



Perceived multinational subsidiary autonomy and local commitment to corporate social responsibility in China[☆]

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ABSTRACT

Most multinational firms might follow the global direction of the home country and face local stakeholders' pressure on their CSR commitment to the host country. Past research has suggested that perceived autonomy is an essential condition that promotes local commitment to CSR, however, the relationship is not conclusive. This study aims to test a theoretical framework for the association between perceived subsidiary autonomy and local CSR practices' commitment. A survey of senior managers was conducted on multinational subsidiaries in China in 2022 to test our proposed framework. Structural equation modeling was used to analyze the collected data.

It was found that there is an association between perceived commitment to local CSR practices and corporate performance. There is an association between perceived subsidiary autonomy and commitment to local CSR practices. Entrepreneurial orientation acts as a partial mediator in the relationship between perceived subsidiary autonomy and commitment to local CSR practices. Multinationals' products/brands could be more competitive in the Chinese market if their headquarters is more flexible on local CSR practices in the host country. This paper provides evidence of the association between perceived subsidiary autonomy and local CSR practices' commitment.

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1. Introduction

According to the 14th Five-year Plan (2021–25), China maintains an open policy and improves the business environment for foreign investors. The GDP growth worldwide was 2.7% while China could maintain around 5% GDP growth in the year 2023. It is estimated China will have 5% GDP growth in the year 2024 (International Monetary Fund, 2024). It would be a golden opportunity for foreign multinational corporations (MNCs) to expand their business in China after a pandemic period.

The Chinese population is 1.4 billion, and FDI in China contributes directly to 0.38 billion people's livelihoods. China received \$180 billion in FDI in 2022, an increase of 10% compared to the year 2020. The number of non-Chinese firms in China at the end of 2023 was 1,150,000. There was a 3% increase compared to the year 2022 (China Business Division, 2024). FDI contributes to a large

percentage of China's GDP. Besides gaining a good profit in China, foreign firms might have their own CSR initiatives. A subsidiary of foreign firms is visible from local stakeholders. Commitment to CSR could be one of the tools used to form local relationship with stakeholders (Dahms, 2022). China's Marketing strategies of multinational corporations have been examined for improvement to expand growth over the years. Non-marketing strategies are becoming important for multinational corporations' subsidiaries. Thus, this research study focusing on foreign multinational companies' subsidiaries is urgently required.

Research has also reported the relationship between perceived autonomy and perceived CSR commitment, but such a relationship is inconsistent and non-conclusive (Dahms, 2020). Thus, a few researchers, such as Kim et al. (2018), underscore the importance and urgency of exploring the underlying mechanism to explain the inconsistent relationship in the literature (Kim et al., 2018). This research aims to test a relationship between multinational company (MNCs)'s perceived subsidiary autonomy, and perceived commitment to Corporate Social Responsibility (CSR) locally have not been explored extensively in the literature. The proposed study is to address the problem by proposing and testing a model that

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explains the mechanism - perceived subsidiary autonomy through entrepreneurship orientations, which perceived influences local commitment to CSR.

"Entrepreneurial orientation refers to creative ways in which top managers meet upcoming challenges. It might be proactively adopting strategic CSR practices, earlier than its competitors" (Jalilvand et al., 2018, p. 604). Multinational firms are advised to have a first-mover advantage when making strategic moves earning more money. Their competitors need time to copy and react (Lieberman & Montgomery, 1988). Entrepreneurial orientation has been found to affect new venture performance in China from private enterprises data (Cong et al., 2017). Although the strong and positive economic outlook in China can create sustainable business development for many MNCs, these companies would also face challenges in maintaining their commitment to Corporate Social Responsibility (CSR). One fundamental issue to be addressed is whether the local subsidiaries of the MNCs have been provided with sufficient autonomy and whether the MNCs would maintain the commitment to CSR in China. Identifying an underlying relevant mechanism between perceived subsidiary autonomy and local commitment to CSR is an important agenda. This project will make new theoretical contributions and managerial implications for the subsidiary's commitment to CSR.

The subsidiaries take their own decision-making CSR initiatives which would likely reflect the local needs. However, their freedom to make decisions depends on the balance of the home country's control and its autonomy (Meyer et al., 2020). It is a very challenging job to manage CSR strategy for subsidiaries located far away from home countries (Yang & Rivers, 2009).

