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RESTORING LEGITIMACY IN THE AFTERMATH OF CORPORATE SCANDALS: A MULTIPLE CASE-STUDY ANALYSIS ON CSR INITIATIVES

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ABSTRACT

Corporate scandals undermine integrity and reputation, in that generating a legitimacy gap. Through a multiple-case study analysis, this paper provides qualitative evidence on the CSR initiatives undertaken by Multinational Enterprises (MNEs) in response to CSR-related scandals, in order to restore their legitimacy to operate. We consider four scandals in the apparel industry that “hit the headlines”, namely Walmart, Moncler, Nike, and H&M. We classify CSR initiatives according to the dimensions of corporate behaviour framed by Sethi (1975) and interpret them through the lens of the legitimacy theory. Our findings show that all MNEs undertook several CSR initiatives, primarily acting on ethical norms, operating strategies and social accountability. They tended to issue or revise code of conducts, develop new relational approaches with the suppliers, and publish the CSR report, while neglected or made limited reference to the external assurance of CSR reports. Some MNEs also accepted investigations by Non-Governmental Organizations (NGOs) on their initiatives. Besides such common behaviours, some differences arise, especially with respect to the MNEs attitude towards the refusal or admission of their responsibility in the scandals. Our study confirms previous arguments suggested by CSR literature by providing evidence that MNEs shape both the internal and external environment to make it more favourable to ethical behaviours, and rely on social and environmental accountability to pursue legitimacy, even in a peculiar situation like a corporate scandal. The study contributes to the scant but growing literature on CSR in the aftermath of corporate scandals.

Keywords: Corporate Social Responsibility (CSR), corporate scandals, CSR initiatives, ethical norms, CSR report, assurance, multiple case-study, apparel industry.

INTRODUCTION AND RESEARCH OBJECTIVES

Corporate Social Responsibility (CSR) as the integration of social and environmental concerns in business operations as well as in the interactions with stakeholders on a voluntary basis (CEC, 2001)

has gained increasing importance in the economy and the society. This matter of fact concerns especially Multinational Enterprises (MNEs), as business entities which conduct business operations in various countries through their subsidiaries and affiliates (OECD, 2011). Indeed, MNEs are constantly overseen and evaluated by shareholder, consumers, suppliers, governments, Non-Governmental Organization (NGOs) and other stakeholders (Andersen and Skojett-Larsen, 2009). Ultimately, stakeholders legitimise companies to operate, eventually assuring economic survival to the most sustainable, correct and transparent ones (Adams, 2004; Deegan, 2002). As legitimating strategies, CSR initiatives undertaken by MNEs may be pursued by assuming a defensive, reactive or proactive attitude. Such attitudes shape the corporate behaviour toward different dimensions, such as ethical norms, operating strategy, and social accountability (Sethi, 1975).

The occurrence of a corporate scandal, i.e. any situation (legal dispute, accident, or an ethical scandal that could be attributed to a company) that mines the integrity or reputation of a company (Sims, 2009), generates a legitimacy gap. Corporate scandals are usually brought on by adverse or negative media attention, generate public scrutiny of organizational, managerial and communication practices, invoke discourses about systemic change, and problematize firms' legitimacy (Kuhn, 2003). In such situations, MNEs need to restore their credibility as economic players and may activate new CSR initiatives to recover their legitimization to operate. Corporate scandals may therefore stimulate reactive CSR policies and renew the company approach towards one or more dimensions of behaviour.

Consistently with such premise, this paper provides qualitative evidence on the CSR initiatives undertaken by MNEs belonging to the apparel industry in response to corporate scandals that "hit the headlines", like those of Walmart, Moncler, Nike, and H&M. More specifically, we investigate whether the selected MNEs enhanced their CSR after the scandal and which specific dimensions of behaviour they strengthened. The study is grounded on the legitimacy theory (Deegan, 2002) and makes reference to the framework by Sethi (1975) to define the dimensions of behaviour. Through a multiple-case analysis, it aims at contributing to the scant but growing literature on CSR in the aftermath of corporate scandals (Fombrun and Foss, 2004; Sims, 2009; Lungu *et al.*, 2009).

