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**CSR Policies and Global Labor Violations in MNCs:
The Impact of Home Country Labor Regulation and
Labor Union Strength.**

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Abstract

This thesis investigates whether the adoption of formal Corporate Social Responsibility (CSR) policies by multinational corporations (MNCs) is associated with improved labor practices across their global operations. It further examines how this relationship may be moderated by institutional factors in the MNC's home country, specifically labor regulation and union strength. Using a panel dataset of 3,880 firm-year observations from OECD-based MNCs between 2015 and 2020, the study applies random-effects Tobit regression models to account for the censored nature of labor violation data.

Contrary to expectations, the presence of CSR policies is positively and significantly associated with the number of reported labor violations, suggesting symbolic adoption or increased transparency rather than improved outcomes. The interaction effects of home-country labor regulation and union strength were both statistically insignificant, indicating no clear moderating influence. Robustness checks confirmed the reliability of these findings.

These results point to a persistent implementation gap between corporate commitments and labor conditions on the ground, highlighting the need for stronger enforcement mechanisms and further research into institutional constraints on CSR effectiveness.

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1. Introduction

Even with technological progress, established regulatory frameworks and the widespread adoption of Corporate Social Responsibility (CSR) as a global business norm (Christensen et al., 2021), labor violations within multinational corporations (MNCs) remain a continuous issue in industrialized countries (Ascencio et al., 2024). These violations cover a wide range of not just physical injuries, but also serious breaches of basic labor rights and ethical standards. They include things like forced labor, child labor, discrimination, poor health and safety conditions and other abuses faced by employees throughout global supply chains (Flacks & Orientale, 2024; Colovic et al., 2018). The human, social, and economic impact of these violations highlights the urgent need for attention and stronger corporate accountability.

This ongoing challenge emphasizes the complicated interaction among labor market institutions, corporate responsibility, and regulatory systems. The lack of CSR policies, particularly when firms prioritize cost-cutting over compliance, continues to drive unsafe labor conditions (Dodoo & Al-Samarraie, 2019). Understanding how labor unions and regulatory environments affect corporate behavior is essential to improving labor outcomes. Union strength, expressed not only in membership but also in bargaining power and political influence, can serve as an internal mechanism to monitor and pressure firms toward safer practices (Altassan et al., 2018; Kaplan & Naidu, 2024). Similarly, labor regulations serve as formal institutional forces that shape corporate conduct through legal rules and enforcement mechanisms (Scott, 2007; Arikan & Sozen, 2021). However, the strength of enforcement and the broader compliance culture can significantly influence their effectiveness (Tompa et al., 2016; Petitta et al., 2016). While labor violations manifest in various host countries, the strategic decisions, corporate policies, and ethical frameworks of a multinational corporation are heavily shaped by the legal, social, and regulatory environment of its headquarters country (Orudzheva & Gaffney, 2018), which is also known as the “headquarters effect”. This paper adopts the “headquarters effect” as its central lens, recognizing that the regulatory and social environment of a multinational corporation’s home country shapes the company’s global conduct. The institutional norms, cultural values, labor protections, and CSR expectations embedded in the home country context can shape not only strategic decisions, but also the corporate culture that governs subsidiaries abroad (Sethi & Elango, 1999; Orudzheva & Gaffney, 2018). The two key mechanisms driving this process are corporate culture spillover and reputational risk management. Firms headquartered in countries with strong labor unions and strict labor regulation are likely to internalize those standards and export them to subsidiaries through training, policies, and internal controls (Fenton-O’Creevy & Gooderham, 2024). Simultaneously, reputational concerns can pressure firms to prevent violations anywhere in their supply chains, fearing backlash from stakeholders at home (Nuruzzaman et al., 2024; Nardella et al., 2023).

Institutional theory helps explain how formal and informal institutions in the home country shape corporate behavior across borders (Rathert, 2016). The main difficulties are the labor market institutions and regulatory systems. Enforcement remains a challenge, causing strong regulation to not always translate into safe working conditions when companies find ways to circumvent rules or relocate risks abroad (Raghunandan & Ruchti, 2021). Moreover, low unionization decreases workers' collective bargaining ability to demand better circumstances, therefore creating an environment in which careless behavior might be established (Boodoo, 2020)

This study investigates how a multinational corporation's Corporate Social Responsibility (CSR) policies relate to labor violations across its global operations, with a particular focus on the moderating role of institutional factors in the MNC's home country. Specifically, it examines whether strong labor regulation and labor union strength in the home country help shape corporate conduct abroad and reduce the incidence of violations. The main research question is: "How do a multinational corporation's CSR policies relate to its global labor violations, and to what extent do the labor regulation and labor union strength of its home country moderate this relationship?"

While considerable research has explored how CSR initiatives influence corporate behavior, significant gaps remain in understanding how home-country institutions shape MNCs' global labor policies. Much of the literature has focused on firm-level CSR commitments or host-country regulatory conditions, yet less attention has been paid to how institutional forces in the MNC's home country influence labor conduct across borders. This is especially important given that MNCs face dual institutional pressures, navigating both home and host country expectations (Rathert, 2016). The "headquarters effect" suggests that home-country norms can shape how CSR is practiced abroad (Orudzheva & Gaffney, 2018). However, empirical work on how home-country labor union strength and labor regulation moderate the relationship between CSR and labor violations is still limited. Boodoo (2020) highlights that union presence can both improve safety and influence perceptions, noting that unionized workers may report more violations or hold more critical views of workplace safety, which raises questions about how unions impact both actual and reported violations. Moreover, the mechanisms of cultural spillover and reputational risk management are often discussed conceptually but not yet robustly tested. This gap has broader scientific implications for understanding how institutions influence global corporate behavior. By focusing on the role of home-country labor protections and union strength, this study aims to refine theoretical insights from institutional theory and contribute to the growing research on transnational CSR effectiveness.

This research contributes to broader societal goals. By examining how institutional environments shape corporate behavior, the findings can inform stronger labor policies and promote fairer, safer labor practices in MNE subsidiaries, therefore aiming to lower labor violations. Labor violations such as unsafe conditions, forced labor, and discrimination continue to affect millions of workers worldwide, even within highly industrialized nations (Bernhardt et al., 2013). These violations not only harm workers' rights and dignity but also undermine public trust in global business and contribute to widening social inequality. Through researching the link between institutional regulations, unions and CSR policies, this study can help to enhance corporate responsibility, hence maybe fostering more ethical company practices (Nardella et al., 2022).

The next chapter addresses the framework and defines the concepts meant to support this study. The methodology comes next and clarifies how the study's data was gathered. The results are then shown, followed by a conclusion addressing the research question. Following that is the discussion, split between the limits of the research and an interpretation of the findings. Finally, the recommendations are addressed.

2. Theoretical framework

Three central concepts —Corporate Social Responsibility, labor regulation, and union strength—are covered in this thesis. A deeper analysis of these concepts is given in this chapter.

