Critical Perspectives on International Business

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Looking on the bright side! The role of socio-environmental incidents in positively shaping international businesses and industries

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Received 31 August 2023
Revised 1 June 2024
25 September 2024
17 January 2025
Accepted 12 February 2025

Abstract

Purpose – The number of socio-ecological incidents involving multinational enterprises (MNEs) is increasing. While there is growing research attention on the role of MNEs in being corporately responsible actors, less is known about how the aftermath of negative socio-ecological incidents can help shape (more) sustainable futures for such businesses and the industries that they exist within. This study aims to address the positive strategic implications for MNEs in the aftermath of well-known social and environmental incidents.

Design/methodology/approach – Using institutional theory and drawing from three real-life case vignettes, the paper elaborates on the types and role of institutions for (re)gaining legitimacy in MNEs and industries implicated in socio-ecological incidents through the development of a conceptual model that elaborates on common features of institutional change.

Findings – A new type of institutional pressure, social isomorphism, is revealed, which both strengthens and helps explain the more formalised coercive and normative institutional pressures as positive forces for change in the MNEs and industries implicated in negative socio-ecological incidents such as those described.

Practical implications – The paper offers clear strategic advice for managers in MNEs implicated in negative socio-ecological incidents.

Originality/value – The paper puts forward a conceptual model that presents some common features of institutional change (types, pathways and relationships) for the international business context in the aftermath of negative socio-ecological incidents. Its theoretical contribution regards putting forward the concept of social isomorphism for neo-institutional theory in international fields.

Keywords Institutional theory, Legitimacy, Social activism, Multinational enterprises, Socio-ecological incidents, Social isomorphism

Paper type Research paper

1. Introduction

Multinational enterprises (MNEs) are increasingly important for engaging in the socially responsible activities that were traditionally the focus of governments (Banerjee, 2018;

The author gratefully acknowledges the comments from three anonymous reviewers and the associate editor who helped significantly improve the content and quality of this paper. In addition, credit is given to Vojtech Klezl and Emilene Leite of Örebro University, Sweden, for suggesting possible cases for this paper.

Critical Perspectives on International Business
Vol. 21 No. 3, 2025
pp. 443-471
Emerald Publishing Limited
1742-2043
DOI 10.1108/cpoib-08-2023-0079

Scherer and Palazzo, 2011; Sinkovics *et al.*, 2022). Due to their collective influence and economic power (Beddewela and Fairbrass, 2016; Celone *et al.*, 2022; Kolk and Van Tulder, 2010; Van Zanten and Van Tulder, 2018; Van Tulder *et al.*, 2021), MNEs exert great influence in providing employment, social security, infrastructure and other services to host countries (Beddewela and Fairbrass, 2016; Kolk and Van Tulder, 2010; Kolk *et al.*, 2018). MNEs are also responsible for ensuring safe working practices (Chen and Zorigt, 2013), environmental management (Kolk, 2016; Tatoglu *et al.*, 2014), and redistributing wealth and inequality (e.g. Aubert *et al.*, 2024). Often, these "responsibilities" are viewed from a strategic perspective as a response to various (inter)national sustainability demands (i.e. the mandates, expectations and/or requirements placed on MNEs by national governments, citizens, customers, etc. within a particular institutional context), whereby MNEs can gain legitimacy and reduce their liability of foreignness in particular host countries (Park *et al.*, 2014; Park and Ghauri, 2015) through creating social value (cf. Sinkovics and Archie-Acheampong, 2020). However, the pace of international business (IB) research attention to sustainability issues, in comparison to other fields of business, has been somewhat slow (Ghauri *et al.*, 2018).

While the strategic actions of MNEs are positive for social and environmental sustainability in many ways, we are none too familiar with the more detrimental aspects of IB. There have been various socio-ecological incidents across the world involving MNEs, and IB disasters (natural or human-induced) are growing (Nielsen *et al.*, 2023). However, there remains comparatively little research on this topic (Nieri and Giuliani, 2018). Of the studies that do exist, Sinkovics and Archie-Acheampong (2020) suggest that MNEs fail when internal capabilities are not developed to meet certain social and environmental challenges. Some well-known cases include the BP-operated Deepwater Horizon Gulf of Mexico oil spill in 2010 (e.g. Arora and Lodhia, 2017) and the Rana Plaza collapse in 2013 (e.g. Sinkovics *et al.*, 2016), which attribute fault to limits in compliance and assurance as examples. Some more subtle cases include Google's entry – and subsequent censoring – in China, which raises questions on ethics and human rights as social sustainability issues in different country contexts (e.g. Brenkert, 2009). Further still, there are many more less-known cases on, for example, child labour and corruption in the supply chain, which are no less devastating to those affected.

While indeed MNEs are implicated in the examples given above, their *degree* of involvement ranges from being completely unintentional or unforeseen on the one hand, to being the result of systematic failures in due diligence and/or widespread corruption on the other (see e.g. Villo *et al.*, 2020; Cuervo-Cazurra *et al.*, 2021). IB research on the strategic unethical practices of MNEs (e.g. Sampath and Rahman, 2019) and their host environments (e.g. Sartor and Beamish, 2018) is well-covered, but we know less about those endogenously occurring incidents that are (partly) [1] the result of organisational practices but *not* part of any intentional corporate strategy to do harm. Therefore, the term "incident" additionally implies that no MNE would intentionally want to be implicated in such events (i.e. *to do harm*), even if engaging in behaviours that could effectively lead to them. This is because, from a legitimacy perspective, MNEs enter a social contract with the societies that they operate in (Dowling and Pfeffer, 1975) and thus aim to deter or, from a more critical viewpoint, at best disguise their potentially unsustainable behaviours. Nevertheless, navigating and reconciling the social and environmental sustainability demands of home and host country institutional contexts is difficult for MNEs seeking to gain legitimacy (see Beddewela and Fairbrass, 2016; Campbell *et al.*, 2012; Hah and Freeman, 2014).

MNEs are presented as both facilitators of socio-ecological good and harm, yet many IB studies are framed around one position or the other (see Dörrenbächer *et al.*, 2024). Notwithstanding, some studies nuance this juxtaposition by explicating the potentially

"positive" strategic outcomes for MNEs and associated industries in the aftermath of negative socio-ecological incidents. As examples, the development of industrial standards for safety, environmental protection and human rights across various manufacturing industries is noted (e.g. Leite and Johnstone, 2023; Sinkovics *et al.*, 2016). Mithani (2017) also finds the use of philanthropy by MNEs after host country natural disasters is important for increasing local ties and reducing the liability of foreignness. Such examples contrast the assumption that exiting strategies are optimal for parent companies to cut losses, close ties and divest from host countries in such instances (e.g. Bowman *et al.*, 2023; Liu and Li, 2020). This is because as sustainability becomes higher on the international corporate agenda, MNEs have a more important role to play in collaboration with other institutional actors, as the linear economic-based business models of the past based become less tenable (see Dentoni *et al.*, 2021).

This paper addresses the (potentially) "positive" strategic implications for MNEs and associated industries in the aftermath of social and environmental incidents by asking: *How can MNEs and industries regain legitimacy in the aftermath of socio-ecological incidents? And, how can such incidents help improve industries as a whole?* In doing so, it nuances the juxtaposition of MNEs as facilitators of socio-ecological good and harm (see Dörrenbächer *et al.*, 2024) by elaborating on the possible pathways that negative socio-ecological incidents can be positive forces for sustainable institutional change in MNEs and industries. These questions are especially important to address from an IB stance because different types of socio-ecological incidents are increasing (see Nielsen *et al.*, 2023); whether responsible business strategies are designed from the outset. These questions are also necessary to move beyond studies on the legitimising effects of reporting and disclosure in their aftermath of such incidents from an organisational perspective (e.g. Bellucci *et al.*, 2021; Hadani, 2024), towards understanding the impacts on the wider socio-ecological systems that MNEs find themselves in (see Dentoni *et al.*, 2021).

Drawing on neo-institutional theory and the concept of legitimacy, this paper uses case-based examples from secondary data to develop a conceptual model that helps explain the ways through which MNEs implicated in such incidents can regain legitimacy, considering their institutional contexts. The findings extend institutional theorisations from the organisational level to the international one (see also Park *et al.*, 2014) as well as elaborate on the legitimacy pathways stemming from this. This study's contributions regard nuancing the discussion of local and global legitimacy, understanding institutional change in the aftermath of negative socio-ecological incidents and putting forward social isomorphism as a fourth type of institutionalisation that helps explain this change. The paper is structured in a traditional fashion, beginning with the theoretical framework and ending with the concluding discussion.