The paper is structured as follows: next paragraph offers a theoretical background about CSR initiatives and their legitimization power, especially following corporate scandals. The further paragraphs present the research design and discuss the findings from the case-studies analysed. Finally, main findings are discussed under the lens of the legitimacy theory and some concluding remarks are drawn.

THEORETICAL BACKGROUND

Legitimization power of CSR

Enhancing CSR strategies has become an unavoidable and undeniable part of MNEs activity, being those strategies highly required and evaluated by the stakeholders which, ultimately, have the power to legitimize company survival (Sethi, 1975). According to the *legitimacy theory*, there is an “unspoken social agreement” between the society at large and the firm that legitimise the latter to operate. Several business case arguments for CSR practices are presented in the literature. They are linked to the benefits arising from the improved ability of the company to attract consumers, investors and employees. Cause marketing, corporate philanthropy, and disclose of information are some reported examples of CSR activities aimed to enhance corporate legitimacy and reputation (Carroll and Shabana, 2010).

Companies’ attitude toward legitimization, and CSR is no exception, may be defensive, reactive or proactive (Sethi, 1975). van Staden and Hooks (2007) underline that many studies on corporate environment reporting find evidence of the reactive approach, meaning that companies publish environmental information in reaction to some event or crisis facing either the company or the industry. According to Sethi (1975, p. 60), “*legitimization involves not only the type of corporate activities, but also the process of internal decision making; the perception of external environment; the manipulation of external environment—physical, social, and political—to make it more receptive to corporate activities; and the nature of accountability to other social institutions in the system*”. In the search of legitimization, companies may therefore act on the side of ethical norms, operating strategy, social accountability, reduction of social and governmental pressures, and philanthropy (*dimensions of behaviour* according to Sethi, 1975). This study aims at investigating the corporate behaviour to retrieve legitimacy in response to a situation of corporate scandal. The focus will be on different CSR initiatives pertaining to the dimensions of behaviour above listed.

CSR initiatives: an overview

Despite its increasing relevance, CSR maintain a voluntary nature. Each MNE may therefore freely shape CSR strategies accordingly to the needs and expectations of its stakeholders, while managing the specific social and environmental risks implicit in its core business (Bartlett and Ghoshal, 1989). CSR initiatives are therefore differentiated in their nature and scope. We briefly summarize below some relevant initiatives for our study.

Lungu *et al.* (2009) underline that MNEs are involved in complex business-integrity issues and shall respond to multiple requests from shareholders and other stakeholders in different markets with different regulations and governance systems. Mackenzie (2007) emphasises the role of boards of directors in ensuring that companies maintain/improve their reputation for high standards of business

conduct and attention to the impact of business operations on the community and the environment. He shows that in large UK companies boards define policies and standards, monitor compliance with them, and create *ad-hoc* committees which review CSR issues and reporting, identify non-financial risks, monitor risk management, and oversee philanthropic activity. Referring to the apparel industry and the “sweatshop” concerns along the supply chain, Emmelhainz and Adams (1999) underline the need to develop specific standards of employee welfare to which suppliers must adhere (i.e. code of conduct). Moreover, they suggest that supplier compliance with standards be monitored, e.g. through on-site visits and plant inspections, and call for enforcement policies to secure effective responses in cases suppliers violate the code of conduct.

Kolk (2008) stresses the role of CSR reporting in reducing information asymmetry between economic actors and their stakeholders, as well as in adding credibility and reliability to the social and environmental initiatives undertaken. According to CorporateRegister (2013), honesty and transparency in communicating the social and environmental impact of business operations, including sharing bad news and detailed data, help building a solid reputation as responsible firm and generate a series of benefits closely related to the firm image, such as attract investors and workforce, obtain consumers’ loyalty and influences their consumption decisions. Clarkson *et al.* (2015) argue that companies that are more responsible and upstanding have greater interest in disclosing and communicating their strategies and results to the public.