2.1 Corporate Social Responsibility

Corporate Social Responsibility (CSR) has become a central concept in contemporary business, reflecting how companies aim to operate in ways that contribute positively to society and the environment, while remaining accountable to a broad set of stakeholders. The European Commission (2011) defines CSR as “the responsibility of enterprises for their impact on society.” This wide-reaching definition emphasizes that CSR goes beyond mere compliance with legal requirements; it involves voluntary initiatives that address social, environmental, and economic impacts. Carroll’s (1991) widely cited framework provides one of the most comprehensive models for understanding CSR, dividing it into four interconnected dimensions: economic (being profitable), legal (complying with laws), ethical (doing what is right and just), and philanthropic (giving back to society). Together, these dimensions offer a holistic view of how companies engage with their broader responsibilities beyond shareholder value. For multinational corporations, the practice of CSR is particularly complex. Operating across various national contexts, MNCs face the challenge of aligning global strategies with diverse legal frameworks, cultural expectations, and institutional pressures (Rathert, 2016). As such, CSR is not just a reputational tool but also a strategic necessity for managing global operations responsibly. This thesis provides a foundation for understanding CSR in the context of MNCs, with a specific focus on its theoretical underpinnings through institutional theory and its role in mitigating labor violations. The relevance of these issues is particularly pronounced when considering the so-called “headquarters effect” (Orudzheva & Gaffney, 2018), which is the influence of an MNC’s home country institutional environment on its global CSR practices.

MNCs navigate a global landscape marked by significant institutional diversity. Variations in labor laws, regulatory enforcement, and societal expectations across countries create challenges for ensuring consistent CSR practices (Akinsola, 2025). In this setting, CSR involves more than local legal compliance; it includes proactively addressing labor standards, workplace safety, and human rights throughout global supply chains, as stated by the International Labour Organization (2019). Research highlights that MNCs’ CSR policies are shaped by their home country’s institutional environment, a dynamic referred to as the “headquarters effect” (Orudzheva & Gaffney, 2018). This perspective suggests that the regulatory, normative, and cultural environment in which a company is headquartered shapes its corporate values and decision-making processes, which are then transmitted to subsidiaries

through various formal and informal mechanisms. Two main pathways underpin this headquarters effect. First, corporate culture spillover involves the transfer of home country norms, such as strong labor protections or union influence, into the corporate culture of the MNC, which in turn influences practices in subsidiaries (Fenton-O’Creevy & Gooderham, 2024). For example, an MNC based in Germany, which is a country with well-established labor rights, may internalize high labor standards and replicate them globally, even in host countries with laxer regulations. Second, reputational risk management plays a key role in shaping CSR. MNCs with high public visibility are increasingly aware of the reputational damage that labor-related violations in foreign subsidiaries can cause. Negative media exposure or pressure from NGOs can undermine a firm’s legitimacy at home and abroad. As a result, companies are incentivized to enforce CSR policies consistently across borders to maintain their reputation and avoid costly scandals (Nuruzzaman et al., 2024; Nardella et al., 2023).

Institutional theory provides a useful lens to understand how MNCs adopt and implement CSR policies. According to Scott (2007), institutions are composed of three pillars: regulatory (laws and rules), normative (social norms and expectations), and cognitive (shared beliefs). These pillars collectively shape organizational behavior. For MNCs, both the home and host country institutions exert influence, but research often finds the home country’s institutional environment to have a stronger and more consistent impact on corporate strategy and ethical orientation (Rathert, 2016). A key concept here is institutional distance, which refers to the degree of dissimilarity between home and host country institutions. When MNCs originate from countries with stronger regulatory environments, particularly in labor law, they are more likely to apply these higher standards across all operations, including in host countries with weaker enforcement mechanisms (Christmann, 2004). For example, a U.S.- or EU-based MNC may still uphold robust labor policies in a developing country with limited oversight. However, institutional distance also creates friction. Economic and cultural gaps can hinder the transfer and implementation of CSR practices, as firms may struggle to navigate unfamiliar institutional logics or local resistance (Marano & Kostova, 2015). This raises important questions about when and how MNCs maintain strong CSR commitments in less regulated environments.

Labor violations, such as unsafe working conditions, forced labor, discrimination, and the suppression of workers’ rights, remain a persistent issue in global supply chains (Flacks & Orientale, 2024; Colovic et al., 2018). These violations not only harm workers but also expose firms to reputational risk, financial penalties, and operational disruptions. In theory, robust CSR policies are designed to reduce the likelihood of such violations by embedding ethical labor practices into corporate routines and creating systems of accountability. CSR initiatives often include worker training programs, adherence to international labor standards, safety protocols, and grievance mechanisms. When meaningfully implemented, these efforts can reduce the incidence of violations and improve working conditions. Indeed, studies suggest that effective CSR policies are negatively associated with labor

violations, as they create pressure for firms to treat workers fairly and transparently (Brammer et al., 2011). However, not all CSR is created equal. The strength and authenticity of CSR policies often depend on the institutional background of the MNC. Firms headquartered in countries with robust labor protections and strong union influence are more likely to internalize values that prioritize worker safety and dignity, leading to more proactive and enforceable CSR policies across their subsidiaries (Orudzheva & Gaffney, 2018). In this sense, the home country's institutional environment acts not only as a source of regulation but also as a cultural template that influences how seriously a firm takes its social responsibilities. This leads to a central question of this thesis: To what extent do home country labor regulations and union strength influence the effectiveness of MNCs' CSR policies in reducing labor violations? By investigating this relationship, this research seeks to better understand how institutional factors at the national level shape the global conduct of firms and whether CSR can serve as a meaningful safeguard against labor violations across borders.

2.2 Labor regulation

Labor regulation is a key pillar in the institutional environments that shape how multinational corporations (MNCs) behave globally (Scott, 2007; Botero et al., 2004). These regulations consist of laws and policies aimed at protecting worker rights, ensuring fair treatment, and maintaining safe, ethical labor. Within the context of this study, labor regulations are critical in understanding the moderating role they play in a company's CSR policies and its global record of labor violations.

Labor regulations refer to the legal and policy frameworks that govern employment relationships and protect employees across multiple dimensions (Botero et al., 2004). These frameworks include rules to prevent occupational hazards and ensure safe working conditions, such as mandatory protective equipment and regular inspections (Tompa et al., 2016). They also regulate wages and working hours, mandating minimum wage levels, overtime pay, and reasonable limits on work hours to guarantee fair compensation (ILO, 2025). Additionally, labor laws prohibit discrimination based on race, gender, age, disability, and other characteristics, while banning exploitative practices like child and forced labor (Canadian Security Intelligence Service, 2025). Furthermore, many systems protect collective bargaining rights, allowing workers to organize, form unions, and negotiate with employers (Altassan et al., 2018). For MNCs operating across different countries, adhering to these laws is non-negotiable. However, the level of stringency, enforcement, and cultural acceptance of such regulations varies widely between countries, creating a complex and uneven landscape for global operations (Cuervo-Cazurra et al., 2021). Institutional theory emphasizes that MNCs often face dual institutional pressures from both home and host countries, yet the home country's regulatory framework tends to exert a more consistent and foundational influence over a firm's global behavior (Rathert, 2016).

