions to make globalization ‘good’ and autonomously help structurally overcome inherent crises.

This study found a prevalence of relatively inactive and reactive approaches towards globalization and the financial crisis. The determinants of these approaches can be found in national regulation, sector origins, degrees of internationalization and/or previously implemented CSR strategies. If the process of successful globalization depends on the strategies of leading corporations (as section 3 suggests), it is far from saved.

This study, however, also documented a number of mechanisms that can help in a more active (and sometimes even proactive) approach of MNEs towards globalization: (1) previous active CSR strategies prove a (moderate) predictor of a more active stance, (2) internationalization is a positive force to higher awareness for the uncertainty surrounding globalization and could lead to greater interest in more sophisticated regulatory regimes, (3) European MNEs generally tend to adopt a more active stance not only on their own response in mitigating negative aspects of globalization, but also on how to make globalization as a system more sustainable.

This paper has identified a number of interesting corporate cases and corporate leaders that might be studied in more detail. The paper has hinted at the importance of ‘framing’ and ‘awareness’ – as behavioral attributes - in making change actually happen or stall (due to denial). The behavioral dimension needs to be further explored by studying the actual action of the leaders (CEOs) of these MNEs combined with the question how leadership in a complex world looks like. More and more leadership studies describe the birth of new types of leadership, which are referred to as “transformational”, “servant” or “collaborative”. One characteristic of this type of leadership is that no leader of major

corporations can develop sound business strategies without a longer term vision on sustainability. Even Jack Welch, proclaimed best manager of the 20th century as former CEO of General Electric, had to admit in the course of the financial crisis that only going for profit maximization and 'shareholder value' was bad idea. It might have prompted his successors – as illustrated in this paper – to take a more active stance in the financial crisis. One other characteristic of the new type of corporate readership is the search for cross sector partnering with leaders of civil society and governments - the pro-active approach delineated in this paper. A research agenda on how corporations can contribute to making globalization sustainable should therefore also include the development of new (business) models for making these 'partnering' initiatives effective. To facilitate these processes, a Partnerships Resource Centre for sustainable development was founded in the Netherlands (www.erim.nl/partnerships).

The approach taken in this paper remains exploratory, multi-level, international and multi-disciplinary, which undoubtedly is in the spirit of and contributes to the legacy of Helge Hveem.

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Annex 1 – Sample Companies – basic descriptives (2006-2009)

Fortune Global Rank (2006)	Company	Sector	Country	Sales/Revenues		TNI ⁱ (%)	Stock Price (Dec 2006 ⁱⁱ =100%)		CSR Approach [grey] Crisis approach [X]			
				2005 (\$ millions)	2008 (\$ millions)		Sept 2008 ⁱⁱⁱ	March 2009 ^{iv}	In-active	Re-active	Active	Pro-active
1	Exxon Mobil	Petroleum Refining	USA	339.938,0	442.851,0	67,1	105%	91%		X		
2	Wal-Mart Stores	General Merchandisers	USA	315.654,0	405.607,0	26,0	131%	114%	X			
3	Royal Dutch Shell	Petroleum Refining	NLD	306.731,0	458.361,0	71,1	90%	65%		X		
4	BP	Petroleum Refining	GBR	267.600,0	367.053,0	79,4	81%	61%	X			
5	General Motors	Motor Vehicles and Parts	USA	192.604,0	148.979,0	42,9	N/A	N/A		X		
6	Chevron	Petroleum Refining	USA	189.481,0	263.159,0	56,8	118%	94%	X			
7	DaimlerChrysler	Motor Vehicles and Parts	DEU	186.106,3	140.328,0	29,9	68%	55%	X			
8	Toyota Motor	Motor Vehicles and Parts	JAP	185.805,0	204.352,0	51,6	68%	49%		X		
9	Ford Motor	Motor Vehicles and Parts	USA	177.210,0	146.277,0	47,6	64%	38%		X		
10	ConocoPhillips	Petroleum Refining	USA	166.683,0	230.764,0	41,4	106%	56%	X			
11	General Electric	Diversified	USA	157.153,0	183.207,0	50,1	68%	29%			X	
12	Total	Petroleum Refining	FRA	152.360,7	234.674,0	72,5	90%	71%	X			
13	ING Group	Bank Insurance	NLD	138.235,3	226.577,0	71,0	59%	14%	X			
14	Citigroup	Banks: Commercial and Savings	USA	131.045,0	112.372,0	49,4 ^v	36%	5%	X			
17	Volkswagen	Motor Vehicles and Parts	DEU	118.376,6	166.579,0	57,6	183%	78%			X	
18	Fortis	Banks: Commercial and Savings	BEL	112.351,4	N/A	23,5	N/A	N/A	X			
19	Crédit Agricole	Banks: Commercial and Savings	FRA	110.764,6	103.582,0	34,9	45%	29%		X		
20	American Intl. Group	Insurance: P & C (stock)	USA	108.905,0	96.004,00	46,6 ^{vi}	4%	1%		X		
22	Siemens	Electronics, Electrical Equipment	DEU	100.098,7	123.595,0	65,3	89%	59%		X		
23	Sinopec	Petroleum Refining	CHN	98.784,9	207.814,0	N/A	47%	55%		X		
24	Nippon T&T	Telecommunications	JAP	94.869,3	103.684,0	N/A	93%	79%	X			
25	Carrefour	Food and Drug Stores	FRA	94.454,5	129.134,0	61,1	82%	63%	X			
26	HSBC Holdings	Banks: Commercial and Savings	GBR	93.494,0	142.049,0	68,1	89%	31%		X		