Subsidiary performance mostly contributed by its survival, profitability, innovation, sales growth, productivity, top management team national diversity in previous literature (Meyer et al., 2020; Dahms, 2022). Their commitment to CSR locally received less attention. Foreign subsidiary CSR serves as a buffer against firm reputation risk, including liability of foreignness (Zhou & Wang, 2020). Local people might think that MNCs are exploiters of host countries' resources. It is one of the important works for MNCs to meet the social, environmental, and economic requirements of local stakeholders in the host country (Marano et al., 2017). How to do CSR more effectively? We introduce an entrepreneurial orientation that could provide us with clues to succeed.

Thus, in competing with their domestic companies, foreign multinational companies need to establish comparable local ties urgently through CSR commitment. Commitment to CSR locally would be important to engage relevant stakeholders. The context in the paper is China operations (host country) from the firms based in the US/European/other countries (home country). Thus, our study aims to test a theoretical framework for associations among perceived subsidiary autonomy, perceived entrepreneurial orientation, and perceived local commitment to CSR in a subsidiary of multinational companies.

2. Literature review

Multi-national firms face a problem called liability of foreignness. "Liability of foreignness (LOF) is defined as the costs of doing business abroad that result in a competitive disadvantage for a multinational enterprise" (Zaheer, 1995, p. 343; Cao & Alon, 2021). Multinational firms follow the home country's standards in social, environmental, and governance dimensions of their CSR practices for easy alignment. It is because the host country's standards might be different from their home country's standards. The core problem is differences in cultural and government policy. As a result, MNC subsidiaries could not to meet the needs of local people (Kim, 2017). It probably affects the MNC subsidiary's commitment to CSR

practices in the host country.

Multinational subsidiaries might adapt their headquarter policy according to local demand. Subsidiaries need to engage with local stakeholders including local residents, activist groups, government bodies, media groups, and so on to find ways to benefit them through economic or social value. Since some local stakeholders are rather skeptical, they have a strong viewpoint that those foreign subsidiaries use CSR as window dressing (Blowfield & Murray, 2019). Subsidiaries might attempt to mitigate those negative effects with their local commitment to CSR practices.

Multinational managers in local subsidiaries rely on global standards from their headquarters to guide their CSR initiative in the local country. Past research has suggested that perceived autonomy is an essential condition that promotes local commitment to CSR, however, the relationship is not conclusive. A few studies also report that perceived subsidiary autonomy is a main driver of CSR effectiveness in the host country but its underlying mechanisms and boundary conditions that influence the strengthening of such relationship remain undeveloped (Dahms, 2020). To address this important issue, a conceptual framework is proposed (Fig. 1).

2.1. Perceived subsidiary autonomy

A subsidiary has been defined as "any operational unit controlled by multinational enterprises and situated outside the home country" (Birkinshaw et al., 1998, 224). Thus, a subsidiary is usually regarded as a local operation in a host country and follows the headquarters' direction and goals. Local subsidiaries have required more independence to make decisions due to rapid changes in the competitive environment in the host country. The autonomy of subsidiaries is set and assigned by headquarters, but subsidiaries require more latitude beyond the scope of assignment (Ambos et al., 2010). Managers in the subsidiary in the host country could be regarded as agents who are responsible for their headquarters in the home country. Expatriate or local managers in the subsidiary work to align the goal and objectives between the subsidiary in the host country and the headquarters in the home country. Agency theory might be applied in the case to solve the conflict that occurred (Bruning et al., 2011). Agency theory discusses the relationship between owner and manager (agent) which is a kind of contract. There are successes and conflicts (Panda & Leepsa, 2017). Principals and agents work for their self-interest, which might lead to problems. The causes of the problems come from risk preference, duration of involvement, retention of earning, decision-making, and information asymmetry (Panda & Leepsa, 2017). The study try to use Agency theory to explain the interplay between headquarter and its subsidiary on CSR issue.

2.2. Corporate social responsibility (CSR)

The definition of CSR changes over time. The European Commission defines CSR as follows: "The Commission has defined CSR as the responsibility of enterprises for their impact on society and, therefore, it should be company-led. Companies can become socially responsible by integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations" (European Commission, 2024). As mentioned in the European Commission's definition, the idea of strategic CSR is endorsed.