The influence of home country labor regulations on MNCs' global conduct is well explained by the "headquarters effect," which highlights how regulatory environments at home shape corporate values and practices abroad (Orudzheva & Gaffney, 2018). MNCs based in countries with strong labor protections tend to uphold higher standards globally, driven by internalized norms embedded into corporate culture (Fenton-O'Creevy & Gooderham, 2024) and by the need to manage reputational risk across markets (Nuruzzaman et al., 2024; Nardella et al., 2023). Institutional theory reinforces this perspective by identifying how coercive, normative, and mimetic pressures, such as legal requirements, social expectations, and peer benchmarking, influence firms' behavior in aligning with labor standards (Scott, 2007; Arikan & Sozen, 2021; Rathert, 2016).

There is substantial empirical support for the influence of home country labor regulations on global corporate behavior. A study by Lee et al. (2021), for example, analyzed 185 Chinese MNCs and their 349 foreign subsidiaries across 27 host countries. The findings confirmed that home country institutional pressures positively influenced subsidiaries' CSR policies, particularly in labor standards. The effect was even stronger when the legal and regulatory differences between home and host countries were greater, indicating that MNCs often carry their home country's institutional norms into new environments. For many MNCs, the safety regulations of their home country often become the benchmark for their global operations. Yet, enforcement remains a persistent challenge. Even in countries with strong labor legislation, inconsistencies in monitoring and enforcement, as well as complex supply chains, can lead to corporate noncompliance (Tompa et al., 2016). In host countries with limited regulatory capacity, some MNCs may actively exploit legal loopholes or lax oversight, resulting in increased labor violations (Raghunandan & Ruchti, 2021). This makes the role of home country regulation more important, because it act as a foundation that can provide stability and accountability in environments where local systems fall short. For this thesis, these dynamics suggest that labor regulation is not just a contextual factor, but a potential moderator that shapes how effectively CSR policies translate into real outcomes. Specifically, strong home country labor regulations may amplify the impact of CSR in preventing global labor violations.

2.3 Union strength

Union strength is a multifaceted concept extending beyond simple membership numbers. While union density (the percentage of the workforce unionized) is a common metric, it is often considered as insufficient for overall union power, especially in cross-national comparisons (Metten, 2021). There also needs to be looked at the bargaining power of unions to fully understand them. This can be measured by how many workers the union represents and the structure of bargaining systems (Maggioni et al., 2019). Union strength can also be measured by political influence, meaning their ability to affect labor laws and government policies (Kaplan & Naidu, 2024). In comparison with OECD countries, unions in many non-OECD countries face greater challenges, including restrictive laws, weak enforcement, anti-union employer practices and state interference that compromises their independence. This is why many candidate countries are applying for OECD Membership (TUAC Secretariat, 2024).

Unions influence labor protection through several theoretical mechanisms. They provide collective voice, allowing workers to raise safety concerns as a group, whereas individuals would feel hesitant to bring their voice out alone (Addison & Belfield, 2004). Unions also monitor the behavior of management towards complying to safety standards and regulations (Pagell et al., 2020) and use bargaining power to negotiate for specific safety improvements, training and protective equipment (Altassan et al., 2018). Unions also impact CSR. Research by Boodoo (2020) indicates that higher union density correlates with more internal, employee-focused CSR policies, including those related to health and safety. Furthermore, strong union representation is associated with fewer ESG (Environmental, Social, Governance) controversies, suggesting unions act as internal monitors mitigating CSiR (Corporate Social Irresponsibility). Globalization and the rise of MNCs places more importance on cross-border union cooperation. Global Union Federations play a key role in coordinating strategies and building networks among unions representing workers of the same MNC globally, which is explained by the global union IndustriALL (IndustriALL Global Union, 2012). These international agreements are negotiated between Global Union Federations and MNCs, formalizing commitments to uphold international labor standards across global operations, often based on ILO conventions (Sengenberger, 2020). There are some significant challenges that hinder the international coordination of these agreements, starting with institutional diversity across countries, which complicates strategy alignment (Ferner et al., 2004). Schmidt (2007) explains that resource limitations constrain unions' international activities, often due to weak local unions, management resistance, or lack of enforcement mechanisms, creating an implementation gap between commitment and local practice and eventually leading to a conflict of interest.

Existing research provides important insights into how the strength of labor unions in a multinational corporation's (MNC's) home country can influence its global labor practices and CSR implementation. MNCs originating from countries with strong traditions of collective representation and robust governance environments tend to exhibit more responsible labor policies abroad (Kim et al., 2014). This pattern aligns with the concept of the "headquarters effect" (Orudzheva & Gaffney, 2018), which posits that institutional norms at home, including union influence, shape the corporate values and standards that MNCs carry into foreign operations. Union strength may contribute to this through mechanisms such as knowledge transfer, internal oversight, and the cultural spillover of home-country labor norms (Björkman et al., 2007).

Nonetheless, the relationship is not straightforward. MNCs operate under dual institutional pressures from both home and host countries (Ferreira & Serra, 2008), and they frequently adjust to local institutional conditions to maintain legitimacy and operational efficiency (Rathert, 2016). As a result, the global diffusion of home-country practices can be uneven or selectively applied, especially when host countries have weaker institutional environments (Surroca et al., 2014). These complexities make it necessary to investigate not just whether union strength matters, but how it functions as a moderating factor in the relationship between CSR policies and labor violations across borders. While the broader influence of union presence is recognized (Sethi & Elango, 1999), it becomes important to look more closely at whether union strength in the home country shapes how well CSR policies are translated into better labor outcomes abroad, which is something that still hasn't been clearly answered in the existing literature.

