

## Can local CSR enhance global leadership?

**Even global companies need to meet the needs of the different *local* markets they operate in, and global leaders should be familiar with local dynamics. One way to achieve that is to address the idiosyncrasies through local-level CSR.**



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What if local acts of corporate social responsibility (CSR) helped enhance global leadership?

Academic literature generally considers global leadership a top-down process in which leaders apply a universal set of principles and procedures. But this perspective often neglects the local context.

Multinationals operate on a global stage, but they must meet the demands of their various

local markets. Tools that allow a deep understanding of the local dimension are invaluable to effective global leaders.

## **The CSR path**

IESE professors [Carlos Rodríguez-Lluesma](#) and [Marta Elvira](#), with Anabella Dávila of EGADE Business School, looked at the potential of using CSR to get involved at the local level. In their opinion, in order to develop a deep understanding of multiple local contexts, global leaders must engage with the company stakeholders and establish horizontal relations with them — rather than a dynamic of superiors and subordinates.

The authors view CSR as an institutionalized practice that formalizes the company's commitment to its stakeholders and therefore constitutes a natural space for addressing the dilemma of efficiency vs. meaning.

The research focused on "multilatinas" — Latin American firms that operate in multiple countries in the region — and suggests that such companies prioritize initiatives to aid in the development of the communities where they are present and to address the needs of local stakeholders, from the most prominent to minority groups.

However, the study also points out that it is not presently clear how these companies — which are often characterized by rapid growth and a recent, large-scale internationalization process — incorporate these activities and experiences of corporate citizenship into their training models for the global leadership of employees.

## **A strategic opportunity**

This represents an opportunity to integrate CSR in the field of people management, according to the authors, since an interest in developing local communities could fuel initiatives to improve global leadership training programs.

One thing to keep in mind is that a strategic vision of corporate social responsibility is based on two pillars: corporate citizenship behavior and people management practices that connect employees with their surrounding communities.

Although corporate social responsibility has traditionally been an extension of the organization's main economic activity, the authors point out that Santander, Telefónica and Nestlé, among other multinationals, have recently decentralized their social foundations to better adapt to the needs of emerging markets and to implement farther-reaching CSR

initiatives.

## **Methodology, very briefly**

The study was based on an analysis of the annual sustainability reports of 10 "multilatina" companies.

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