When pressured by local stakeholders, local managers might passively do some 'window dressing' donations or copy what their competitors did. It was regarded as non-proactive and non-innovative, and unrelated to long-term business strategy. It might have a bad impact on corporate reputation. This is the dark side of CSR (Blowfield & Murray, 2019). Subsidiaries are probably more

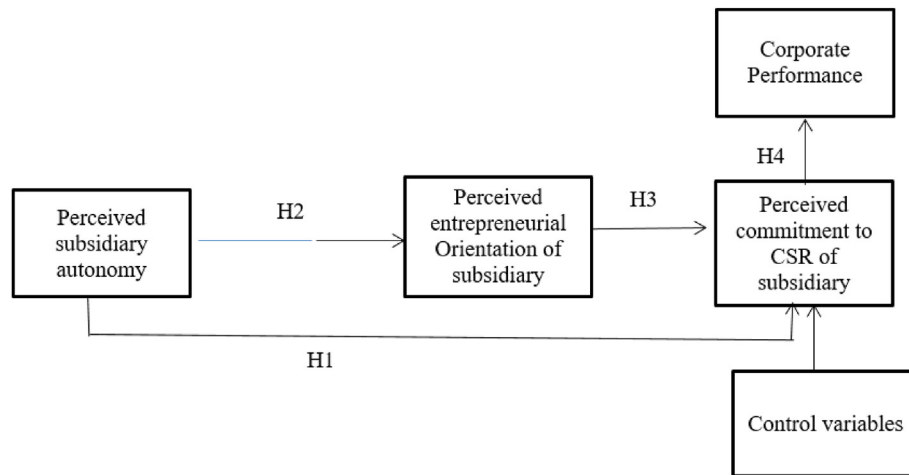


Fig. 1. Conceptual framework.

sensitive than headquarters far away on a commitment to CSR in the host country subject to local stakeholders' pressure (Yang & Rivers, 2009; Dahms, 2022). Managers in subsidiaries have to address the expectation of local stakeholders who are affected by the company's operation. Devoted to environmental, and labor issue are expected. Beyond the regulatory standard might not be a tough job (Freeman, 1984; Yeh et al., 2020). However, the relationship is non-conclusive (Dahms, 2020). More perceived subsidiary autonomy might lead to a more perceived local commitment to CSR.

Thus, *hypothesis 1* is as follows.

Hypothesis 1. Perceived subsidiary autonomy positively associates with a perceived local commitment to CSR practices (social, environmental, and governance dimensions) of foreign firms' subsidiaries in China.

2.3. Subsidiary perceived entrepreneurial orientation

"Entrepreneurial orientation (EO) consists of three dimensions: innovativeness, proactiveness, and risk-taking" (Arzubiaga et al., 2018, p. 461). Entrepreneurial orientation also refers to the company's ability "to innovate in areas of operation and actively participate in the market" (Miller, 1983). The meaning of entrepreneurship includes a firm's capability to take challenges, to try new things and innovate in operations. In short, top executives use it to make their corporations more value.

The subsidiary could devise its own activities with or without permission from its headquarter. The higher freedom of a subsidiary in its business operation, there would be more new or innovate CSR initiatives. As a result, the easier for a subsidiary to take active participation in innovation and local activities. Some new initiatives might not be succeed (Ambos et al., 2010).

Thus, *hypothesis 2* is as follows.

Hypothesis 2. Perceived subsidiary autonomy positively associates perceived EO of foreign firms' subsidiaries in China

Association between the Perceived entrepreneurial orientation of the subsidiary and the perceived local commitment to CSR of the subsidiary.

In order to have higher strategic performance, higher entrepreneurial orientation is expected (Chung & Guo, 2019). According to Wut (2018), innovativeness and risk-taking might related to the first mover advantage of firms in design a particular CSR theme. It is

easy for existing corporations using innovative CSR initiatives to attract people attention (Wut, 2018).