2.4 Conceptual model and hypotheses

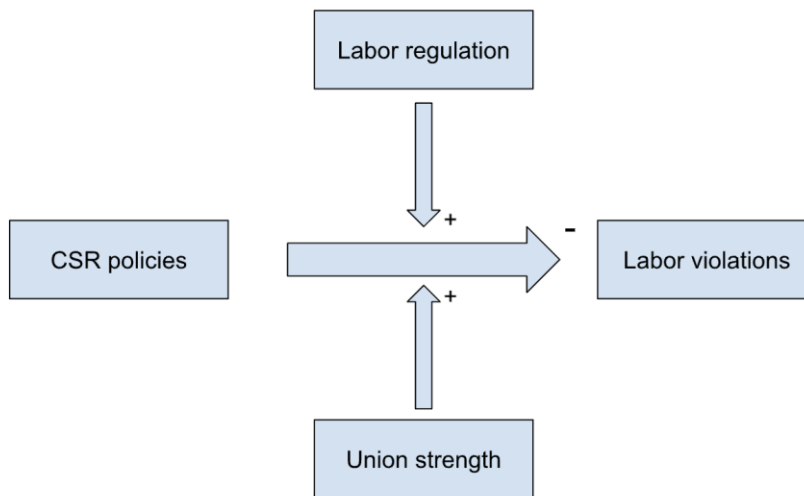


Figure 1. Conceptual model

The conceptual model presented in Figure 1 explores the relationship between the adoption of CSR policies by multinational corporations and the incidence of labor violations in their global operations. The model posits a direct negative relationship between CSR policies and labor violations and further incorporates two moderating variables: the strength of labor regulation and union strength in the MNC's home country. These moderators are expected to influence the degree to which CSR policies translate into improved labor outcomes, offering insight into how institutional environments shape global corporate behavior.

The first link in the model concerns the expected direct relationship between CSR policies and labor violations. Corporate social responsibility (CSR) entails voluntary corporate commitments to ethical, environmental, and social responsibilities, often going beyond legal requirements. Within the context of labor practices, CSR may include formalized initiatives to improve workplace conditions, provide safety training, and ensure compliance with labor rights. These efforts aim to mitigate corporate social irresponsibility (CSiR), which is frequently tied to cost-cutting behaviors, poor safety enforcement, and ethical negligence (Dodoo & Al-Samarraie, 2019; Clark et al., 2022). As such, when MNCs adopt genuine CSR frameworks, these should theoretically reduce occurrences of labor violations, especially those related to workplace safety. This leads to the first hypothesis:

Hypothesis 1: The adoption of formal CSR policies by a multinational corporation is negatively associated with the rate of labor violations across its global operations.

However, translating CSR commitments into actual outcomes is not always straightforward. The effectiveness of these policies often depends on the institutional environment in which the MNC is

embedded. The first moderating factor considered is the strength of labor regulations in the MNC's home country. Institutional theory emphasizes the role of coercive pressures from regulatory systems in shaping corporate behavior (Scott, 2007). MNCs headquartered in countries with strong legal enforcement and comprehensive labor laws are more likely to carry those standards across borders through corporate culture spillover and reputational risk management (Fenton-O'Creevy & Gooderham, 2024; Nuruzzaman et al., 2024; Nardella et al., 2023). These home country regulations can serve as benchmarks for subsidiaries, especially in regions where local enforcement is weak. Accordingly, the presence of strong home country labor regulation is expected to reinforce the effectiveness of CSR policies by enhancing compliance and limiting negligence, thus weakening the link between corporate irresponsibility and labor violations. This leads to the second hypothesis:

Hypothesis 2: The strength of an MNC's home country labor regulation positively moderates the relationship between its CSR policies and the rate of labor violations in global operations.

A second institutional moderator considered is union strength. Strong unions can act as internal monitors, representing workers' interests and pressuring management to comply with both regulatory and CSR commitments (Altassan et al., 2018; Pagell et al., 2020). They help enforce safe practices by reducing information asymmetries between workers and employers, encouraging transparency, and advocating for better safety standards (Boodoo, 2020). When union influence is high in the MNC's home country, these norms can become embedded in the company culture and carried to subsidiaries through global labor standards, training programs, and ethical codes. Furthermore, union strength contributes to a broader political and social climate that holds firms accountable to high standards of CSR implementation. Therefore, the moderating role of home country union strength is expected to reinforce the negative relationship between CSR and labor violations. This leads to the third hypothesis:

Hypothesis 3: The strength of labor unions in an MNC's home country positively moderates the relationship between its CSR policies and the rate of labor violations in global operations.

Taken together, this model highlights how internal corporate initiatives (CSR policies) and external institutional factors (regulations and union strength) interact to shape labor safety outcomes in MNC operations. This framework not only builds on institutional theory but also addresses a gap in the literature regarding the combined and conditional effects of CSR and labor market institutions on labor violations. The following chapter outlines the methodology used to empirically test these hypotheses.

3. Methodology

3.1 Research design

This thesis adopts a quantitative research design, using a longitudinal panel data approach to investigate how multinational corporations' corporate social responsibility (CSR) policies relate to labor violations across their global operations, and how this relationship is moderated by union strength and labor regulation in the MNC's home country. The focus is on MNCs headquartered in OECD countries, analyzed over the period 2015 to 2020.

A panel data structure is particularly appropriate for this study because it allows for examining both cross-sectional variation between companies and temporal variation across years (Kropko & Kubinec, 2020). This dual dimension strengthens the robustness of the analysis by accounting for unobserved heterogeneity, which are differences across firms that remain constant over time but could bias results if not controlled for. Panel regression techniques, such as fixed effects and random effects models, will be used to assess the direct impact of CSR policies on labor violations and test the moderating effects of home-country institutional factors. This design allows for causal inference to a reasonable extent in a non-experimental setting, especially when controlling for confounders and using robust standard errors (Wooldridge, 2010). Moreover, panel regression is commonly used in comparative institutional research, particularly in studies of CSR and labor practices (e.g., Rathert, 2016; Tompa et al., 2016), making it an established method for investigating how institutional environments shape corporate behavior.

By examining variations in CSR policies and labor violation outcomes across different institutional contexts, this design enables the testing of three core hypotheses: the direct relationship between CSR and labor violations, and the moderating roles of home country union strength and labor regulation. These hypotheses are grounded in institutional theory, particularly the concept of the "headquarters effect," which posits that the home-country environment plays a formative role in shaping global corporate conduct (Orudzheva & Gaffney, 2018).

Data will be analyzed using STATA, a statistical software package particularly suited for panel data and widely used in political economy and business research. STATA provides powerful tools for panel regressions, interaction effects, and diagnostic testing, ensuring analytical precision and transparency (Kropko & Kubinec, 2020).

Overall, this research design is well-suited for answering the central research question and empirically testing how institutional mechanisms condition the global impact of CSR policies on labor violations.

3.2 Data collection

The dataset for this study comprises a panel of multinational corporations (MNCs) headquartered in OECD countries, covering the period from 2015 to 2020. The selection of OECD-based firms ensures a focus on countries with relatively strong institutional frameworks (Woodward, 2022), which is relevant for examining how variations in labor regulation and union strength in the home country influence corporate conduct abroad. Firms are included across various industries to allow for broader generalizability of the findings.