2. Theoretical framework

An institution is broadly defined as a social structure that embraces the "rules, norms, and ideologies of the wider society" (Meyer and Rowan, 1983, p. 84). Institutions include different types of organisational forms such as governments, communities and education facilities. Institutions are important for IB research in that MNEs are "situated in the broader institutional and cultural context" of host countries, which shapes their approaches to sustainability (Ghauri *et al.*, 2021, p. 4). Yet, MNEs are also institutions that exert influence through their activities and contributions to societal and ecological welfare; sometimes more than that of nation states due to their economic power and reach (see Kolk *et al.*, 2018; Yeganeh, 2019). Thus, MNEs are subject to different institutional forces because they exist within a complex institutional infrastructure, composed of overarching host, home and international institutions, whereby they strive to ensure legitimacy as a means for success (cf. Husted and Allen, 2006; Gifford and Kestler, 2008).

2.1 Legitimacy as a social license to operate

The concept of legitimacy is central to institutional theorising and important for IB research because, according to early legitimacy works (e.g. Dowling and Pfeffer, 1975), being "legitimate" in a particular context provides organisations with a social license to operate. Suchman (1995, p. 574) defines legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions". This implies that legitimacy is gained by MNEs through meeting the expectations of those affected by their activities.

The importance of local legitimacy for survival has been noted in various IB works (Banerjee, 2018; Reimann *et al.*, 2012; Van Zanten and Van Tulder, 2018); meaning that MNEs must adhere to the expectations of local governments, employees and citizens in order to be successful (Suchman, 1995; Gifford and Kestler, 2008). This localised approach to legitimacy may be needed for MNE subsidiaries dealing with various social and environmental issues in host countries (see Husted and Allen, 2006; Leite and Johnstone, 2023). However, a more characteristically global element of legitimacy is also needed. MNEs are expected to address the expectations of international audiences, for example, through the international sustainable development goals (SDGs) (see Van Zanten and Van Tulder, 2018; Ghauri *et al.*, 2021) and/or apply industrial standards or codes of practice (see Sinkovics *et al.*, 2016). There are also examples of home country expectations regarding sustainability being transferred into host country contexts to induce "change" (e.g. Bozkurt *et al.*, 2024).

In combining such levels, it thus becomes a question for MNEs to balance and/or reconcile the local operational elements of legitimacy in host countries with the global legitimacy standards of industries and expectations from societies in the transition to more sustainable business operations and industries (Leite and Johnstone, 2023). However, this is not easy. There are clear institutional challenges for MNEs related to political ideology, ethical norms and culture in home and host contexts (e.g. Brenkert, 2009; Martínez-Ferrero and García-Sánchez, 2017) that affect their approaches to sustainability work.

2.2 Neo-institutional theory and the international context

Studies on local and global legitimacy have been important for IB research, and the socio-political role of MNEs in collaboration with other institutional actors for sustainable development is clear (see Banerjee, 2018; Scherer and Palazzo, 2011; Kolk, 2016; Dentoni *et al.*, 2021). Yet, the role of MNEs in the aftermath of unsustainable incidents is less discussed. A neo-institutional perspective is adopted in this study to frame why certain choices may have been made by the implicated MNEs and their associated industries (to regain legitimacy) after destructive social and environmental incidents. This is important because external institutions play a huge role in the strategic choices made by focal firms and industries (see Banerjee and Venaik, 2018) in the aftermath of such events. It is also important because the incidents themselves may trigger faster paces of institutional change for the associated industries than would have, otherwise, "naturally" occurred.

Neo-institutional theory concerns organisational fields (Meyer and Rowan, 1977; DiMaggio and Powell, 1983), whereby MNEs (as particular organisational forms and institutions themselves) adopt structures that are valued in their host country contexts to achieve legitimacy (see Banerjee and Venaik, 2018). This means that the activities of MNEs are operationalised to be congruent with the expectations of the societies within which they operate. This congruence is referred to as "isomorphism" (DiMaggio and Powell, 1983) and can occur in three ways. Importantly for MNEs, the isomorphic expectations also extend into the industrial international sphere (see e.g. Park *et al.*, 2014; Martínez-Ferrero and García-Sánchez, 2017) as now elaborated.

Coercive isomorphism (DiMaggio and Powell, 1983) means that organisations adopt internal structures, systems or procedures because they "have to", for example, due to policies or regulations within host country contexts. When related to sustainability, these obligations are supplemented with a variety of international sustainability directives, guidelines and policies, which further complicate the relationship between local and global forms of legitimacy. Garanina *et al.* (2024) illustrate this complexity through the example of home country climate regulations, which can impact the global business operations of large organisations. Further, Comyns (2018) shows the impact of international coercion on the production of standardised reporting practices for greenhouse gas emissions. For MNEs, the coercion to conform comes from multiple sources; that is, home and host country contexts and international sustainability regulative pressures. Nevertheless, there are other examples of MNEs using host country differences in environmental regulations to their advantage (see Berry and Kaul, 2021). This can be regarded as coercive isomorphism *avoidance*, meaning that MNEs appear "legitimate" in both home and host country contexts by following the rules, even if said rules conflict with international sustainability frameworks and/or ethics.

Mimetic isomorphism means that organisations mimic the structures or systems of other institutions within a field or context. Banerjee and Venaik (2018) find that mimetic isomorphism is particularly strong for subsidiaries to be legitimised and thereby operate in host country contexts. As an example, Park and Xiao (2021) illustrate that MNE subsidiaries mimic the anti-corruption practices of host countries to be perceived as legitimate and socially responsible, thus reducing their liability of foreignness. In addition, mimetic isomorphism may extend beyond this local context of the host country to the wider industry in terms of MNEs mimicking the sustainability strategies of other, more successful, global players.

Finally, *normative isomorphism* means that organisations adopt the structures or systems that are considered generally accepted norms by the dominant professional or industrial groups in the field. Martínez-Ferrero and García-Sánchez (2017) highlight the importance of professional norms for the sustainability reporting assurance practices of large MNEs, indicating that national culture works together with the more coercive forms of institutionalisation described above to explain the likelihood of sustainability assurance. Arguably, normative isomorphism increasingly extends beyond the host country context to the international arena of industries and professional assurance bodies associated with sustainability reporting and disclosure. A relevant example is the use of sustainability reporting guidelines such as those of the Global Reporting Initiative as a form of normative isomorphism, evidenced in its wide global adoption as a legitimate corporate accountability tool (see De Villiers *et al.*, 2022) [2].

Together, the three types of isomorphism work together to facilitate the legitimacy of an MNE (Cuervo-Cazurra *et al.*, 2021). Notwithstanding, Campbell *et al.* (2012) emphasise that a greater perceived institutional distance between home and host country contexts means more chance of a liability of foreignness and thus, an increased need for local legitimacy. Cuervo-Cazurra *et al.* (2021) also illustrate the internal legitimacy tensions that can arise between headquarters and subsidiaries, considering, for example, behavioural norms in a particular institutional context. The example they offer is the likelihood for subsidiary managers to engage in discriminatory behaviours in the host country context that they would not normally engage in. Further, Akter *et al.* (2017) comment on the economic and social sustainability implications of strong regulatory measures as a form of coercive institutionalism in that MNEs will only set up subsidiaries in regions that help them stay competitive. This leads to further inequalities between remote regions with poor infrastructures on the one hand, and those with connected infrastructures and low work costs

on the other. The question then becomes one of how legitimacy can be gained or maintained as MNEs operate in diverse institutional environments and collaborate with diverse institutional actors across the globe for socio-ecological good.

2.3 Multinational enterprises, institutions and legitimacy after socio-ecological incidents

While neo-institutional theory's origins are based on the analytical level of organisational fields, the prior discussion illustrates how it can also be applied to the international context as MNEs attempt to (re)gain legitimacy on (inter)national spheres and in collaboration with other institutions (see also Husted and Allen, 2006; Park *et al.*, 2014). Clearly, the coercive, normative and mimetic aspects of neo-institutional theorising, when applied to IB research, extend beyond purely home and/or host country institutions to exist within a complex mosaic of institutional pressures and powers as forces for not only organisational but also industrial change. This means that senior managers in MNEs (both in headquarters and subsidiaries) are increasingly required to know and embrace a variety of (inter)national sustainability mandates, requirements and expectations that provide said firms with a legitimate license to operate. These pressures also extend to MNEs implicated in socio-ecological incidents that can no longer just cut losses and exit markets but rather must be accountable for their actions (see Beddewela and Fairbrass, 2016; Kolk, 2016). However, there remains few empirical studies that elaborate on the (potential) role of negative socio-ecological incidents as forces for prompting the (further) institutional change of industries as a whole. This is where the current study sets out to fill a gap.