Engaging CSR practices actively might provide companies competitive advantage. Passive CSR practices mean subject to the stakeholder pressure to take CSR initiatives (Kim, 2017). Normally, passive CSR practices could not give companies benefits because stakeholders will think that companies are forced to formulate CSR initiatives.

Research has been done on the relationship between EO and perceived commitment to CSR practices (Ayuso & Navarrete-Baez, 2018; Jalilvand et al., 2018). Ayuso and Navarrete-Baez (2018) examine small companies about their efforts to sustainable development, including "the environment, human resource management (HRM), and local community" (Ayuso & Navarrete-Baez, 2018, p. 82). However, HRM might not replace the economic field as defined in Global Reporting Initiatives (GRI). In addition, CSR practices were found related to EO in the software company context (Tuan, 2016). Perceived commitment to CSR was treated as a single construct. Entrepreneurial Orientation is related to sustainability in the HRM, and society (Ayuso & Navarrete-Baez, 2018). Thus, *hypothesis 3* is as follows.

Hypothesis 3. Perceived EO positively associates perceived commitment to CSR practices (social, environmental, and governance dimensions) of foreign firms' subsidiaries in China (host market).

2.4. Firm performance

The literature has shown that the implementation of effective CSR strategies can lead to better firm's profit and competitive advantage (Brammer et al., 2012; Oware & Iddrisu, 2022). It has been found that there is no significant relationship between perceived CSR commitment and corporate performance (Wut & Ng, 2015). Corporate financial performance affects the CSR expenditure. However, CSR expenditure does not influence the corporate financial performance. It was found that net income, return on asset and previous year's CSR expenditure have a significant positive association with CSR expenditure. In contrast, larger firms age with less CSR expenditure (Kabir & Chowdhury, 2023).

Thus, Hypothesis 4: Perceived commitment to CSR practices (social, environmental, and governance dimensions) of foreign firm's subsidiary in China associated with the subsidiary's performance.

This purpose of the is to fill in the literature gap by proposing an explanation linking perceived subsidiary autonomy and perceived commitment to CSR locally via the perceived EO of the subsidiary. Highly active executives probably more committed to CSR which facilitated by flexible corporate environment. Thus, [hypothesis 5](#) is as follows.

Hypothesis 5. Entrepreneurial orientation acts as a mediator between the relationship of perceived subsidiary autonomy and perceived commitment to CSR

3. Methodology

A quantitative research methodology was used. Our research design consists of a pilot test and a main field survey study. All the items in the survey come from established scales and were adapted to the study. The English questionnaire was translated into Chinese and back-translated into English to ensure completeness and accuracy. Typos and wording were rectified after the pilot test. The meanings of the revised items are relevant to the Chinese context and reflect the nature of the construct. Seasoned researcher then examined the items to ensure their face validity. Construct validity was established using confirmatory factor analysis ([Hair et al., 2022](#)). Perceived subsidiary autonomy was adapted from [Edward et al. \(2002\)](#). Perceived EO was adapted from previous studies ([Jambulingam et al., 2005](#); [Lumpkin & Dess, 1996](#)) as a three-dimensional construct ([Table 1](#)). A Likert scale format was adopted. Firm size was taken as the number of people in the subsidiary ([Chung & Guo, 2019](#)). Perceived local commitment to CSR was operationalized as a second-order, reflective-reflective construct. Local commitment to Social CSR practices, local commitment to

Environmental CSR practices, and local commitment to Governance CSR practices are somewhat related positively. For example, stakeholders are consulted about city improvements, including the environmental side. Thus, perceived social CSR practices constructs are correlated with perceived environmental CSR practices. Similarly, entrepreneurial orientation was operationalized as a second-order, reflective-reflective construct. One is innovative may correlate with risk-taking and being proactive.

The data for the study was then collected through a survey of executives (senior managerial level) from foreign manufacturing/technical/services/financial companies operating in China.

The questionnaire was divided into three parts (i) screening questions to exclude respondents who are not working for a foreign subsidiary or domestic company; also respondents were asked some filter questions that they do not have negative viewpoints on CSR practices. (ii) main questions; (iii) demographic questions including company information. The responses were gathered using an electronic format put on the WenJuanXing. This is a famous online survey site. They provide data that are reliable as traditional methods ([Jiao et al., 2018](#)).