Finally, external assurance on CSR reports is recognized as a mean to strengthen their reliability and increase confidence that the communication strategies are transparent. Peters and Romi (2013) and Alon and Vidovic (2015) maintain that, through external assurance of CSR reports, companies with upstanding CSR initiatives and a valid internal CSR department aim at gaining better reliability and strengthen their reputation of responsible enterprises. Among others, Manetti and Becatti (2008) argue that the main benefit of external assurance is to strengthen the positive effect of CSR reporting and filling the *credibility gap* between the firm and its stakeholders, by reducing the information asymmetry and agency costs. In such regard, Perego and Kolk (2012) suggest that stakeholders tend to award responsible firms with higher trust, as long as the assurance is provided by professional and independent assurers. Finally, Cho *et al.* (2010) and Clarkson *et al.* (2015) suggest that investors may be willing to pay a premium for the companies obtaining external assurance, especially when the latter relies on precise sustainability indicators or when remuneration policies are linked to CSR performance.

CSR and corporate scandals

In the aftermath of the well-known corporate scandals of early 2000s (e.g. Enron, Arthur Andersen, Worldcom), Fombrun and Foss (2004) find three principal responses that emerged from boardroom

discussions to corporate ethics questions: the infusion of ethical principles and values into corporate cultures, the appointment of chief ethics officers, and the adoption of stricter ethical guidelines and codes of conduct. The authors show that big companies increasingly base ethics initiatives on a values-based approach, so that the stated principles may be readily applied and shared with suppliers and other stakeholders. The importance of improved compliance procedures and board oversight is also underlined.

Sims (2009) explores the issue of rebuilding corporate reputation following ethical scandals and maintain that, if managed properly, the damage to the organization's reputation can be minimized, without leading to sustained reductions in market capitalization and earnings. This view portrays media as a social-control agent, whose role gains relevance in the social construction of wrongdoing in case of a scandal (Clemente and Gabbioneta, 2017). Indeed, the corporate scandal *per se* is defined as a highly mediated event that causes public disapproval (Thompson, 2000), is originated from a challenge to existing norms and needs a remedy (Entman, 2012). With respect to the latter point, van Wensen *et al.* (2011, p. 72) argue that a suitable corporate reporting is a crucial element to obtain "*a social 'license to operate' and the mitigation of criticism from external stakeholders and NGOs*". Moreover, they regard the scandals in accounting, environmental performance and human rights as one possible motivation at the basis of the increase in ethical considerations (*reactive attitude*), which produce a strong impact on the image of businesses among the stakeholders. Consistently, Arvidsson (2010, p. 340) argues that corporate scandals provide "*a perfect hot-bed for CSR*", regarded by managers "*as a means to decrease mistrust and restore stakeholders' confident in management teams*". Her findings suggest that the increase in CSR communication started as a reactive approach to the corporate scandals aimed at restoring the stakeholders' damaged confidence and trust.

As emerging from the above review, existing literature on CSR in the aftermath of corporate scandals is mainly focus on CSR reporting, while other initiatives are almost neglected. Our study contributes to the understanding of a broader range of CSR initiatives through the research design described below.

Dimensions of behavior	Multinational Enterprises			
	Walmart Stores	Moncler	Nike	H&M