Based on this discussion, some assumptions can be put forward in terms of why neo-institutional theorising is useful for exploring the aftermath of negative socio-ecological incidents. We can assume that the coercive and normative isomorphic properties of industries linked to such incidents would be prompted to change (more rapidly) because of certain catastrophic events. For example, Sinkovics *et al.* (2016) detail the institutional attempts for more stringent compliance and auditing measures in industries such as fashion in the wake of the Rana Plaza collapse. That is not to say that compliance and auditing measures did not exist before the incident, but that the incident itself prompted *more* institutional pressures on the fashion industry to affect not only the rate of change but also the impact of industrial policies to ensure such incidents do not occur again. Similarly, MNEs may look to mimic the strategies of competitors when it comes to certain social and environmental issues. Nielsen *et al.* (2023) suggest that mimicry is used as a response strategy to natural or manmade disasters. Liu and Li (2020) find that MNEs divest as a response to host-country terror attacks, following the actions of other large MNEs. However, depending on the type of socio-ecological incident, divestment may do more long-term harm than good not only to the focal MNE but also to various host country stakeholders, such as employees or governments, in terms of social sustainability benefits (e.g. infrastructure, social security, employment, etc.).

These examples illustrate that socio-ecological incidents are embedded within a wider (international) institutional context and cannot be framed as purely MNE-centric (Nielsen *et al.*, 2023). This means that MNEs have wider responsibilities to the communities that they exist within, as well as future generations of (unknown) stakeholders in terms of preventing future incidents (see Leite and Johnstone, 2023). They also have responsibility for the resilience of socio-ecological systems that do not conform to national borders (cf. Dentoni *et al.*, 2021). This extends the institutional perspective from beyond organisational and industrial fields to include the wider accountability demands of socio-ecological systems in the wake of incidents as a means of (re)gaining legitimacy. Through this, the learnings from such incidents are important for MNEs and the associated international industries to not only

regain legitimacy but also to make operational improvements and succeed. In this sense, such incidents may help trigger faster paces of institutional change than would have otherwise occurred.

3. Research design

To add to understanding the potentially positive strategic implications for MNEs and associated industries in the aftermath of social and environmental incidents, this paper presents three real-life case vignettes of MNEs implicated in various socio-ecological incidents that are used to relate back to the theoretical assumptions and research aim.

Real-life case vignettes are a method approach that is becoming increasingly popularised in business research as a good way of overviewing particular cases or situations that can contribute to theory and/or practice (see Campbell and Göritz, 2014; Sampson and Johannessen, 2020; Winstanley *et al.*, 2002). By offering alternatives to observations and other forms of primary data, case vignettes are constructed from the findings of other research, real-life perspectives and/or literature reviews (see Barter and Renold, 2000). They are often used for gaining an understanding of sensitive topics or events whereby those involved may not wish to or cannot speak about certain incidents (Campbell and Göritz, 2014; Winstanley *et al.*, 2002). Given the social and ecological implications of the incidents described in this study that occurred at some point in the past, the real-life vignette approach is considered appropriate as other qualitative methods were less tenable. In addition, drawing on the secondary data of three well-known incidents was considered particularly important in that the incidents have been well-documented and thus "data" accessible from different viewpoints (e.g. media reports, corporate websites and reports and scientific articles). This allowed for an understanding of the role of different institutional actors and pathways in the aftermath of such incidents that could not be appropriately obtained for the real-life case vignette method if the incidents were smaller in scale or more localised.

The criteria for selecting the cases were that the negative socio-ecological incidents involved MNEs, were "well-known" in terms of their international reporting reach, and had different characteristics which could be compared for analytical generalisation and theorising ambitions as explained below. Even though there were a wide range of cases to choose from, the cases selected were Yahoo, Vale and Nestlé. In addition, there was the assumption that down to the global recognition of each case and the continued operations of these MNEs internationally that (some) resultant positive changes were made to the respective companies, industries and the societies that they operate(d) in. The reason for choosing these cases over others was to represent diverse socio-ecological issues in different contexts, industries and points in time as described below. This was necessary for theorising ambitions through analytical generalisation (see Welch *et al.*, 2020), whereby the different cases were compared as a form of contextual triangulation (see Nielsen *et al.*, 2020) to produce a conceptual model that contributed to institutional theorising for the IB context.

While Yahoo was selected for its more implicit social sustainability impact on privacy and data protection for private individuals across the globe (i.e. global impact) in the Internet service industry, with direct implications for SDG 9 (Industry, Innovation and Infrastructure) and SDG 16 (Peace, Justice and Strong Institutions), Vale was selected for its clear socio-ecological destruction within a region of emerging country Brazil (i.e. local impact) in the mining industry, impacting multiple SDGs, not least SDG 15 (Life on Land). Meanwhile, Nestlé was selected for its historical track record of non-ethical business practices since the 1970s in the food industry, primarily regarding social sustainability issues, in regional blocs of developing countries (i.e. regional impact), directly related to SDGs 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-being), 6 (Clean Water and Sanitation) and 12

(Responsible Production and Consumption), among others. Together, the cases capture different sustainability issues (social, socio-environmental and ethical), at different levels (global, local and regional) and in different contexts (developed, emerging and developing countries), pertinent to an institutional approach for IB (see also Husted and Allen, 2006; Park *et al.*, 2014). They also cover different industries (service, geo-physical and production-retail), home-country contexts (USA, Brazil and Switzerland) and different incident lengths. Yahoo refers to a "medium" term incident length of a few years between 2013 and 2016, Valé to two incident points in years 2015 and 2019, respectively, and Nestlé to ongoing long-term ethical malpractice from the 1970s onwards. The idea is that comparing cases with different features will increase the analytical, and thus theoretical, generalisability assumptions of the research findings.

3.1 Case backgrounds

The first case is that of the Internet service provider Yahoo (since 2016, owned by Verizon), which has had two of the largest data breaches ever recorded: the first in late 2014 but announced in September 2016, and the second in August 2013, but announced in December 2016 [3]. Personal information from *all* user accounts was obtained through forged cookies, meaning that hackers could access account details (e.g. usernames, email details, telephone numbers, security questions and answers, dates of birth) without passwords and permission. Hackers subsequently used the login credentials as a form of identity theft in further transactions. The social costs for those affected were devastating, not only in terms of the unauthorised payments drawn from accounts but also because of the psychological effects for some parties (see Bada and Nurse, 2020), relating to their general health and well-being (i.e. SDG 3).

The second case is that of Brazilian-born mining giant Vale S.A. (hereafter referred to as Vale), which has had two failures of its tailing storage facilities [4] (TSFs) in Brazil since 2015; the first in Mariana in 2015, which involved Samarco – a joint venture between Vale and the English-Australian BHP – and the second in 2019 at the Córrego do Feijão mine complex in Brumadinho, Minas Gerais. The socio-ecological consequences of these TSF collapses regarded the loss of 300 lives and many more livelihoods in the surrounding community through the pollution of local waterways, as well as further downstream of the Paraopeba River. Historically, Vale was considered an exemplary company in Brazil, providing employment and resources in the very regions affected by these incidents, making it in a complex sustainability position.

The final case is that of Nestlé – the world's largest food and beverage producer, founded as an Anglo-Swiss company in 1866 that specialised in condensed milk products and baby food before transitioning into other product categories. While Nestlé has been embroiled in various socio-ecological scandals (e.g. child labour, groundwater contamination), one of the most pertinent, long-running and problematic examples regards Nestlé's promotion of infant formula feed over breast milk in developing countries. This has had various social implications as mothers struggled to afford such products and resorted to diluting formula with unsanitary water, causing millions of *unintentional* infants' deaths in developing countries while Nestlé profited from formula sales. As such, Nestlé has been subject to consumer boycotts over the years, leading others in the industry to learn from its mistakes. Therefore, while for Yahoo the incident was unforeseen and primarily exogenous in nature, for Vale and Nestle the incidents were primarily endogenous, even though not part of any explicit corporate strategy to cause death or ecological destruction.

3.2 Data sources and analysis

To present the illustrative vignettes of each case, the first step was to overview the secondary data (e.g. media, prior research, press releases and the involved companies' websites). The Appendix provides a list of the data sources for each case and their orientation as being constructed by internal (i.e. firm-centric) or external (i.e. other) institutions. This helps support data triangulation through offering alternative viewpoints of each incident (see Nielsen *et al.*, 2020). While the internal sources included official company documents, the external sources included official government documents, as well as scientific works and media reports. It was deemed especially important to draw on those official and peer-reviewed sources to triangulate the data, given that the credibility of the media reports may be affected by bias. Note that the data sources do not constitute an exhaustive list of all articles (scientific or other) written on each case, but rather those used in this paper to illustrate the main points of each case vignette, as is common in such an approach (see Barter and Renold, 2000).

Upon reading these documents, notes were taken regarding:

- what happened (i.e. the socio-ecological incident);
- what happened after the incident; and
- why this happened the way it did (i.e. relating the post-incident actions of the MNEs and industries to neo-institutional theory).