According to the Power test ([Hair et al., 2022](#)) using software G*Power 3.1, the sample size requirement for one independent variable, one mediator (perceived entrepreneurial orientation and perceived subsidiary autonomy), and four other variables is 107 for the level of significance equals to 0.05 in order to detect an increase in R square. The effective size is 0.15 ([Faul et al., 2007](#)).

There are different ways to expand the business in China, wholly owned subsidiary, joint venture, franchising and establishing a representation office, or exporting. Our target sample is restricted to foreign subsidiaries. Years of the establishment of the subsidiary, firm size, subsidiary's history, and employment duration are

Table 1
Measurement Scales (sample items).

Construct	Measurement items	Source
Subsidiary autonomy	1. My company has decision power of setting budgets. 2. My company has decision power of marketing activities. 3. My company has decision power of setting prices of products/services. 4. My company has decision power of development of new products/services 5. My company has decision power of selecting suppliers 6. My company has decision power of setting service process 7. My company has monitoring and controlling power of products/services	Edward et al., 2002 .
Local Commitment to Environmental CSR Practices	1. My company has established metrics to monitor such as environmental risk, pollution risk, energy saving, and waste. 2. My company communicates environmental actions to us. 3. My company communicates environmental actions to our customers, suppliers and other people in local community.	Courrent et al. (2018) .
Local Commitment to Social CSR Practices	1. My company contributes to community cultural, sporting, and/or educating activities 2. My company consults stakeholders for our decisions concerning local community development 3. My company offers internship and contributes to local student training	Courrent et al. (2018) .
Local Commitment to governance CSR practices	1. As a responsible company, my company favors more women as members in the board of directors 2. As a responsible company, my company favors independent non-executive director as chairman of the board of directors 3. As a responsible company, my company favors CEO is not the chairman of the board of directors	Simberova et al., 2012 ; Tricker, 2015 .
Entrepreneurial Orientation	Innovativeness 1. Our company is known as an innovator among businesses in our industry 2. We promote new innovate products/services in our company 3. Our company provides leadership in developing new products/services Risk-taking 1. Top managers of our company tend to invest in high risk projects 2. This company shows a great deal of tolerance for high risk projects 3. Our business strategy is characterized by a strong tendency to take risks Proactive 1. We seek to exploit anticipated changes in our target market ahead of our rivals 2. We take hostile steps to achieve competitive goals in our target markets 3. Our actions toward competitors can be termed as aggressive	Lumpkin & Dess, 1996 ; Jambulingam et al., 2005 .

control variables (Escandon-Barbosa & Salas-Paramo, 2023) (please see list of variables in Table 2).

Common method bias is a problem if independent and dependent variables are collected from identical respondents (Acquaah, 2007; Podsakoff et al., 2003). Measures were implemented to tackle the problem. Questions are shuffled so that respondents are unable to differentiate between variables. Harman's (1967) one-factor test was used (Messerschmidt & Hinz, 2013). Moreover, a full collinearity test was used as well (Kock, 2015, p. 7).

4. Results

Partial least square, variance-based structural equation modeling (PLS-SEM), was used for the whole model because there are four concurrent latent variables. The measurement model was assessed by indicator factor loading (larger than 0.5), Cronbach's alpha (larger than 0.7), and average variance extracted (larger than 0.5) (Hair et al., 2019). Discriminant validity was checked by the average variance extracted from each construct.

4.1. Measurement model

Measurement model assessments of the eight constructs are depicted in Table 3. Almost all of the indicator loadings fulfilled the recommended minimum threshold of 0.708. One of the indicators for a perceived environmental commitment had a loading of 0.689 and was thus retained. Two other indicators had loadings close to the thresholds and were retained. Constructs had Cronbach's alpha values lower than the threshold 0.7 and but their composite reliability value exceeded the recommended thresholds, with satisfactory to good results. The values of Cronbach's alpha were estimated on the lower side (Hair et al., 2019). All constructs had AVE measures ranging from 0.503 to 0.782, which exceeded the threshold. Around 50%–80% of the variance of related items was explained by the constructs with good convergent validity. Finally, discriminant validity assessment using the Fornell–Larcker criterion is shown in Table 4 below. The values in diagonal cells were greater than the remaining values, indicating satisfactory discriminant validity.