Dimensions of		Multinational Enterprises		
Scandal (year/period)	Mistreatment of child labor in Bangladesh (2005)	Illegal and violent plucking methods (2014)	Mistreatment of labor (1990-2001)	Mistreatment of labor and lack of security in production facilities (2007-2013)
Ethical norms (year)		Creation of a Sustainability Unit (2015) Appointment of a Control, Risk and Sustainability Committee (2015)	Supplier Code of Conduct Fair Labour Association (2005)	Code of Conduct for Suppliers (2012) Clean Clothes Campaign (2013) Commitment to "provide for fashion conscious customers" and "be ethical" (2013) Roadmap to a Fair Living Wage (2013)
Operating strategy (year)	Broken up of commercial relations with Bangladesh vendors After investigations on site, no more trading with 141 suppliers Definition of sustainability objectives Support investments in innovation, technology and CSR	DIST protocol for supplier certification (2016) External audit on suppliers (2016)	New relational approach with suppliers Wide range of monitoring activities Collaborations with NGOs, specialized agencies, stakeholder groups Attention to the environmental impact of the products	Incentives for the most responsible suppliers (2012) Conscious Collection (2013) Agreement on workplace safety in Bangladesh (2013)
Social accountability for corporate actions (year)	Report on Ethical Sourcing (since 2006) CSR reports according to GRI standards	Sustainability Report (since 2015) CSR reports according to GRI standards External limited assurance on CSR reports (since 2015)	List of suppliers and audit results published (since 2005) Preliminary CSR report (2000-2001) CSR report according to GRI and UN Global Compact standards (since 2004)	Sustainability Report (since 2002) List of suppliers published (2012) SR reports according to GRI standards External limited assurance on CSR reports (since 2012, gradually expanding) Reports on the state of progress about Bangladesh Accord (2015)
Philanthropy (year)			Donation to the Fair Labor Association (2003)	H&M Foundation (2013)
Other CSR activities (year)	Walmart Sustainability Index (since 2009), in cooperation with NGOs		Active campaigns to increase minimum wage, improve hygiene and safety of plants	Accepted NGO evaluation on the progress of the Bangladesh agreement (2015)

Table 1, CSR initiatives to restore legitimacy in the aftermath of corporate scandals

RESEARCH DESIGN

With the aim of providing qualitative evidence on the CSR initiatives undertaken by MNEs in response to corporate scandals we adopt a multiple case-study approach. The focus on MNEs is motivated by the fact that they are socially more observable and more exposed to public scrutiny (Arvidsson, 2010), therefore they may experience greater pressure to act—and react—in a desirable way after a scandal. We select four MNEs operating in the apparel sector which were involved in scandals of social and/or environmental impact in the last two decades. In the selection process, we consider both the media attention to the scandal and the relevance of its damage in reputational terms by referring to press articles and television reportages. As a result, the MNEs under analysis are Walmart, Moncler, Nike, and H&M.

Relying on secondary sources like corporate websites, newspapers and news releases, annual and CSR reports we identify the CSR initiatives developed by MNEs in order to restore their legitimacy. As a framework of reference, we classify CSR initiatives according to the dimensions of behaviour described by Sethi (1975), slightly revised as listed in Table 1. To interpret our findings, we adopt the legitimacy theory argument, according to which a company achieves legitimacy by operating within the norms and expectations of the society (the so called “social contract”). Legitimacy theory allows to motivate how companies behave and engage in voluntary activities in order to achieve (or restore, in case of scandal) legitimacy (van Staden and Hooks, 2007).

FINDINGS

In this section, we briefly describe each scandal and the CSR initiatives developed by each MNE as a reaction to the scandal itself. Table 1 provides a summary of the findings, by classifying CSR-related initiatives according to the dimensions of behaviour framed by Sethi (1975), properly adjusted to our purpose.

Walmart and child labor

Walmart Stores Inc. was established in the US in 1962 and exponentially grew till becoming the largest supermarkets chain in the world, even in 2016. In 2005, Walmart was accused of child mistreatment in two factories in Bangladesh where children earned wages for less than 50 dollars per month. After the news release, under the pressure of NGOs, workers and consumers’ protests, Walmart began a deep renewal in terms of business sustainability. In accordance to existing business policies, Walmart broke up commercial relations with Bangladesh vendors responsible for the mistreatment. In 2006, the company issued the first CSR document (called Report on Ethical Sourcing) with reference to the year of the scandal. In the report, Walmart claimed it ceased trading with 141 suppliers as they employed

child labor and listed in detail the results of the audits carried out directly on the suppliers' sites, the kind of violation and the geographical area where it was found. In addition, the company renewed its commitment to implement further monitoring and verification measures for its suppliers. Walmart develop operating strategies aimed at increasing the use of renewable resources and minimizing production and packaging waste. Huge investments in innovation, technology and CSR are declared. In 2009, in collaboration with the NGO The Sustainability Consortium, Walmart launched the Walmart Sustainability Index that helps retailers and suppliers to improve products quality and sustainability, integrate sustainability into the business of buying and selling merchandise and the whole supply chain, and reduce costs. Walmart prepares CSR reports according to the Global Reporting Initiative (GRI) guidelines, but it does not submit them to external assurance. Walmart transparency and social responsibility is appreciated by US consumers, who, in 2016, have chosen it as the most reliable mass merchandiser retail store (Business Wire, 2016).