A narrative summary of each case was written up, drawing on the different data sources and perspectives. Although each case was distinct, some common themes regarding the (more powerful) role of coercive and normative isomorphism were revealed (cf. DiMaggio and Powell, 1983) in the aftermath of such events. For example, by reinforcing compliance and legal responsibility and the positive strategic and industrial changes stemming from this, such as the development of industrial standards and professional norms. Nevertheless, the analysis also revealed an additional theme that embraced a social dimension of isomorphism as precursor to the other institutional elements. This resulted in the creation of analytical models that summarised the findings by incorporating the main themes and different pathways between institutions, which were later refined in the concluding discussion as a conceptual model grounded in an international institutional perspective as a key contribution.

4. Real-life case vignettes

4.1 Case 1. Yahoo's data breaches

Global media and tech company Yahoo was subject to two earlier cyberattacks that were only disclosed in 2016:

> *It is really worrying that a breach from 2014 can have gone undetected for so long. It is also surprising the public statement took so long to appear. I would have thought most companies had learned by now that early disclosure is better, even if you have to revise and update as soon as you learn more. (Professor Alan Woodward from the University of Surrey furthered in Lee, 2016).*

These data breaches had far-reaching consequences for not only those affected but also Yahoo.

One of the first responses by Yahoo in 2016 regarded security notices and a press release which asserted responsibility to an undisclosed "state-sponsored actor". Yahoo initially suggested, through a third party of forensic experts, that not all user accounts were affected. However, these claims were later corrected by Yahoo, and that, in fact, "all accounts that

existed at the time of the August 2013 theft were likely affected" (Yahoo 2013 Account Security Update FAQs, 2016).

Email contact with affected users was the primary response measure made by Yahoo in acting, reassuring users that it was "working alongside law enforcement" in the USA (Updated Notice of Data Breach, 2017). Users were asked to help Yahoo by changing their passwords and being extra vigilant in protecting themselves, particularly in other accounts with the same passwords. This regarded users reviewing their accounts for any "suspicious activity", being "cautious of unsolicited communications" asking for personal information and avoiding "clicking on links or downloading attachments from suspicious emails". Yahoo also stated that it was taking action to protect users by invalidating "unencrypted security questions and answers so they cannot be used to access account(s)", as well as "enhancing [its] safeguards and systems that detect and prevent unauthorised access to user accounts" (Notice of Data Breach, 2016).

While Yahoo was effectively subject to the attack and not directly responsible for it, public confidence was nevertheless shattered in Yahoo due to the multiple data breaches for its users as well as what was felt as an inadequate response by Yahoo.

In the wider institutional context, the U.S Federal Bureau of Investigation (FBI) had been investigating the cyberattack for two years prior to its public exposure (i.e. since 2014). In 2017, four people were formally charged, including two Russian spies (Williams, 2017). However, the public were only made aware of the cyberattacks when a hacker attempted "to sell information on 200 million Yahoo accounts" (Lee, 2016). The FBI found that a spear-phishing email (i.e. an attempt to obtain confidential information) to a Yahoo employee in 2014 was the entry point for the hack. This meant that one individual employee at Yahoo set off an unprecedented chain of events. Yet, it remains unclear exactly when Yahoo learnt of the hack. There were also suggestions that internal attempts to maintain corporate legitimacy may have been the reason for slow and/or limited public disclosure (see Redfern, 2023).

US telecom company Verizon only learnt of the data breach after taking over Yahoo in 2016, with Yahoo downplaying the detrimental effect of the incident on corporate legitimacy by stating that "[o]nline intrusions and thefts by state-sponsored actors […] increasingly common across the technology industry" (in Lee, 2016). Other external stakeholders were clearer on the implications for Yahoo:

> *Yahoo is likely to come under intense scrutiny from regulators, the media and public and rightly so. Corporations can't shy away from data breaches and they must hold up their hands and show that they are committed to resolving the problem (Nikki Parker, vice-president at security company Covata in Lee, 2016).*

Resulting from breaches, Yahoo was hit by shareholder lawsuits, and external stakeholders and investors kept a closer eye on its security procedures (see Perlroth, 2017). The company also saw share prices drop in the immediate aftermath of its exposure in 2016. Yahoo agreed to a $117.5m data breach settlement in the USA.

Stemming from Yahoo's incidents, the internet service industry's emphasis has been on the role of chief information security officers in preparing for such attacks, but particularly in educating "non-cyber security and non-tech savvy staff" in basic cyber security measures (Matthews, 2019). As of 2024, Yahoo has used transport layer security, which is an encryption when transmitting certain types of private or sensitive information online, as well as second sign-in verification, on-demand password services, and education and training for its employees. On the user side, the "frequent news of breaches is [also] enough to make people think they are at risk by using the internet in any way" (ibid.). Although, as of 2024, the legitimacy of Yahoo still seems in question, with users in online forums preferring to use

Gmail over Yahoo due to its shorter session expiration times, as well as other security features and integration with other Google services.

4.2 Case 2. Vale's dam collapse

The year 2019 was significant for Vale due to the Córrego do Feijão iron ore mine dam failure, resulting in 270 deaths and causing huge ecological and socio-economic damage for the surrounding populations of Minas Gerais, Brazil. This incident blighted not only Vale's reputation but also hugely impacted the affected populations and the mining industry. According to Vale, the incident, which resulted in 12 million m^3 of tailings being released within 5 min, was due to intense rains and poor drainage, thus signalling the role of exogenous factors. However, possible triggers for the collapse were also attributed to the (then) recent blasting processes conducted by Vale in the open pit mine, as well as the drilling of boreholes on the day of the collapse.

Immediately after the incident, emergency actions were implemented by Vale, which were followed by an intensive period of remediation and compensation for the social, environmental and economic losses through the Integral Reparation Programme. In addition, the development and inclusion of more environmental, social and governance information in the annual reports as a corporate legitimacy tool in the years following the disaster can be seen. Vale produced a public apology and a promise of non-repetition (Sustainability Report, 2019, p. 16). It claimed that concrete and tangible actions would be taken and that the reparation plan would be monitored. This plan included Vale working alongside external parties, such as the Extraordinary Independent Consulting Committee for Investigation and the Extraordinary Independent Consulting Committee for Support and Reparation, on its "Integral Reparation Program" as well as making a "New Pact with Society". This was seen as a key strategic pillar from 2019 onwards in terms of relationship building and community engagement in reparation decision processes to ensure such an incident never occurred again *(Vale's Sustainability Report, 2019, p. 8).*

A Special Office for Reparation and Development was created by Vale in April 2019 with the mission to repair *"the damage caused to people and territories with social engagement and transparency"* by 2025. It had objectives relating to:

> *[…] repair(ing) damage to those affected in a dignified and respectful manner; Repair(ing) the environmental damage caused to the affected territories; Advanc(ing) with the economic sustainability of the affected territories; Influenc(ing) the improvement of Vale's internal policies and processes; (and) Influenc(ing) the mining industry to adopt safer processes and practices (Sustainability Report, 2019, p. 15).*

Local initiatives also included a social engagement plan to ensure citizens could understand the "new" situation and be involved in the socio-economic and environmental reparation actions that involved, among others, investing in the regions affected. This regarded not only monetary compensation but also the services of social workers and psychologists and the development of community and tourism projects, among others. At the mining level, dam safety and compliance structures were implemented with many containment and water treatment works completed or in progress to ensure no repetition. In addition, the Reparation Report (2022) outlined environmental reparation along the lines of residue removal from the Paraopeba River basin, waste management, as well as the monitoring of water sediments and biodiversity (see Leite and Johnstone, 2023 for a review). Through such response measures, Vale claimed to be "writing a new chapter in its history focused on transforming its future, promoting especially the socioeconomic development of the regions where it operates" (Sustainability Report, 2019, p. 39).

Federal legal sanctions were, in fact, placed on Vale in Brazil, assigning the MNE responsibility as negligent and charging its chief executive and 15 other employees with homicide. In addition, the Association of Family Members of Victims and Affected People of the rupture of the Córrego Feijão Mine Brumadinho Dam asserted that not only Vale but also the Brazilian government failed them by repeating the 2015 Mariana failure, through this second failure. Resultantly, Vale was excluded from the Corporate Human Rights Benchmark index as a penalty for repeated failures (see Bexell, 2022).

While overall a tragic story, the incident nevertheless resulted in some positive changes for Vale in terms of its operational procedures and the international mining industry. In the year immediately following the TSF failure, the United Nations Environment Programme (UNEP), the Principles for Responsible Investment (PRI) and the International Council on Mining and Metals (ICMM) launched the Global Industry Standard on Tailings Management (2020). This standard aims to ensure "zero harm to people and the environment from tailings facilities" given the unprecedented scope of the related incidents in Brazil. ICMM members must commit to the standard by 2023. In this sense, the incident has helped trigger the rate of external industrial change for the mining industry by prompting "a deep rethinking of how corporations are structured and regulated" (see Owen and Kemp, 2023).