X

27	ENI	Petroleum Refining	ITA	92.603,3	159.348,0	49,0	76%	67%	X			
29	IBM	Computers, Office Equipment	USA	91.134,0	103.630,0	54,7	123%	97%				
30	McKesson	Wholesalers (Health Care)	USA	88.050,0	10.632,0	9,4"	109%	72%	X			
31	Honda Motor	Motor Vehicles and Parts	JAP	87.510,7	99.652,0	80,3	81%	63%		X		
33	Hewlett-Packard	Computers, Office Equipment	USA	86.696,0	118.364,0	56,3	116%	81%		X		
34	BNP Paribas	Banks: Commercial and Savings	FRA	85.687,2	136.096,0	51,0	83%	39%	X			
36	UBS	Banks: Commercial and Savings	CHE	84.707,6	59.882,0	84,8	35%	17%		X		
37	Bank of America Corp.	Banks: Commercial and Savings	USA	83.980,0	113.106,0	11,5"	69%	14%	X			
38	Hitachi	Electronics, Electrical Equipment	JAP	83.596,3	99.544,0	28,5	112%	47%		X		
39	China Nat. Petroleum	Petroleum Refining	CHN	83.556,5	181.123,0	4,4	N/A	N/A		X		
40	Pemex	Mining, Crude Oil Production	MEX	83.381,7	119.235,0	48,5 ^{vi}	N/A	N/A	X			
41	Nissan Motor	Motor Vehicles and Parts	JAP	83.273,8	83.982,0	58,5	58%	31%			X	
43	Home Depot	Specialist Retailers	USA	81.511,0	71.288,0	7,0	66%	59%		X		
44	Valero Energy	Petroleum Refining	USA	81.362,0	118.298,0	12,6"	67%	37%	X			
45	J.P. Morgan Chase	Banks: Commercial and Savings	USA	79.902,0	101.491,0	22,9	100%	57%			X	
46	Samsung Electronics	Electronics, Electrical Equipment	KOR	78.716,6	110.350,0	45,4	N/A	N/A		X		
47	Matsushita Electric Ind. (Panasonic)	Electronics, Electrical Equipment	JAP	78.557,7	77.200,00	43,7	90%	58%		X		
48	Deutsche Bank	Banks: Commercial and Savings	DEU	76.227,6	81.360,0	75,2	62%	32%			X	
49	HBOS	Banks: Commercial and Savings	GBR	75.798,8	62.400,0	13,8"	62%	39%	X			
50	Verizon Comm.	Telecommunications	USA	75.111,9	97.354,0	4,6	86%	82%	X			
51	Cardinal Health	Wholesalers (Health Care)	IRL	74.915,1	91.091,0	86,8	77%	50%	X			
53	Nestlé	Food Consumer products	CHE	74.658,6	101.565,0	74,9	N/A	N/A		X		
54	Deutsche Telekom	Telecommunications	DEU	74.061,8	90.260,0	41,8	87%	67%		X		
55	Metro Group	Food and Drug Stores	DEU	72.814,3	101.217,0	53,2	76%	50%		X		
59	Tesco	Food and Drug Stores	GBR	71.127,6	94.300,0	32,8	85%	56%	X			
60	Peugeot	Motor Vehicles and Parts	FRA	69.915,4	79.560,0	N/A	61%	31%		X		
61	U.S. Postal Service	Mail, Package and Freight Delivery	USA	69.907,0	74.932,0	N/A	N/A	N/A		X		

62	Altria Group	Food and tobacco	USA	69.148,0	23.600,00	41,8	105%	84%	X			
64	E-ON	Energy	DEU	66.313,2	127.278,0	48,8	34%	21%		X		
65	Sony	Electronics, Electrical Equipment	JAP	66.025,6	76.945,0	57,9	76%	52%	X			
66	Vodafone	Telecommunications	GBR	65.314,2	69.138,0	82,4	84%	59%	X			
68	Électricité De France	Electric and Gas Utilities	FRA	63.434,1	94.084,0	32,4	94%	54%			X	
70	Statoil	Mining, Crude Oil Production	NOR	61.032,7	116.211,0	37,3	96%	70%		X		
71	France Télécom	Telecommunications	FRA	60.932,9	78.290,0	49,9	107%	81%		X		
72	LG	Electronics, Electrical Equipment	KOR	60.574,1	82.082,0	49,2	N/A	N/A		X		
73	Kroger	Food and Drug Stores	USA	60.552,9	76.000,0	N/A	121%	96%	X			
75	Deutsche Post	Mail, Package and Freight Delivery	DEU	59.989,8	98.708,0	25,1	68%	36%		X		
77	Marathon Oil	Petroleum Refining	USA	58.958,0	73.504,0	22,7"	88%	59%	X			

ⁱ TNI, the Transnationality Index is calculated as the average of the following three ratios: foreign assets to total assets, foreign sales to total sales and foreign employment to total employment

ⁱⁱ Closing stock price of December 29, 2006 is considered to be the base value (100%)

ⁱⁱⁱ Closing stock price of September 26, 2008 is considered

^{iv} Closing stock price of March 27, 2009 is considered

^v Due to incomplete data, the Transnationality Index for this company is calculated as the average of the following two ratios: foreign assets to total assets and foreign sales to total sales

^{vi} Due to incomplete data, the Transnationality Index for this company has been estimated solely from the following ratio: foreign sales to total sales