Moncler and the plumage

Founded in France in 1952 and established in Italy in 1992, Moncler S.p.A. is a luxury brand specialised in the winter clothing production. On November 2, 2014, the Italian TV program Report aired a special investigation on some of Moncler plumage suppliers in Hungary and Moldova, blaming them to implement procedures not compliant with the European legislation. In particular, the program showed how plucking was done live (illegal practice) and through methods that cause animals injuring. Moncler was therefore accused of using poor quality and low price plumage, obtained through brutal methods, and not labelling the supply chain, as other brands already did. Immediately, the company denied any involvement, stating that all feathers used by the company came from suppliers contractually obligated to ensure compliance with the principles of animal protection, as reported by the Moncler Code of Ethics. Meanwhile, the press and animalist associations (including the Italian Antivivisectionist League) condemned Moncler, also supporting their allegations with the fact that the Italian apparel company did not release a CSR report. A few months after the scandal, Moncler's general manager and two board members resigned. However, the company denied any link between this change and the scandal. In 2015 Moncler created a Sustainability Unit and appointed the Control, Risk and Sustainability Committee. As for the operating strategies, the company established a Down Integrity System and Traceability (DIST) protocol for supplier certification, to be completed by 2016. Moncler also relies on external audits for about a quarter of its suppliers. Moncler reaffirms its responsibility for the information contained in the labels of its products and its commitment to pay careful attention to the origin of fur and plumage. However, up to date the reference to the geographic location of its suppliers remains vague and

identified only at the continent level. In 2015, the MNE released its first CSR report, of which several pages are dedicated to the feather production line and the standards it must adhere to. Curiously, the scandal is even not mentioned. Since the beginning, Moncler submits its sustainability report to external assurance, although in a limited form.

Nike and the "sweatshops"

Nike Inc. was founded in 1962 in the US and owns one of the best-known sport brands in the world. Since the 1990s several "sweatshop" charges were imputed to Nike, especially in Asian countries. Among them: in 1992, the denounce of miserable wages paid to Indonesian workers; in 1996, child mistreatment in Pakistan for the production of balls and very low workers' wages in China, Vietnam and Indonesia; in 1997, abuses of women workers in Vietnam; in 2001, punishments and mass layoffs of Mexican workers who were protesting for unacceptable working conditions. In August 1998, the CEO called a press conference to present the initiatives aimed at addressing the exploitation of labour in Asian countries, also through collaborations with NGOs for educational and humanitarian issues, and at implementing new and more reliable ways of monitoring and inspection within supplier factories. Again, three years later the human rights NGO Global Exchange published a report titled *"Still waiting for Nike to do it"*, denouncing the inertia and false promises by top management. Eventually, Nike began developing a new approach to its productive chain, by reinforcing the Supplier Code of Conduct and cultivating new relationships with its suppliers, based on mutual collaboration, open communication and joint problem solving. It established a wide range of monitoring forms of its socio-environmental impact, including collaborations with NGOs and specialized agencies, dialog with stakeholder groups, and assignments to external auditors. CSR initiatives in the field of operations were active campaigns to increase the minimum wage in the host countries, improve the hygiene and safety of its plants, and increase the quality and sustainability of its products paying attention to the environmental impact. In terms of accountability, Nike began to openly and transparently report the issues it faced, especially with reference to its suppliers. Since 2005 it publishes a report containing a list of all suppliers, inclusive of registered conditions (including abuses, poor hygiene and security systems, and remuneration policies) and the results of the on-site controls carried out. The company realised the first two CSR reports in 2000 and 2001, then stopped for some years. Only since 2004 CSR reports are issued on an annual basis, provide extended explanations of the reported data (even when negative), and are drafted according to GRI guidelines and the principles of the UN Global Compact. Nike does not submit its report to a comprehensive external assurance, but the management seem willing to obtain external assurance in the next years. Finally, in 2003 Nike donated \$ 1.5 million to the Fair Labor Association (FLA), an active group in

controlling production processes and protecting human rights, which is composed by NGOs, universities and other stakeholder groups.