4.3 Case 3. Nestlé's baby milk scandal

From the late 1960s onwards, Nestlé engaged in some choice marketing techniques, such as customer representatives posing as nurses, to persuade mothers in developing countries to switch to formula feeding over breastmilk. This has had various ethical implications, not least because: "[o]nce a mother switches to powdered milk and stops breast feeding her baby, her production of milk ceases, and the supplier has a locked-in customer" *(Boyd, 2012, p. 284)*.

A report published by Mike Muller in 1974 titled "the Baby Killer" helped highlight Nestlé's malpractice and incited the social activism across the globe that followed. Switching to formula feeding was highlighted as contributing to infant death in three main ways: 1) by reducing the transfer of antibodies from mother to child through breast milk; 2) through the use of unsterilised water in preparing formula feeds; and 3) through diluting formula feed down due to the costs associated with its purchase in some of the poorest regions of the world, thus causing malnutrition (see Muller, 1974; Boyd, 2012). While Nestlé was indeed the focus of the subsequent consumer boycotts, Muller nevertheless highlighted this as an industry-wide problem.

Between 1977 and 1984, there was a boycott (originating in the USA) of Nestlé products, which "united a wide array of historical actors, including conservative religious groups, consumer activists, humanitarian organizations, doctors, feminists, and ordinary people" (Sasson, 2016, p. 1197) and mobilised "consumers as global citizens […] acting beyond their immediate communities to aid distant suffering" (Sasson, 2016, p. 1199). The boycott also led to the establishment of an International Code of Marketing of Breast-Milk Substitutes in 1981, led by the World Health Organisation (WHO) and the United Nations Children's Fund. This code of conduct resulted in Nestlé regulating how it marketed its breastmilk substitute products from 1982:

> *We've learnt a great deal from our experiences, and we recognise our responsibility to go beyond what were common marketing standards in the past. We strive to continuously improve our practices and our efforts have been recognised externally (Nestlé website, 2023).*

Back then, however, the blame (essentially for the loss of human life) was pointed at Nestlé as a company and the food processing industry, rather than named managers within the

company (Boyd, 2012), as in the case of Vale. Notwithstanding, significant challenges remained for Nestlé and the industry in the years following the scandal, such as issues about promoting products that cause obesity and heart disease (Muller, 2013). There was also a strategic diversification of marketing strategies into other milk substitute products for 6- to 36-month-olds (Davis Pluss, 2020), which can be seen as unnecessary substitutes from the vitamins and minerals gained from solids (Przyrembel and Agostoni, 2013). As a result:

> *[T]here will need to be more explicit codes of practice and the political will to enforce them if shareholder action is to be effective. If global companies are to produce and promote healthier food and treat their suppliers more fairly and remain market leaders, such standards must also be enforced or cheap unregulated competition will inevitably undermine those who comply (Muller, 2013).*

While indeed Nestlé's legitimacy has suffered over the decades in developed and developing countries alike, with a variety of scandals which suggest that unethical practice is an underlying feature of the corporate culture [see Boyd (2012) for an overview]. Notably, Nestlé is still being challenged over its "reliance on unhealthy food sales", meaning social and ethical sustainability implications are still the result of its business model (Ridler, 2024).

5. Case analysis

Each case highlights various "positive" implications from diverse socio-ecological incidents, which entail both external and internal pressures to "do better". Various changes have been made to entire industries through, for example, the introduction of standards such as the Global Industry Standard on Tailings Management (2000) stemming from the Vale case and the International Code of Marketing of Breast-Milk Substitutes (1981) from the Nestlé case. These indicate changes to the more coercive institutional forces, yet from the inside-out (i.e. from the implicated MNE to the international institutional context). At the international level, there were also developments linked to professional norms to ensure such incidents do not occur again. For example, the Yahoo case highlights the need for cybersecurity training as well as more information security officer roles as a form of normative isomorphism for specific industries also from the inside-out.

Meanwhile, there was also a move by the external institutional regulatory powers in host and home countries to "punish" those responsible "people" in response to societal expectations, serving as another form of institutional coercion. While the Yahoo case highlights the U.S. legal indictments on the organisational level in the home country context, the Vale case extends this through fines on the organisation *and* individuals therein in the host country context, which is also the home country, namely, the 14 senior managers that were charged with homicide. This latter example suggests that corporate social responsibility is becoming less "corporate" and more personable (i.e. personal social responsibility), whereby key individuals (normally top managers and CEOs) are assigned responsibility for such tragic events in some instances; standing in contrast to the more historical Nestlé case, where less stringent forms of national institutional punishment are noted.

On the other hand, the cases also indicate that some problems cannot be solved by MNEs and industries alone; that is, other institutional actors within the affected industries on an international scale as well as communities on the more local scale are responsible for "positive" change in the aftermath. As examples, internet users are expected to play their role in ensuring internet safety, and consumers are expected to make independent and informed choices when it comes to food products. These examples extend beyond what can be controlled by MNEs and industries, even if MNEs can incorporate consumer education and awareness as part of their marketing strategy, which is illustrated in the Yahoo case.

Moreover, national governments were also assigned some responsibility for the incident by their citizens, as the case of Vale highlights. This means that businesses, governments and citizens play a role in the institutional development of global industries that can be captured as a form of "outside-out" institutionalisation (i.e. outside the MNE company boundaries to affect broader change, such as the case of victims for the Vale case and even potential consumers for the Nestlé case). Notwithstanding, marketing standards in the food industry still face scrutiny, and internet users are still at risk. Further, Vale exists in a complex position of being both "provider" and "culprit" in Brazil, making an exit strategy unfeasible and regaining legitimacy both difficult.

The cases also suggest that the regulation of MNEs and industries is achieved by different forms of what can be regarded as social activism. Put simply, social activism in society positively drives changes in organisational processes and practices (Briscoe and Gupta, 2016). In this study, however, the social activism evidenced also extends to changes in the international industrial arena that cannot be captured under extant conceptualisations of coercive, normative or mimetic isomorphism. As examples, host country citizen and/or international consumer movements, practices and boycotts were important for inducing internal changes within the MNEs and industries implicated in socio-ecological incidents, as the cases of Nestlé and even Vale explicitly suggest. Arguably, the fact that internet users still prefer other, "more secure" providers over Yahoo also exerts institutional pressure on Yahoo from "below" to further improve its security measures and stay competitive. This means that the regulation and coordination of certain international industries may increasingly be coordinated as a superseding form of institutionalisation through social activism that exerts (more) pressure on the coercive, normative and mimetic forms, as it does directly those implicated MNEs.

Figure 1 summarises these discussed findings visually by providing examples of the institutional pressures exerted, as well as the levels and *main* direction of these pressures (i.e. as inside-out, outside-in and even outside-out as previously described). What this means is that it is the directions and levels of the *primary* institutionalising forces for change that the cases induced, which are presented, not their subsequent longer-term chain of effects that they could or most likely produce. The findings also imply that the incidents themselves may have helped induce institutional changes (at both the levels of organisational and industrial institutions) at a faster pace than would have otherwise been achieved if such incidents had not occurred. Further, the permeable boundaries indicate the embeddedness aspect of MNEs within particular institutional contexts (cf. Nielsen *et al.*, 2023) as institutions themselves.

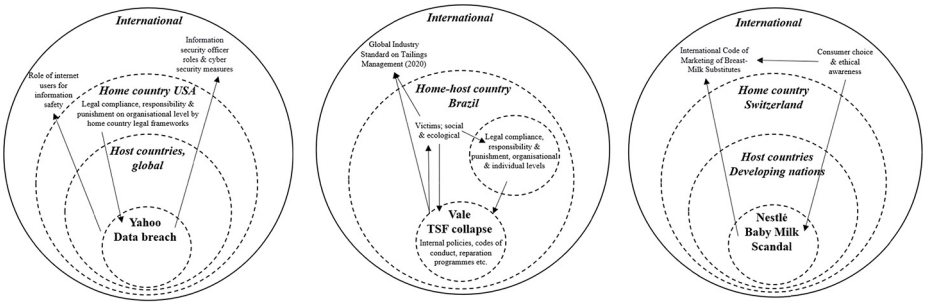

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Figure 1. Examples of institutional pressures, levels and directions in the aftermath of negative socio-ecological incidents

For illustrative purposes, the MNEs are positioned in the figure first within the host countries where the incident occurred, which can be singular (e.g. Brazil in the case of Valé or multiple, as in the cases of Yahoo with users and Nestlé with consumers around the world, although those affected by the baby milk scandal concentrated in developing nations) and then embedded within the home country institutions [5]. These country level institutions are then embedded within the IB arena that includes both the wider industries and socio-political context for the implicated MNEs. Although the MNEs and the incidents are two separate phenomena, they are combined in the model for the sake of simplicity in that the analytical focus of this research is on the incident themselves as potentially positive triggers for organisational and industrial change to regain legitimacy.