The primary dependent variable is labor violations, measured using data from the RepRisk database. RepRisk is a leading ESG risk analytics platform that systematically monitors and records corporate misconduct and ESG controversies across the globe. The database compiles data from media, NGOs, government agencies, and other public sources in over 20 languages. For this study, violation incidents include occupational health and safety violations, poor employment conditions, forced labor, child labor, discrimination, freedom of association breaches, and other abuses classified under international labor standards. The RepRisk data provides year- and company-specific identifiers, allowing for the creation of a firm-year panel dataset. Following Jackson and Rathert (2016), violations are linked to the institutional conditions of the MNC's home country, regardless of where the incident occurred, thereby operationalizing the "headquarters effect."

The independent variable is corporate social responsibility (CSR) policies, measured using the LSEG ESG database. This source offers standardized information on firm-level policies related to employee welfare and occupational health and safety. Indicators include whether a company has a formal health and safety policy, implemented systems or initiatives to reduce workplace accidents or illnesses, and programs to address commuting-related incidents. The presence of such policies signals a proactive CSR approach, while their absence may reflect weak internal controls in the labor domain.

The first moderator is labor regulation, measured using ILOSTAT data on national compliance with labor rights. This indicator reflects the extent to which countries fulfill internationally recognized labor standards, including freedom of association, the right to collective bargaining, the elimination of forced labor and child labor, and the prohibition of employment discrimination. It captures both the formal existence of legal protections and their practical implementation, providing a reliable country-level measure of labor rights enforcement over time.

The second moderator is union strength, measured using trade union density, defined as the percentage of employees in a country who are union members. This data is obtained from the OECD Employment Database. Union density captures the collective power of labor and reflects institutional support for worker representation.

Several control variables are included to account for factors that may influence both CSR implementation and labor violation outcomes. These include firm size (measured by total assets), industry sector (categorical classification), and GDP per capita of the MNC’s home country. Firm-level data for these controls is drawn from LSEG, which are total assets and industry sector, while macroeconomic variables are retrieved from the World Bank, which is GDP per capita of the MNC’s home country. Altogether, this multi-source dataset allows for a robust empirical investigation into how home-country institutional factors shape the relationship between CSR commitments and labor-related misconduct across global operations. A clear overview of all variables is given in the table below.

Table 1

Overview of variables

Variable	Description	Data source
Labor violations (dependent variable)	Number of violation incidents per firm-year	RepRisk
CSR policies (independent variable)	Indicator of formal CSR policies related to labor practices	LSEG
Labor regulation (moderator)	National compliance with labor rights (continuous measure)	ILOSTAT
Union strength (moderator)	National compliance with labor rights (continuous measure)	OECD Employment Database
Firm size (control variable)	Total assets of the company	LSEG
Industry sector (control variable)	Type of industry of the company	LSEG
GDP per capita (control variable)	GDP per capita of the MNC’s home country	World Bank

3.3 Data analysis

The analysis in this study relies on panel data techniques to investigate the relationship between CSR policies and labor violations in multinational corporations, and how this relationship is moderated by home-country labor regulation and union strength. Panel data techniques are particularly suitable for this research as they allow controlling for unobserved heterogeneity across firms, which is crucial in studies involving firm-level data over time (Wooldridge, 2010). The final dataset includes 3,880 firm-year observations from 2015 to 2020, after merging and cleaning multiple sources and filtering for firms headquartered in OECD countries. All data were processed and analyzed using STATA, a statistical software widely used for handling complex panel data structures and performing robust econometric tests (Kropko & Kubinec, 2020).

The dependent variable, labor violations, is constructed as a count variable summing various types of labor-related violations from the RepRisk database, including occupational health and safety issues, poor employment conditions, forced labor, child labor, human rights abuses and corporate complicity, freedom of association and collective bargaining, discrimination in employment, and violations of international standards. Because this variable is non-negative and exhibits a left-skewed distribution with many zero values, a Tobit model is applied to account for censoring at zero. Tobit analysis is particularly suited for this kind of data, as it handles limited dependent variables while still allowing for continuous variation above the censoring point (Wooldridge, 2010). A specification of the model is given below, consisting of a Tobit random-effects model examining the effect of CSR policy on labor violations, moderated by union strength and labor regulation. X_{it} represents the vector of control variables. v_i denotes the firm-level unobserved random intercept

$$\begin{aligned} LaborViolations_{it} = & \beta_0 + \beta_1 CSRPolicy_{it} + \beta_2 UnionStrength_{it} + \beta_3 LaborRegulation_{it} + \\ & \beta_4 CSRPolicy_{it} \times UnionStrength_{it} + \beta_5 CSRPolicy_{it} \times LaborRegulation_{it} + X_{it} + v_i + \\ & \varepsilon_{it} \end{aligned} \tag{1}$$

In panel-data Tobit models, fixed effects estimation is not possible due to the incidental parameters problem (Wooldridge, 2010). Therefore, this study applies a random-effects Tobit model, which assumes that individual heterogeneity across firms is uncorrelated with the independent variables. This assumption is reasonable given the diverse institutional environments in which MNCs operate, and it allows for the inclusion of time-invariant or slowly changing predictors such as union strength and labor regulation, which are critical to testing the hypotheses grounded in the headquarters effect (Rathert, 2016). The use of random effects also provides greater efficiency under the assumption of orthogonality between random effects and regressors (Kropko & Kubinec, 2020).

The main independent variable, CSR policy adoption, is modeled as a binary dummy indicating whether the firm has formal employee health and safety policies in place. The two moderators are labor regulation (measured as national compliance with labor rights from ILOSTAT) and union strength (measured by union density from the OECD Employment Database). They are included both as direct predictors and in interaction terms with CSR policy to test for moderation effects.

To isolate the relationship of interest, several control variables are included. At the firm level, total assets and industry sector are controlled for, while GDP per capita is included as a country-level control. These variables account for factors that may influence both CSR implementation and the likelihood of labor violations, following standard practices in CSR and institutional research (Brammer et al., 2011; Rathert, 2016)

To assess the robustness of the findings, various diagnostic checks were performed. These include multicollinearity tests using Variance Inflation Factors (VIF), which indicated no critical levels, thus indicating no multicollinearity issues (Hair et al., 2010). Heteroskedasticity-robust standard errors were employed to address potential variance inconsistencies (Angrist & Pischke, 2009). Moreover, the final cleaned dataset contained no missing values for the 2015–2020 period, reducing the risk of estimation bias due to incomplete data.

Finally, interaction effects were tested separately to evaluate the moderating roles of labor regulation and union strength in the CSR–violation relationship. This approach offers clearer insight into how institutional factors in the MNC’s home country shape global corporate conduct.

3.4 Limitations

Several limitations may influence the interpretation of this study's findings. First, the measurement of labor violations relies on data from the RepRisk database, which is built on media, NGO, and public domain sources. This introduces potential reporting bias, as violations in countries with restricted media freedom may be underreported, creating an uneven representation across firms and regions. Although this study focuses on MNCs headquartered in OECD countries, where media environments are generally stronger, many reported incidents still occur in host countries, where visibility may be lower. This bias was mitigated by focusing on aggregate firm-level violation data and conducting additional robustness checks.