Perceived commitment on CSR and EO were second-order constructs. Their composite reliability, Cronbach's alpha, and average variance extracted were all higher than the threshold. It means the second-order constructs have good reliabilities.

4.2. Structural model

Satisfactory results were obtained in structural model (Fig. 2). The adjusted R^2 values of perceived CSR commitment and corporate performance were 0.362 and 0.202. Through bootstrap analysis

with 5000 subsamples based on the 292 cases, path coefficients, and t -values were calculated (Table 5). The effect size of association between perceived subsidiary autonomy and CSR commitment is medium (f-square is 0.179). The effect size of association between perceived subsidiary autonomy and entrepreneurial orientation is small (f-square is 0.059). The effect size of association between perceived entrepreneurial orientation and CSR commitment is medium (f-square is 0.209). Finally, the effect size of association between perceived CSR commitment and corporate performance is medium (f-square is 0.254).

The size of a subsidiary, employment history, and year in the market are control variables.

5. Discussion

This study examined the association between perceived subsidiary autonomy and perceived local commitment to CSR. Hypothesis 1 proposed there is a direct effect of subsidiary autonomy and perceived local commitment to CSR. As expected, they had a positive relationship. The result is consistent with the existing literature findings (Yang & Rivers, 2009; Dahms, 2022). Hypothesis 2 proposed a positive association between subsidiary autonomy and entrepreneurial orientation. The hypothesis was supported with a p -value less than 0.01. It was expected as well. More freedom was allowed in the corporation certainly encourage innovative activity. Employees are generally more active to propose new ideas. It concurs with previous result (Ambos et al., 2010). The role of entrepreneurial orientation is reflected in hypothesis 3. Hypothesis 3 proposed a positive association between entrepreneurial orientation and perceived CSR commitment. As expected, we found that they have an association. Last but not least, hypothesis 4 proposed there is a relationship between perceived local CSR commitment with corporate performance. There has been a debate on the relationship before as the correlation is not conclusive (Wut & Ng, 2015). The association was supported in the study. It concurs with some of the previous findings (Brammer et al., 2012). EO was a partial mediator between perceived subsidiary autonomy and perceived CSR local commitment. Hypothesis 5 was supported.

We provide evidence to foreign corporations on how perceived subsidiary autonomy and perceived entrepreneurial orientation affect the perceived commitment to CSR of its subsidiary in the host country. We fill in the literature gap that subsidiary autonomy is indeed an important factor affecting perceived local CSR commitment. Thus, when it comes to perceived local commitment to CSR initiatives, foreign corporations can select which type of initiatives they could focus on. Sales revenue and profitability might subsequently increase. The economic impact on corporations is huge. Not only the multinational corporations could gain, but also some other stakeholders. People in a host country like China may benefit from

Table 2
Variable descriptions.

Variables	Description	Source
Perceived commitment to Environmental CSR practices	Level of engagement with a list of comprehensive CSR initiatives on environmental	Courrent et al. (2018).
Perceived commitment to Social CSR practices	Level of engagement with a list of comprehensive CSR initiatives on social/ community	Courrent et al. (2018).
Perceived commitment to Governance CSR practices	Level of engagement with a list of comprehensive CSR initiatives on corporate governance	Simberova et al., 2012; Tricker, 2015.
Perceived Entrepreneurial orientation	9 items scale with three dimensions: innovativeness; risk-taking, and proactive	Lumpkin & Dess, 1996; Jambulingam et al., 2005.
Perceived subsidiary autonomy	7 items Likert scale	Edward et al., 2002.
Firm Size	It is measure by natural log of number of employee	Gu et al. (2008).
Tenure	Employment duration	Gu et al. (2008).
Year in the market (History)	Likert scale	Gu et al. (2008).

Table 3
Measurement model assessment.