Figure 2 consolidates the case analyses into an overarching analytical model which has clear links to the main types of institutional pressures exerted, as well as the role of social

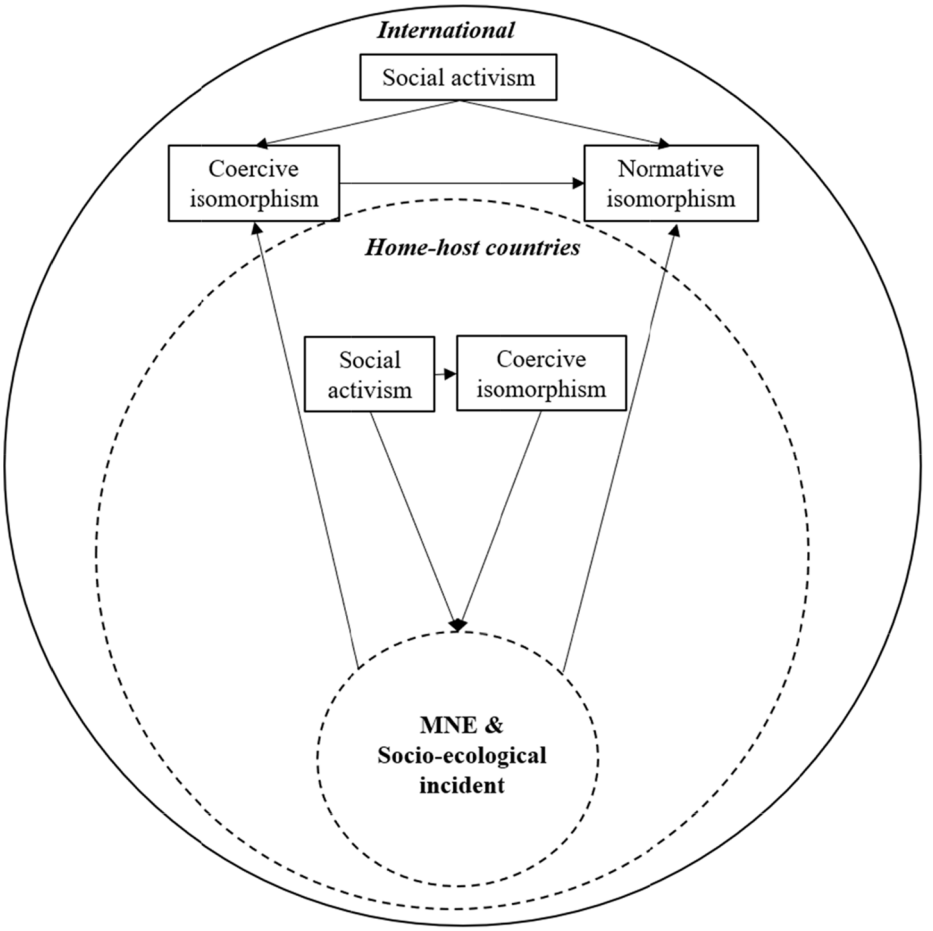

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Figure 2. Types of institutional pressures for regaining legitimacy summarised from the cases

activism in relation to these [6]. This figure is then discussed considering prior research and institutional theorising in the discussion that follows.

6. Concluding discussion

Returning to the research questions guiding this study, the analysis suggests that legitimacy was regained by the implicated MNEs in the aftermath of negative socio-ecological incidents in the following ways:

- By adhering to newly introduced international industrial standards, which stem from international forms of coercive isomorphism being manifested through normative industrial rules and practices;
- By accepting formalised legal sanctions and penalties in host and home country contexts as national forms, which often stem from coercive isomorphism and social contracts with affected populations in the "national" sphere; and
- By providing public apologies, community and employee engagement programmes and internal process and procedural developments for both remedying and preventative purposes at (particularly) the local level of affected incident sites in host countries.

Nevertheless, the MNEs and the incidents do not exist in isolation from wider institutional forces that may also be working towards more resilient socio-ecological systems. Thus, when related to the second research question, the findings suggest that negative socio-ecological incidents can be important for international industries by inciting *further* "positive" developments related to social and environmental improvements; that is, the incident itself may not be the only institutional force for inducing change, but nevertheless may be important for speeding up the *rate of institutional change* to meet certain socio-ecological challenges. This rate of change appears to be further amplified through social activism, which serves as a fourth form of institutionalisation that helps explain change. The main changes noted in this study broadly regard the establishment of standards related to the incidents (coercive pressures) and professional changes related to job roles and security/control measures (normative pressures) – which are strengthened by what is herein defined as social isomorphism – can even lead to other businesses and industries following suit (i.e. through mimicry). In this sense, potentially positive outcomes to MNEs and industrial activities may result from or be reinforced by (in combination with other institutional actors) the socio-ecological incident itself.

When related to institutionalisation, industrial responses are often necessary in the aftermath of socio-ecological incidents for regaining legitimacy as assurance mechanisms in different institutional contexts that such events will not occur again. This assurance means that the socio-ecological incident itself puts focus on the industry, not only the implicated MNE, and causes:

- external "others" to look at the industry and assess its role considering expectations related to social contracts; and
- the affected industry to look "inside" and assess its internal processes and procedures.

Together, the strategic development of industries and different types of IBs is imperative considering today's international institutional context for sustainability (see Van Zanten and Van Tulder, 2018), whereby exiting strategies (cf. Bowman *et al.*, 2023) are no longer feasible [7]. In the following, the main research implications stemming from this study are operationalised around:

- Nuancing the discussion of local and global legitimacy for MNEs and industries implicated in socio-ecological incidents;
- Institutional work on change, at the international level; and
- The conceptual development of social activism as a fourth type of institutionalisation (social isomorphism).

6.1 Legitimacy levels and pathways in the aftermath of socio-ecological incidents

The first contribution from this research regards nuancing an understanding of legitimacy for IB. While all the above-mentioned ways to regain require action on the part of implicated MNEs and their respective industries as being socially responsible, they represent different levels of legitimacy that is related to different institutional forces. This extends prior works on the local and global levels of legitimacy by not only nuancing these levels through incorporating the change of internal institutions in the aftermath of such incidents but also the different directions that legitimacy can be achieved as now described.

More specifically, the case analysis suggests that legitimacy is (re)gained through:

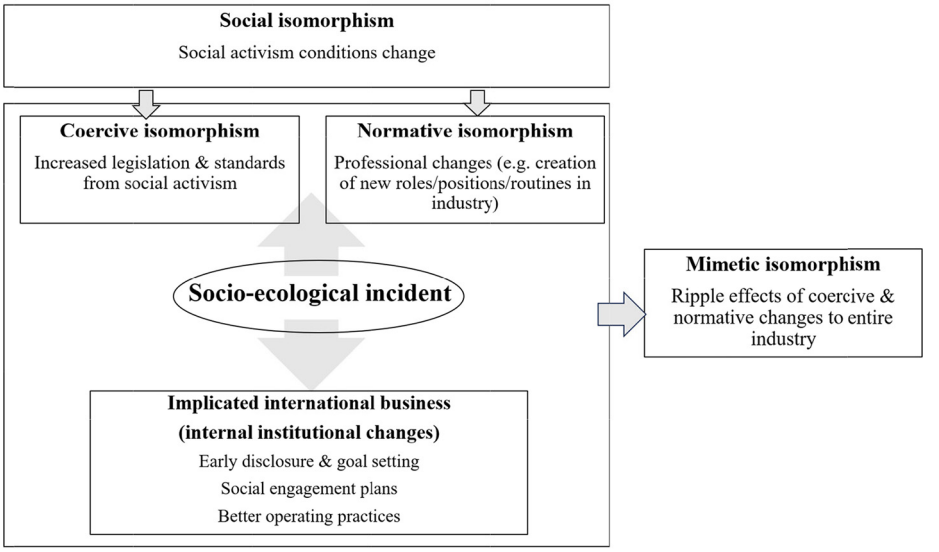
- Meta-level international coercive and normative developments, which have global legitimising effects for the industries and professions linked to the incidents by *integrating responsibility* into industrial structure (outside-in);
- Meso-level coercive sanctions that implicate MNEs and individuals therein, which have both global and local legitimising effects by *assigning responsibility* (outside-in) [8]; and
- Meso-level internal institutional changes (e.g. internal rules and routines of operation, cf. the old-institutional economics (OIE) works stemming from Veblen (1898) and the practices of organisations as institutions [see Nelson and Winter, 1982]), which have particularly local legitimising effects for the MNEs by *taking responsibility* and preventative measures (inside-out).