Second, the CSR policy data, drawn from the LSEG database, captures the formal presence of employee health and safety policies, but does not reflect their depth, enforcement, or real-world effectiveness. Firms may disclose CSR policies symbolically to meet compliance or reputational goals, without actual implementation on the ground (Michelon et al., 2014). This gap between policy and practice is a known limitation in CSR measurement and requires cautious interpretation when linking CSR to labor outcomes.

Third, although the study uses a large cross-national dataset, significant data limitations affected the final sample size and time frame. After merging data from various sources and filtering for completeness, the dataset was reduced from approximately 13,500 to 3,880 firm-year observations, covering the period from 2015 to 2020. While this time frame reflects the years where all variables could be matched reliably, it restricts the study's ability to detect long-term trends or capture earlier policy dynamics.

Finally, although the analysis links the institutional moderators labor regulation and union strength to the MNC's home country, global operations span multiple institutional contexts. As a result, observed outcomes may be shaped by both home- and host-country influences. The use of home-country variables follows prior research (e.g., Jackson & Rathert, 2016), but this approach cannot fully capture complex transnational dynamics or adaptation to host environments.

Despite these limitations, the study provides valuable insights into how institutional contexts influence the effectiveness of CSR policies in reducing labor violations. All constraints have been transparently reported to guide interpretation and future research, and where possible, additional diagnostics and controls were included to improve robustness.

3.5 Research ethics

This research will follow ethical guidelines based on Smith (2003), especially focusing on responsible data use, transparency, and fairness throughout the project.

Discuss intellectual property frankly: As this is an individual master's thesis, I will be the only author, so I will get credit for authorship. However, I will properly acknowledge any feedback or guidance received from my supervisor.

Be conscious of multiple roles: There are no conflicting roles in this study. I am conducting the research independently as a student, with no external interests or obligations that might affect the integrity of the work.

Follow informed-consent rules: Since this study uses only secondary, publicly available data (from sources like RepRisk, ILOSTAT, and OECD), informed consent is not required. However, I will still ensure that all data is used responsibly and ethically.

Respect confidentiality and privacy: Even though the data is public, I will handle it carefully by keeping records. I won't personally share this data with anyone.

Tap into ethics resources: I will submit my research for any required ethics approval within my institution. I also plan to clearly report any limitations and be transparent about my methods and decisions throughout the thesis.

4. Results

The empirical analysis utilized panel Tobit regression models with random effects to account for the censored nature of the dependent variable, which represents the number of reported labor violations. The dataset comprises 3,880 firm-year observations from 2015 to 2020 for multinational corporations headquartered in OECD countries. All models controlled for firm size (total assets), industry sector and GDP per capita of the home country. The results are presented in three subsections, corresponding to the direct effect of CSR policies and the moderating effects of home country labor regulation and union strength.

4.1 Direct effect CSR

Hypothesis 1: The adoption of formal CSR policies by a multinational corporation is negatively associated with the rate of labor violations across its global operations.

To test Hypothesis 1, a random-effects Tobit regression was estimated using the cleaned panel dataset of 3,880 firm-year observations. The dependent variable is the total number of reported labor-related violations per firm per year, derived from the RepRisk database. The main independent variable, `csr_policy`, is a binary indicator denoting whether the firm has formal employee health and safety policies in place, as reported in the LSEG ESG database. Control variables include firm size (total assets), industry sector (SIC2), and GDP per capita of the MNC's home country. The results indicate a positive and statistically significant association between the presence of CSR policies and reported labor violations ($\beta = 1.33$, $p = 0.005$). This finding is contrary to the hypothesis, which predicted a negative relationship. Instead, the presence of CSR policies is associated with a higher number of reported labor violations.

Control variables also yielded significant results. GDP per capita showed a small but significant positive association ($\beta = 0.000052$, $p = 0.001$), suggesting that MNCs headquartered in wealthier countries may report more labor violations. Firm size, as measured by total assets, was positively and significantly associated with labor violations ($\beta = 1.51e-08$, $p < 0.001$), indicating that larger firms tend to face more reported labor issues. These results suggest that the mere existence of CSR policies does not necessarily translate into improved labor conditions. Instead, they may function as formal structures with limited effectiveness in preventing violations, highlighting the need to examine institutional moderators in the subsequent sections. Robustness checks support the validity of these findings. A linear regression with heteroskedasticity-robust standard errors yielded consistent results, with a significant positive coefficient for CSR policy ($\beta = 2.25$, $p < 0.001$). VIF values for the key

variables CSR policy (VIF = 1.23), GDP per capita (VIF = 1.13), and firm size (VIF = 1.41) were well below the conventional threshold of 10, indicating no multicollinearity concerns (Hair et al., 2010).

4.2 Moderating effect labor regulation

Hypothesis 2: The strength of an MNC's home country labor regulation positively moderates the relationship between its CSR policies and the rate of labor violations in global operations.

To test Hypothesis 2, a Tobit random-effects regression was conducted including an interaction term between the CSR policy dummy and the labor rights compliance index. The labor rights compliance variable is structured such that lower values indicate stronger regulatory environments, while higher values indicate weaker compliance and looser enforcement. The interaction term between CSR policy and labor rights compliance was negative, though not statistically significant ($\beta = -0.19$, $p = 0.438$). However, the main effect of labor rights compliance itself was positive and statistically significant ($\beta = 0.47$, $p = 0.048$). This result suggests that, on average, MNCs headquartered in countries with weaker labor rights compliance tend to experience more labor violations in their global operations, regardless of CSR policy.

To further investigate this relationship, the sample was split into two groups based on the median value of labor rights compliance (1.09): stronger regulatory environments (≤ 1.09 , closer to 0) and weaker regulatory environments (≥ 1.10 , closer to 10). Separate models were estimated for each subgroup. In countries with stronger labor regulation, the coefficient for CSR policy was positive but not statistically significant ($\beta = 0.97$, $p = 0.263$), indicating no clear relationship between CSR policy adoption and labor violations. Conversely, in countries with weaker labor regulation, the coefficient for CSR policy was both positive and statistically significant ($\beta = 1.32$, $p = 0.023$). This result suggests that in these less regulated environments, the adoption of CSR policy is associated with more reported labor violations.

To assess the robustness of these findings, additional diagnostics were conducted. A linear regression model with robust standard errors confirmed the positive and significant relationship between CSR policy and labor violations ($\beta = 2.23$, $p < 0.001$), while the interaction term with labor rights compliance remained statistically insignificant ($p = 0.479$), aligning with the Tobit results. Multicollinearity was evaluated using VIF. The relevant variables CSR policy (VIF = 3.19), labor rights compliance (VIF = 5.59), and their interaction (VIF = 5.69) were comfortably below the commonly accepted threshold of 10, indicating no multicollinearity concerns (Hair et al., 2010).