Construct	Item	Loading	Cronbach's alpha	Composite Reliability	AVE
Environmental	E1	0.712	0.507	0.752	0.503
	E2	0.689			
	E3	0.727			
Governance	G1	0.735	0.61	0.792	0.56
	G2	0.786			
	G3	0.722			
Social	S1	0.848	0.413	0.771	0.628
	S3	0.732			
Subsidiary autonomy	SA3	0.715	0.548	0.768	0.525
	SA4	0.691			
	SA7	0.765			
Corporate performance	P1	0.798	0.691	0.829	0.618
	P2	0.800			
	P3	0.760			
Innovation	N1	0.778	0.576	0.779	0.541
	N2	0.687			
	N3	0.739			
Risk	R1	0.905	0.861	0.915	0.782
	R2	0.869			
	R3	0.879			
Proactive	A2	0.878	0.698	0.915	0.782
	A3	0.875			
Perceived CSR Commitment	CSR1	0.753	0.605	0.792	0.582
	CSR2	0.660			
	CSR3	0.826			
EO	EO1	0.962	0.618	0.779	0.547
	EO2	0.756			
	EO3	0.570			

Table 4
Assessing discriminant validity.

	Environmental	Governance	Innovation	Performance	Proactive	Risk	Autonomy	Social
Environmental	0.709							
Governance	0.193	0.749						
Innovation	0.458	0.297	0.735					
Performance	0.321	0.333	0.499	0.786				
Proactive	0.086	0.408	0.292	0.344	0.876			
Risk	0.105	0.227	0.249	0.376	0.42	0.885		
Autonomy	0.432	0.188	0.407	0.251	0.053	0.096	0.724	
Social	0.463	0.355	0.435	0.351	0.209	0.211	0.383	0.793

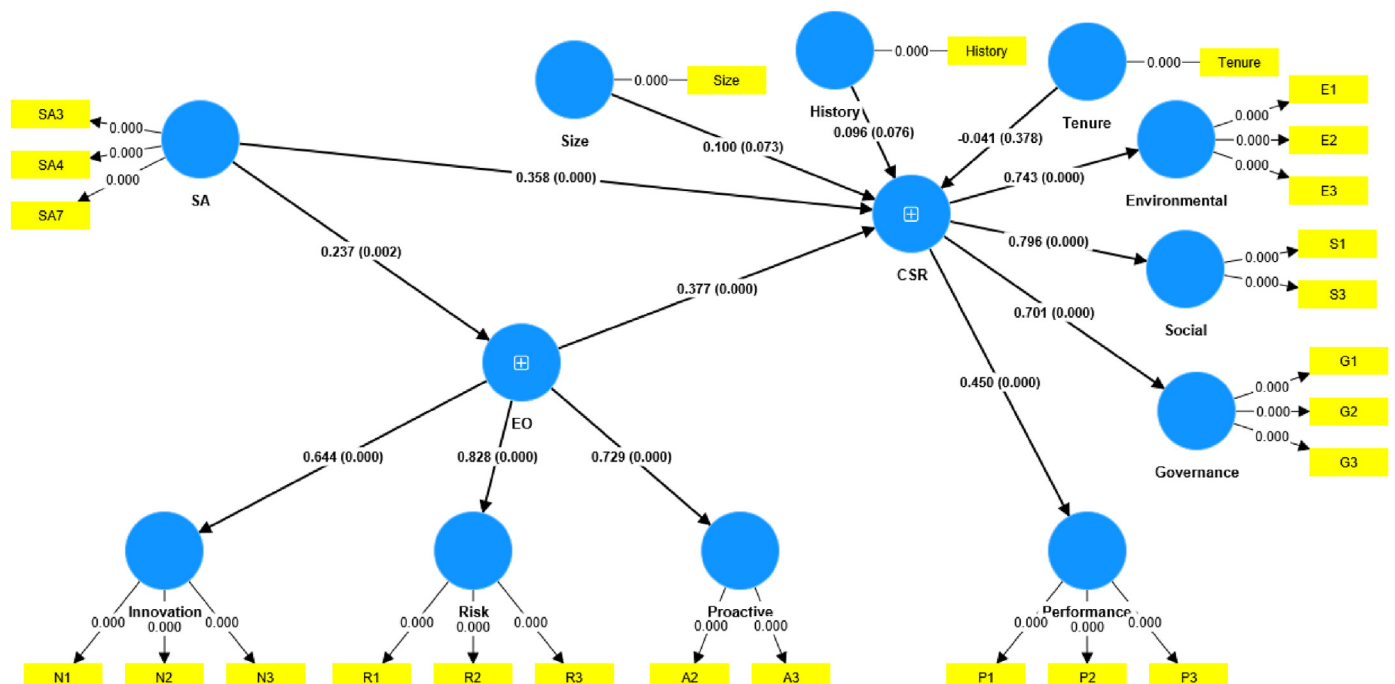
**Fig. 2.** Structural model.