Thus, legitimacy is regained in the three distinct ways outlined above, as well as at different institutional levels (the meta and meso) to integrate, assign and take responsibility in the aftermath of such incidents for "positive" institutional change.

Together, these ways for (re)gaining legitimacy also suggest that negative socio-ecological incidents have the potential to induce positive changes for global industries if the scale, significance and/or reach of the incidents are broad enough, as implied in prior research (e.g. Leite and Johnstone, 2023; Sinkovics *et al.*, 2016). Yet, in extension to prior IB works dealing with the concepts of local and global legitimacy (see Van Zanten and Van Tulder, 2018), this study draws on OIE theorisations of organisational institutions to nuance understandings of local-global legitimacy as important for MNEs to (re)gain legitimacy. This is because, through such incidents, internal institutional changes (i.e. to internal systems, rules and routines) are also triggered from the inside-out that, over time, become accepted ways of working to (re)legitimise the affected MNEs both locally and globally, as well as indirectly, their wider industries.

6.2 Institutional change in the aftermath of negative socio-ecological incidents

A second related contribution is towards institutional work on change at the international level; that is, for the empirical context of MNEs and industries implicated in negative socio-ecological incidents (see also Husted and Allen, 2006; Park *et al.*, 2014). Figure 3 presents a conceptual model that suggests some common features of institutionalisation in the aftermath of negative socio-ecological incidents such as those described. These



Source: Author's own work

Figure 3. Institutional change for international businesses and industries in the aftermath of socio-ecological incidents

features regard the *main types* (coercive, normative, mimetic and social), *pathways* (outside-in, inside-out, outside-out) and *relationships between institutions* (external and internal) and institutional types at local and global scales for inducing changes that help (re)gain legitimacy, or at least speed up the rate of change to MNEs and/or industries, whereby the socio-ecological incident serves as a trigger. This offers an understanding of the dynamics at play in the aftermath of such incidents from an institutional perspective.

Notably, through incorporating both external and internal institutions, the conceptual model bridges two different strands of institutional theorising for the IB context; that is by incorporating both:

(1) *"why"* MNEs introduce change to regain legitimacy as examples of neo-institutional theory; and

(2) *"how"* MNEs change internal operations to remedy and prevent such incidents as examples related to OIE theorisations.

This means that both external institutions and internal ones are important to positively induce, or speed up the rate of, institutional change in the aftermath of negative socio-ecological incidents, even if much prior IB "legitimacy" research focuses on the role of external institutions (Beddewela and Fairbrass, 2016; Rana and Allen, 2024).

6.3 The role of social isomorphism in inducing change

A final contribution is conceptual and regards putting forward social isomorphism as a fourth type of institutional pressure for MNEs and industries implicated in socio-ecological

incidents. Stemming from wider scholarly literature on social activism (e.g. Briscoe and Gupta, 2016), social isomorphism is hereby defined as changes in organisations and industry as a response to the institutional pressures exerted from social groups with traditionally less power to affect organisational change (e.g. wider communities, activists or consumers). Based on the research findings, social isomorphism functions as both a precursor to the normative and coercive institutional elements in the wider industrial context of IB, as well as directly influences changes within such businesses. Thus, social activism is a social type of isomorphism (social isomorphism) that is spurred by interested and/or affected parties who aim to drive organisational or industrial change in the aftermath of negative socio-ecological incidents; in this case, motivated to not allow such incidents to occur again. It is distinct from coercive isomorphism in that it is not a regulatory condition of business; normative isomorphism in that it moves beyond the norms of dominant professional or industrial groups into expectations of general practice from the personal or social sphere triggered by a particular incident or event; and, mimetic isomorphism in that it is not based on organisational-centric homogeneity within an institutional context but on extra-organisational actor-level views on what constitutes acceptable behaviours. Thus, social isomorphism integrates the voice other "marginalised voices" as increasing but necessary forces that help explain institutional change, not only in the field of organisations but in the international sphere.

As indicated in the cases, different forms of social activism incite different types of institutional change. In some instances, social activism helps explain how or why changes were made to entire industries, as the Nestlé case of unethical practice highlights. In other instances, social activism can help explain the strength of, for example, host and home country sanctions on implicated MNEs as the Yahoo and Vale cases show, and thus, also help explain why resultant organisational changes were made considering "social" concerns. Thus, social activism both mediates and moderates the relationships between other institutional forces, as well as has some role directly on implicated MNEs as previously described. However, social activism has not yet been captured through the different types of institutional isomorphism already presented by DiMaggio and Powell (1983). It is distinct in the sense that social activism functions as a social institutional force for driving both industrial and organisational change captured in the coercive (i.e. policies or regulations), normative (i.e. accepted industrial and professional norms) and mimetic (i.e. organisational *vis-à-vis* organisational mimicry) institutional pressures already described (DiMaggio and Powell, 1983).

Building on the social isomorphism concept contributes to neo-institutional theory in the IB context by asserting the importance and even power of social isomorphism in inducing *industrial* and organisational change; thus, applying institutional theory to international fields that embrace various actors, not only organisational fields and actors. It also contributes to prior works on social activism (e.g. Briscoe and Gupta, 2016) by incorporating this concept into neo-institutional theory and presenting its (possible) pathways from an IB perspective as an under-explored area (see e.g. Van Cranenburgh *et al.*, 2013). Finally, it extends what is known about micro-level forms of organisational activism as inducing change from below, illustrated by institutional entrepreneurship theorisations (see e.g. Battilana *et al.*, 2009), by asserting the important role of activism at a "group" level, from the (inter)national sphere on international industries and organisations (top-down).

6.4 Strategic implications

Given that not all socio-ecological incidents can be foresighted, managers in MNEs must be well-informed and be prepared for the aftermath of potentially damaging incidents. If/when

such incidents occur, the following strategic advice is imperative for regaining legitimacy and/or ensuring non-repetition:

- Early disclosure and goal setting is important for implicated businesses to (re)gain public trust/confidence on both local and global levels;
- Social engagement plans by the implicated businesses are important for both local and global responsiveness to socio-ecological incidents; and
- Better operating plans (both marketing and procedure-based) by the implicated businesses, and others in the industry, to ensure non-repetition in particular geographies.

Importantly, MNEs and their employees should not shy away from their mistakes through exiting strategies for socio-ecological sustainability incidents that would result in their legitimacy being questioned but put operational and social engagement plans in place to remedy relations with (particularly) local (affected) populations. Social partnerships with other institutional actors such as host governments or international non-governmental organisations (NGOs) are also considered useful to (re)gain value and ensure non-repetition of such incidents (see Dentoni *et al.*, 2021; Sinkovics and Archie-Acheampong, 2020).

6.5 Future research opportunities

Although this study has offered a teaser of how negative incidents can induce positive changes for MNEs and industries using institutional theory, it is not without its limitations. This study is based on limited secondary data of very distinct (and sometimes historical) cases in varied contexts, and there are many other cases that could have been drawn from.

Future IB research should continue to draw on different cases and contexts to develop the analytical generalisations and conceptual model on institutional change put forward here for the IB context. This would further understanding of neo-institutional theory for "sustainable" international fields (see Husted and Allen, 2006; Park *et al.*, 2014). Such studies could even benefit from exploring the within-case differences in institutional contexts between, for example, developing and developed host country contexts in terms of the aftermath of such incidents. Particularly, obtaining primary data through the forms of interviews with both external and internal firm stakeholders would provide richer examples and experiences of those who have lived through such socio-ecological incidents. Studies could also aim to build on the interaction aspect inherent in the conceptual model between the two distinct types of institutional theorising (i.e. neo-institutional theory and OIE). For example, the interplay between internal and external institutions for sustainable business strategies in MNEs constitutes a fruitful avenue of research. It is also of interest to develop an understanding of the complex position MNEs occupy in terms of sustainability as forces of good and bad (see Dörrenbächer *et al.*, 2024) and especially how MNEs interact with other types of institutions for socio-ecological resilience (see Dentoni *et al.*, 2021).

In addition, the concept of social isomorphism could be developed further to obtain its central properties and then even tested quantitatively in terms of how it mediates and moderates the other types of institutional isomorphism in the aftermath of such events. This may involve drawing on other business studies dealing with social activism (e.g. Briscoe and Gupta, 2016; Van Cranenburgh *et al.*, 2013) and integrating this concept into institutional theorising for particular industrial fields and sustainability problems. Some questions to consider could be: *What* role *do social activism movements and/or boycotts have for MNEs in different subsidiary contexts? How can the sustainability development goals be more effectively integrated in subsidiary contexts? And, how are local and global legitimacy concerns about sustainability reconciled in MNEs?* Such questions would benefit from qualitative research designs that go deeper into how MNEs are transitioning into (more) sustainable ones.