4.3 Moderating effect union strength

Hypothesis 3: The strength of labor unions in an MNC's home country positively moderates the relationship between its CSR policies and the rate of labor violations in global operations.

To test Hypothesis 3, a random-effects Tobit model was estimated. The interaction term between CSR policy and union density was statistically insignificant ($\beta = -0.002$, $p = 0.952$), indicating no evidence of a moderating effect. The main effect of CSR policy was marginally significant ($\beta = 1.46$, $p = 0.092$), while union density alone was not significantly associated with labor violations ($\beta = -0.028$, $p = 0.493$).

To ensure robustness, an OLS regression with standardized variables and heteroskedasticity-robust standard errors was conducted. The interaction term remained non-significant ($\beta = -0.114$, $p = 0.377$), while CSR policy retained a positive and significant main effect ($\beta = 0.807$, $p < 0.001$).

Multicollinearity was assessed using VIF. The key independent variables showed acceptable VIF values according to Hair et al (2010), staying well below the threshold of 10 ($csr_policy_z = 1.43$, $union_density_z = 1.36$, $csr_union_z = 1.35$), indicating no multicollinearity issue. Standardizing the variables also helped to reduce collinearity between the interaction term and its components. Furthermore, robust standard errors were used to correct for potential heteroskedasticity, supporting the reliability of the estimates.

In sum, the results do not support Hypothesis 3. CSR policy remains positively associated with reported labor violations, but this relationship is not moderated by union strength in the MNC's home country.

Table 2*Overview of results*

Hypothesis description	Finding	Supported
H1: The adoption of formal CSR policies by a multinational corporation is negatively associated with the rate of labor violations across its global operations.	Positive & significant ($\beta = 1.33$, $p = 0.005$)	No
H2: The strength of an MNC's home country labor regulation positively moderates the relationship between its CSR policies and the rate of labor violations in global operations.	Negative & insignificant ($\beta = -0.19$, $p = 0.438$)	No
H3: The strength of labor unions in an MNC's home country positively moderates the relationship between its CSR policies and the rate of labor violations in global operations.	Negative & insignificant ($\beta = -0.002$, $p = 0.952$)	No

5. Conclusion

This study examined the relationship between CSR policies and labor violations among multinational corporations, using a panel dataset of 3,880 firm-year observations from OECD countries. The analysis tested three hypotheses concerning the direct effect of CSR policies and their interaction with home-country labor regulation and union strength.

The findings indicate that the adoption of formal CSR policies is positively and significantly associated with reported labor violations, contrary to the initial hypothesis. This suggests that CSR policies alone may not be effective in reducing workplace violations and may instead reflect symbolic compliance or increased transparency.

Furthermore, the moderating effects of home-country labor regulation and union strength were not supported. Although weaker labor regulation was associated with higher overall violations, neither labor regulation nor union density significantly moderated the relationship between CSR policies and labor violations.

Overall, the results challenge the assumption that CSR policies, in isolation, lead to improved labor outcomes in global operations. They highlight the complexity of institutional environments and the limitations of policy-based approaches to responsible business conduct.

6. Discussion

6.1 Interpretation of results

The empirical findings of this study reveal several unexpected patterns that challenge a straightforward interpretation of CSR policy effectiveness. Most notably, the presence of formal CSR policies was positively and significantly associated with the number of reported labor violations. This finding contradicts the expectations outlined in Hypothesis 1, which assumed a negative relationship between CSR policies and labor violations. Moreover, the analyses did not find statistically significant moderating effects for either home-country labor regulation (Hypothesis 2) or union strength (Hypothesis 3).

The observed positive relationship between CSR policies and labor violations may reflect a form of “CSR decoupling”, in which firms adopt symbolic policies to enhance legitimacy without meaningfully changing operational behavior (Bothello et al., 2023; Boxenbaum & Jonsson, 2008). This study’s methodological design—relying on internally disclosed CSR policies and externally reported labor violations—captures the divergence between corporate communication and actual practices. In line with institutional theory, such symbolic adoption may be a strategic response to external legitimacy pressures, allowing firms to present themselves as socially responsible while prioritizing efficiency or cost-cutting in practice (Christensen et al., 2021).

An alternative interpretation is the transparency effect, whereby firms with established CSR frameworks are more likely to disclose violations or be subjected to increased scrutiny. In this view, the elevated number of reported violations does not necessarily indicate worse performance but may instead reflect greater openness and accountability (Schnackenberg & Tomlinson, 2014). This explanation aligns with the lack of a significant moderating effect of home-country labor regulation, suggesting that CSR may serve as a functional substitute for weak institutional enforcement in global operations (Rathert, 2016).

The absence of a significant interaction between CSR and union strength also warrants consideration. While union density was used as a proxy for labor influence, it may not fully capture the multidimensional nature of union power, which also involves bargaining structures, political leverage, and financial capacity (Maggioni et al., 2019; Kaplan & Naidu, 2024). Prior research indicates that union effects on CSR can be conditional. For instance, Boodoo (2020) suggests that weak unions may crowd out internal employee-focused initiatives by emphasizing external CSR, while stronger unions

may foster a complementary relationship. The null findings in this study may therefore be attributable either to measurement limitations or to variation in union power across the sample.

Taken together, the results suggest that CSR policies do not guarantee improved labor outcomes. Rather, policy effectiveness depends on how CSR is implemented and embedded within broader institutional and organizational contexts. The findings underscore the importance of looking beyond the presence of formal policies to assess their actual impact in practice.

6.2 Implications

The findings of this study carry several implications for both academic research and corporate practice. From a theoretical perspective, the results reinforce the importance of distinguishing between the formal adoption of CSR policies and their actual effectiveness. The positive association between CSR policies and reported labor violations suggests that policy adoption alone may not be a reliable indicator of improved labor practices. This calls for a more nuanced conceptualization of CSR in the literature—one that accounts for the symbolic versus substantive nature of policy implementation, particularly within multinational firms operating across diverse institutional contexts.

For practitioners, especially managers and compliance officers within multinational corporations, the results highlight the limitations of treating CSR as a checkbox activity or a reputational tool. While formal CSR policies can serve important communicative and strategic functions, they must be accompanied by robust monitoring, enforcement, and integration into daily operations if they are to meaningfully reduce labor violations. This requires moving beyond policy documents to invest in internal accountability systems, training programs, and localized implementation strategies.

Policymakers and international organizations may also draw important lessons. The limited moderating role of home-country labor regulation and union strength implies that institutional safeguards at the national level may not be sufficient to ensure responsible corporate behavior abroad. This supports growing calls for transnational regulatory frameworks, such as mandatory human rights due diligence laws, that hold MNCs accountable for labor practices throughout their global supply chains, irrespective of where violations occur.