H&M, child labor and factory security

Hennes & Mauritz AB, known as H&M, was founded in 1947 in Sweden and is one of the largest clothing multinationals, borne under the idea to produce fashion at affordable prices. This strategy is the engine of H&M success, but it has caused the MNE involvement in numerous scandals related to the use of low-cost labour in the Asian regions. Among the numerous allegations addressed to H&M, the followings had the greatest media coverage: in 2007, the company was accused of collaborating with a cotton producer in Uzbekistan exploiting child labour in plantations; in 2011, in a Cambodian factory producing for H&M around 300 workers fainted in the workplace, in a week, due to chemical fumes, poor sanitation and malnutrition; in 2013 a couple of factories collapsed in Cambodia and Bangladesh, with more than 1,000 victims (BBC News, 2013); again in Bangladesh, over the past decade inhumane working conditions, low wages, and the lack of security in production plants were reported. H&M seems to invest in CSR initiatives in response to this series of scandals. In 2012 H&M developed a Code of Conduct for suppliers. The following year was a turning point, since the company took a number of strategic initiatives in social and environmental issues, including “*provide for fashion conscious customers*” and “*be ethical*” among the major corporate commitments. In the same year it also published its *Roadmap to a Fair Living Wage* on the efforts of the *Clean Clothes Campaign*, a global alliance dedicated to improving working conditions and empowering workers in the global garment and sportswear industries. In 2012 H&M introduced incentive measures for the most responsible suppliers and H&M launched its *Conscious Collection* within a heavy ethical and eco-sustainable campaign to offer high-end environmentally friendly pieces, with the aim of obtaining all cotton from sustainable sources by 2020. In May 2013, the company signed an agreement on the risks of fire and health in Bangladesh, promising to perform renewals in order to secure the H&M apparel manufacturing factories. Another declared commitment is to implement initiatives to achieve minimum wages by 2018, however to date no agreements or negotiations have been promoted with host countries. As for social accountability of corporate actions, H&M publishes the list of suppliers on its website since 2012. The company published its first Sustainability Report in 2002, i.e. before the occurrence of the scandals. Looking to the reports realised since 2012, positive and praiseworthy tones are adopted, although not supported by equally positive data. Explicit references to the scandals about working conditions in the textile production are almost absent. Since 2012, H&M submit its CSR reports to external, limited assurance. While in 2012 the indicators under external control were limited to the supply chains, materials used, and energy consumption, the scope of control has gradually

expanded afterwards, including assurance on materiality, stakeholder engagement, emissions, the use of renewable energies, the reuse and recycling of materials, and, ultimately, the risks of fraud or corruption. Overall, CSR initiatives undertaken by H&M were highly appreciated and the latter is now included in the Dow Jones Sustainability Index and the FTSE4Good Index. CSR report of 2013 was ranked first in the section "Openness and Honesty" of the CR Reporting Awards assigned by Corporate Register, a global online directory of corporate responsibility. Finally, following the agreement on workplace safety in Bangladesh, H&M has allowed some NGOs to evaluate the state of progress of the project and to issue specific reports on the point. In September 2015 and January 2016, the reports underlying the company being in lag. Also, the *Clean Clothes Campaign* initiative acknowledged that some steps have been taken, but require more effort. In 2013 H&M gave rise to a philanthropic initiative through the creation of the H&M Foundation.

DISCUSSION AND CONCLUSIONS

The findings about the four case-studies highlight that, to restore legitimacy after the scandals they incurred into, all MNEs undertake CSR initiatives by acting on multiple dimensions of behaviour at the same time or in a short time period. Some similarities and recurring tendencies may be underlined with reference to specific initiatives.