Table 5
Results of hypothesis testing.

Hypothesis	Path	(β)Path Coefficient	t-value	p-value	2.50%	97.5%	Result	f square (effect size)
H1	Subsidiary Autonomy >> Perceived CSR commitment	0.358	6.396	<0.001***	0.246	0.466	Supported	0.179 (medium)
H2	Subsidiary Autonomy >> Entrepreneurial Orientation	0.237	3.108	0.002**	0.089	0.387	Supported	0.059 (small)
H3	Entrepreneurial Orientation >> Perceived CSR commitment	0.377	7.102	<0.001***	0.266	0.474	Supported	0.209 (medium)
H4	Perceived CSR commitment >> Corporate performance	0.450	8.095	<0.001***	0.344	0.562	Supported	0.254 (medium)

(Bootstrap samples = 5000, n = 292 cases).
p < 0.01; *p < 0.001.

this study (Courrent et al., 2018; Dahms, 2020). Some relatively undeveloped countries might rely on the CSR of multinational's subsidiaries in their social welfare role (Blowfield & Murray, 2019). Also, it would help to maintain multi-national corporations' reputation as being responsible global citizens.

5.1. Theoretical contribution and managerial implications

We establish a new and complete theoretical model between subsidiary autonomy and perceived local CSR commitment (social, environmental and governance) of subsidiaries of multinational companies. Entrepreneurial orientation is a partial mediator on the association between subsidiary autonomy and perceived CSR commitment. Government might consider a CSR policy in favor of on early start up to multinational subsidiaries, not limited to the local start-up companies. Multinational companies shall examine the role of top management in terms of the association between entrepreneurial orientation and local CSR commitment. Active Managers probably more committed to local CSR norms which facilitated by flexible corporate environment. Headquarter and subsidiary work for their self-interest, which might lead to problems. Thus, if the headquarter prefers a globalized approach on CSR practices, less aggressive managers might be employed in subsidiaries. In contrast, if the headquarter prefers a more localized approach on CSR practice, more aggressive managers might be employed in subsidiaries. Our study extend to the literature on agency theory agenda on the relationship between headquarter and its subsidiary on CSR issue.

6. Conclusion

Multinational corporations' subsidiaries always face an ongoing challenge about how to keep up their corporate social responsibility (CSR) initiatives in order to address the local needs and concerns which may be different from their global directions and focuses. Local subsidiaries tend to understand more about the stakeholders' requirements, government regulations, and social expectations in the host countries as compared to how they interact and operate in the home countries. Multinational subsidiaries are required to manage cultural, societal, and country differences in order to maintain their local CSR commitment.

This paper developed and tested a mediation model to explain how perceived autonomy influences local CSR commitment. Perceived entrepreneurial orientation is a partial mediator. This paper offers evidence-based practices for organizations to develop effective CSR initiatives based on agency theory. Foreign companies' CSR initiatives focus more on people's genuine needs regarding sustainable development goals. They are gained support in the host country. It would help to maintain multi-national corporations' reputation as being responsible global citizens. We provide practitioners with cutting-edge knowledge and practical strategies to maintain local CSR commitment.

There are some limitations of the study. First, this is a cross-sectional study. Using a longitudinal survey could improve the

understanding of the impact of subsidiary antinomy on perceived commitment to CSR. Second, the study was conducted in a single country. Multiple countries are recommended to enhance the generalizability. Finally, this study was quantitative in nature. Mixed-methods design might combine the strengths of quantitative and qualitative approaches. Formal institution differences between headquarter and subsidiary and informal institution differences between headquarter & subsidiary could be moderators of the relationship between entrepreneurial orientation and perceived commitment to CSR. Global corporations are subject to more pressure to take on larger scale CSR initiatives. Internationalization of MNC is also a candidate as a moderator of the relationship between entrepreneurial orientation and perceived commitment to CSR.

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