Finally, the findings raise questions about the effectiveness of using self-reported ESG metrics for evaluating corporate responsibility. The gap between CSR commitments and reported violations points to the need for triangulated data sources and independent audits to assess actual performance. For ESG

rating agencies and investors, this underscores the importance of incorporating third-party data—such as violation records—alongside company disclosures when making assessments or allocating capital based on sustainability criteria.

6.3 Limitations

While this study offers several insights into the relationship between CSR policies and labor violations in multinational corporations, it is not without limitations. First, the analysis is based on observational data, which restricts the ability to draw causal inferences. The associations identified between CSR policies and labor violations, as well as the moderating variables, cannot definitively establish directionality or eliminate the possibility of omitted variable bias.

Second, the primary independent variable (CSR policy) is a binary indicator derived from firm disclosures. While this allows for a standardized comparison across companies, it does not capture the depth, scope, or actual enforcement of these policies. Firms may differ widely in how comprehensively CSR policies are implemented, and this heterogeneity is not fully accounted for in the model.

Third, the dependent variable (reported labor violations) is based on external data from RepRisk. Although this offers a valuable “outside-in” perspective, it may be influenced by media coverage, reporting standards, or public scrutiny, potentially introducing reporting bias. Companies that are more visible or transparent may appear to have more violations, even if actual practices are comparable.

Additionally, the proxy measures used for labor regulation and union strength also present limitations. The labor rights compliance index reflects broad country-level governance but does not capture enforcement at the industry or firm level. Similarly, union density is a limited measure of union influence, which may vary across institutional settings and fail to reflect bargaining power or political leverage.

Lastly, the study is limited to OECD-headquartered firms. While this ensures a level of institutional comparability, it may reduce the generalizability of the findings to multinational corporations based in non-OECD countries, where regulatory environments and CSR motivations can differ significantly.

6.4 Further research

While this study provides valuable insights, there are several ways future research could expand and deepen the analysis. One avenue would be to apply qualitative or mixed-method approaches, such as case studies or interviews, to better understand how CSR policies are implemented within firms. This could shed light on why formal CSR commitments often fail to result in improved labor practices in global operations.

Another suggestion is to go beyond binary CSR indicators. More nuanced, continuous measures that focus specifically on labor rights or supply chain management could offer a clearer understanding of the relationship between CSR intensity and labor outcomes.

In terms of institutional context, future studies could examine other potential moderating variables beyond labor regulation and union strength. For example, factors such as civil society activism, enforcement capacity, or media freedom in both home and host countries may significantly shape how CSR is practiced and enforced.

Improving the measurement of union influence would also be beneficial. Union density alone may not fully capture the complexity of union power, which includes dimensions such as bargaining structures, political leverage, and financial resources. Incorporating more comprehensive indicators could provide a more accurate picture of the moderating role of organized labor.

Lastly, this study focused exclusively on multinational corporations headquartered in OECD countries. Future research could investigate whether the observed patterns hold for firms based in emerging or non-OECD economies, where institutional environments and stakeholder dynamics may differ considerably.

7. Reflection

Throughout the research process, several key design choices were made that shaped the outcomes of this thesis. The decision to use secondary quantitative data allowed for a broad, comparative analysis across multinational corporations, but it also limited the depth of contextual understanding that qualitative methods might have offered. Choosing a Tobit model to handle the censored nature of labor violations was methodologically appropriate, though interpreting the results required caution, especially considering institutional complexities.

As a researcher, I approached this topic with a strong interest in labor rights and corporate accountability, which informed my choice of variables and focus on institutional factors. While this gave the project direction and coherence, it may also have introduced bias in how certain findings were interpreted—particularly when results contradicted theoretical expectations.

A strength of the thesis lies in its structured approach and robust statistical checks. A key limitation, however, is the reliance on proxy variables for complex constructs like union strength and CSR enforcement. Future research could build on this by incorporating more qualitative insights or alternative measures.

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Appendices

Appendix A – Summary statistics and descriptive analysis

```
. summarize Total_workplace_violations GDP_CAP TA
```

Variable	Obs	Mean	Std. dev.	Min	Max
Total_work~s	3,880	4.451289	11.1125	0	176
GDP_CAP	3,880	43764.18	13776.25	9215.44	116786.5
TA	3,880	6.77e+07	2.35e+08	19231	2.81e+09

```
.  
. tabulate csr_policy
```

csr_policy	Freq.	Percent	Cum.
0	576	14.85	14.85
1	3,304	85.15	100.00
Total	3,880	100.00	

```
. tabstat Total_workplace_violations GDP_CAP TA, by(csr_policy) stats(n mean sd min max)
```

Summary statistics: N, Mean, SD, Min, Max
Group variable: csr_policy

csr_policy	Total_~s	GDP_CAP	TA
0	576	576	576
	1.998264	45040.66	4.59e+07
	5.632668	13475.2	2.14e+08
	0	11050	56950
	68	105462	2.64e+09
1	3304	3304	3304
	4.878935	43541.65	7.15e+07
	11.75869	13818	2.38e+08
	0	9215.44	19231
	176	116786.5	2.81e+09
Total	3880	3880	3880
	4.451289	43764.18	6.77e+07
	11.1125	13776.25	2.35e+08
	0	9215.44	19231
	176	116786.5	2.81e+09

Appendix B – Correlation matrix

```
. pwcorr Total_workplace_violations GDP_CAP TA, sig
```

	Total_~s	GDP_CAP	TA
Total_work~s	1.0000		
GDP_CAP	0.0688	1.0000	
TA	0.2367	-0.0124	1.0000

Appendix C – Regression outputs


```

Random-effects tobit regression                Number of obs   =  3,880
                                                Uncensored     =  3,880
Limits: Lower = -inf                        Left-censored   =    0
        Upper = +inf                        Right-censored  =    0

Group variable: RepRiskID                   Number of groups =  1,878
Random effects u_i ~ Gaussian                Obs per group:
                                                min =          1
                                                avg =         2.1
                                                max =          5

Integration method: mvaghermite              Integration pts. =   12

Log likelihood = -13200.046                   Wald chi2(75)   =  361.62
                                                Prob > chi2     =  0.0000

```

Total_workplace_violations	Coefficient	Std. err.	z	P> z	[95% conf. interval]	
csr_policy	1.327312	.4746938	2.80	0.005	.3969292	2.257695
GDP_CAP	.0000517	.000015	3.45	0.001	.0000223	.000081
TA	1.51e-08	1.28e-09	11.76	0.000	1.26e-08	1.76e-08

Appendix D –STATA code regressions

```

. xttobit Total_workplace_violations csr_policy GDP_CAP TA i.SIC2 i.year , re
xttobit Total_workplace_violations i.csr_policy##c.labour_rights_compliance GDP_CAP TA i.SIC2 i.year, re
xttobit Total_workplace_violations c.csr_policy##c.union_density GDP_CAP TA i.SIC2 i.year, re

```