Most MNEs tried to regulate better the relationships and the behaviour of their suppliers, which were often the real protagonists of the scandal. Indeed, MNEs face high business risk due to their engagements with independent suppliers and vendors, which can hardly be controlled. To favour ethical behaviour, most MNEs formulated or revised the code of conducts, especially for the suppliers-related norms. They also adjusted operating strategies by broking up or changing the approach to trading relations, by requiring supplier certifications according to suitable protocols, by investigations on site, and/or by providing incentives to the most responsible suppliers. These initiatives are aligned with the suggestions made by previous literature on the "sweatshops" concerns along the supply chain in the apparel industry (Emmelhainz and Adams, 1999; Mackenzie, 2007). Monitoring the supply chain through a number of governance and managerial mechanisms is regarded by MNEs as an effective reaction to restore their legitimacy after heavy scandals. More attention was also dedicated to CSR investments and collaborations with NGOs at different levels, and in some cases philanthropic initiatives and commitment to build better work conditions on the host countries.

A second common element is that all MNEs become more accountable of their corporate actions in terms of CSR. Some companies published the list of their suppliers of the website. Most of them started issuing the CSR report in the year after the scandal, as only one MNE already prepared it. All MNEs adhere to qualified guidelines for their CSR reports and progressively extend the CSR content.

It could be the case that, as a communication tool, CSR reports are perceived as an effective initiative to respond quickly to the needs of a wide range of stakeholders. This is consistent with the role assigned to CSR reporting by existing literature (Kolk, 2008; van Wensen *et al.*, 2011). However, only two MNEs submit the CSR report to external assurance, choosing a limited form only. Despite the potential assigned to such CSR initiative by professional associations and previous literature (a.o., Manetti and Becatti, 2008), this mechanism is not yet widespread and regarded by corporations as an effective tool to restore legitimacy in case of scandals. This perception may be due to the technical nature of the assurance process in situations in which more “visible actions” may be preferred. However, the lack of external assurance on CSR report might give rise to the suspect of impression management or greenwashing strategies implying the information power of CSR reports.

A third common aspect is that all MNEs undertook several actions on the side of regulation, governance system and operating strategy. Besides being the advocates of such actions, some MNEs also looked for a cooperation with NGOs and accepted different forms of investigations by NGOs on their operating strategies. The approach to accountability tends to be different, however, as MNEs prefer to exert an active role, avoiding external assurance or accepting it only in a limited form.

Some differences may also be noticed from the findings of the multiple case-studies analysed, especially with respect to the attitude assumed by MNEs towards the refusal or admission of their responsibility in the scandals. The first attitude is adopted by those companies that were accused of more than one scandal in the analysed period. Indeed, Nike and H&M make many justifications for getting rid of their responsibilities in their CSR reports. Conversely, when the scandal is directly and uniquely linked to a specific irresponsible corporate behaviour, either geographically or temporally (Walmart and Moncler), there is a prompt admission of guilt, followed by the implementation of new CSR initiatives according to the expected reactive attitude.

Overall, we found evidence that besides selecting to strengthen some types of CSR activities instead of others, MNEs shape both the internal and external environment to make it more favourable to ethical behaviours, and rely on social and environmental accountability. In such regard, our findings confirm the arguments put forwards by Sethi (1975) on legitimization, even in more recent times and in a peculiar situation like a corporate scandal.

To conclude, this paper highlights that MNEs assume a resilient attitude in response to CSR-related scandals. The relevance of CSR activities to restore the legitimacy to operate, when the latter is compromised by adverse events, is clearly demonstrated in the multiple initiatives undertaken in most of the dimensions of behaviour, and especially ethical norms, operating strategies, and social accountability. Only the aspect of external assurance of CSR report is results to be neglected. Further studies might investigate the perceived value of the assurance statement by the various users of the

CSR report, so as to clarify whether MNEs attitude towards this tool is due to its recent introduction and evolving nature and/or to a lack of business culture able to gain its potential benefits. Moreover, further studies may explore the reasons behind the gap between CSR initiatives declared but delayed, as well as the reactions of stakeholders in such cases.

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