Notes

1. The incidents may also be the result of exogenous and endogenous factors in combination.
2. This is currently being replaced within Europe by a more coercive form of mandatory reporting and assurance, namely the Corporate Sustainability Reporting Directive (CSRD [2022/2464/EU]) and associated standards (European Sustainability Reporting Standards [ESRS]).
3. Another breach occurred during 2017. However, this was independent from the first two.
4. Tailing storage facilities are designed to contain potentially toxic mining waste materials in liquid or slurry forms.
5. Note that the home and host country is the same for the case of Vale.
6. Figure 2 only illustrates the institutional elements in the aftermath of negative socio-ecological incidents, not all institutional pressures on the implicated MNEs given that other institutional aspects may also trigger change to socio-ecological system resilience (see Dentoni *et al.*, 2021).
7. Some notable exceptions whereby exiting strategies may still be relevant include, for example, terrorist attacks (see Liu and Li, 2020).
8. These external institutional forces are becoming more stringent over time in terms of assigning both organisational and increasingly individual responsibility for the incidents.

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Appendix

Table A1. Data sources

Case	Type of document	Year produced	Produced by	Length	Orientation (i.e. internal or external)
Case 1. Yahoo	Yahoo Security Notice December 14, 2016, available at: https://help.yahoo.com/kb/account/previously-announced-company-december-sln27925.html (Accessed 2023-06-08)	2016	Yahoo	Online	Internal
	Yahoo 2013 Account Security Update FAQ, available at: https://help.yahoo.com/kb/account/SLN28451.html?impressions=true (Accessed 2023-06-08)	2017	Yahoo	Online	Internal
	Notice of data breach	December 14, 2016	Bob lord chief information security officer, Yahoo	3 pages	Internal
	Updated notice of data breach	October 3, 2017	Chris NIMS chief information security officer, yahoo	2 pages	Internal
	Yahoo "state" hackers stole data from 500 million users, available at: www.bbc.com/news/world-us-canada-37447016 (Accessed 2023-06-08)	2016	Dave lee, BBC	Online	External
	Yahoo data breach: NCSC response, available at: www.ncsc.gov.uk/news/yahoo-data-breach-ncsc-response (Accessed 2023-06-08)	2017	National cyber security Centre	Online	External
	Inside the Russian hack of yahoo: How they did it, available at: www.csoonline.com/article/3180762/inside-the-russian-hack-of-yahoo-how-they-did-it.html (Accessed 2023-06-08)	2017	Martyn Williams, CSO	Oline	External
	Press article "All 3 Billion Yahoo Accounts Were Affected by 2013 Attack", available at: www.nytimes.com/2017/10/03/technology/yahoo-hack-3-billion-users.html (Accessed 2023-06-08)	2017	Nicole Perlrotd, the New York Times	Online	External
	OTW: Multiple Yahoo data breaches across four years result in a $117.5 million settlement – Phishing And Nation State Attacks Lead To Mega-Breach Of Former Leading Email Provider, available at: https://www.cshub.com/attacks/articles/incident-of-the-week-multiple-yahoo-data-breaches-across-4-years-result-in-a-1175-million-settlement	2019	Kayla Matthews, cyber security hub	Online	External

(*continued*)

Table A1. Continued

Case	Type of document	Year produced	Produced by	Length	Orientation (i.e. internal or external)
	The yahoo cyberattack and what should you learn from it?, available at: www.cashfloat.co.uk/blog/technology-innovation/yahoo-cyber-attack/	2023	Elizabetd Redfern, Cashfloat UK	Online	External
	Security, available at: https://legal.yahoo.com/us/en/yahoo/privacy/topics/security/index.html	2024	Yahoo	Online	Internal
Case 2. Vale	Risk Management Policy DCA 059 / 2018	2018	Vale	3 pages	Internal
	Vale code of conduct	2020	Vale	21 pages	Internal
	Vale Sustainability Report 2019	2020	Vale	136 pages	Internal
	Vale Integrated Report 2020	2021	Vale	184 pages	Internal
	Etdics and compliance program report	2021	Vale	14 pages	Internal
	Reparation report	2022	Vale	104 pages	Internal
	Report of the expert panel on the technical Causes of the Failure of Feijão Dam I	2019	Expert panel: Peter K. Robertson, PhD (Chair) Lucas de Melo, PhD David J. Williams, PhD G. Ward Wilson, PhD	81 pages	External
	The global industrial standard on tailings management	2020	Council on mining and metals (ICMM), united nations environment programme (UNEP) and principles for responsible investment (PRI)	40 pages	External
	Press article: “internal probe confirms Vale knew Brumadinho dam was unsafe”, available at: www.mining.com/internal-report-confirms-vale-knew-brumadinho-dam-was-unsafe/	2020	Cecilia Jamasmie, Minings.com	Online	External
	Press article “After two collapses, a tdird Vale dam at ‘imminent risk of rupture’”, available at: https://news.mongabay.com/2021/06/after-two-collapses-a-tdird-vale-dam-at-imminent-risk-of-rupture/	2021	Juliana Ennes Mongabay.com	Online	External
	Joint Submission Universal Periodic Review Contributions for the 41st Session	2022	Affected people by Mariana and Brumadinho tailings dam failure and civil society organizations	16 pages	External

(*continued*)

Table A1. Continued

Case	Type of document	Year produced	Produced by	Length	Orientation (i.e. internal or external)
	Regaining Legitimacy in an MNC After a Socio-Ecological Crisis: An Un (smart) Business Strategy? In Pratik Arte, Yi Wang, Cheryl Dowie, Maria Elo, Salla Laasonen (Eds) Sustainable International Business: Smart Strategies for Business and Society (pp. 275–302). Cham: Springer International Publishing	2023	Leite, E. and Johnstone, L.	N/A	External
	Scientific article Ranking for human rights? The formative power of indicators for business responsibility. Journal of Human Rights, 21(5), 604–619. available at: 10.1080/14754835.2022.2104118	2022	Bexell, M.	15 pages	External
	Scientific article A return to responsibility: A critique of the single actor strategic model of CSR. Journal of Environmental Management, 341, 118024, available at: 10.1016/j.jenvman.2023.118024-	2023	Owen, J. R., and kemp, D.	N/A	External
Case 3. Nestlé	The baby killer. London: War on want, available at: http://archive.babymilkaction.org/pdfs/babykiller.pdf	1974	Muller, M.	12 pages	External
	Scientific article The Nestlé infant formula controversy and a strange web of subsequent business scandals. Journal of Business Etdics, 106, 283–293. available at: 10.1007/s10551-011-0995-6	2012	Boyd, C.	10 pages	External
	Press article Nestlé baby milk scandal has grown up but not gone away, available at: www.theguardian.com/sustainable-business/nestle-baby-milk-scandal-food-industry-standards	2013	Muller, M.	Online	External
	Scientific article Growing-up milk: a necessity or marketing?. Evidence-Based Research in Pediatric Nutrition, 108, 49–55, available at: 10.1159/000351484	2013	Przyrembel, H. and Agostoni, C.	6 pages	External

(*continued*)

Table A1. Continued

Case	Type of document	Year produced	Produced by	Length	Orientation (i.e. internal or external)
	Scientific article Milking the third world? Humanitarianism, capitalism and the moral economy of the Nestlé boycott. the American historical review, 121(4), 1196–1224, available at: 10.1093/ahr/121.4.1196	2016	Sasson, T.	28 pages	External
	Press article Nestlé struggles to win over baby formula critics, available at: https://www.swissinfo.ch/eng/business/milk-for-older-babies_nestl%C3%A9-struggles-to-win-over-infant-formula-critics/45473338	2020	Davis Pluss, J.	Online	External
	Press article WHO slams baby milk industry for rampant 'manipulative' marketing, available at: www.swissinfo.ch/eng/business/who-slams-baby-milk-industry-for-rampant–manipulative–marketing/47369706	2022	Davis Pluss, J.	Online	External
	Why was a Nestlé boycott launched?, available at: www.nestle.com/ask-nestle/our-company/answers/nestle-boycott Supporting breastfeeding and celebrating motherhood, available at: www.nestle.com/stories/celebrating-family-parentdood-motherhood-fatherhood	2023	Nestlé	Online	Internal
	Nestlé shareholders challenge reliance on unhealtdy foods, available at: www.foodmanufacture.co.uk/Article/2024/03/14/nestle-shareholders-challenge-reliance-on-unhealtdy-food-sales	2024	Gwen Ridler	Online	External

Source: Author's own work

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