

Objective

The main goal of the research is to define the roles played by multinational enterprises (MNEs) in adopting responsible Environmental, Social, and Governance (ESG) practices. Given the complexity of MNEs, the main contribution will be to define the roles played by headquarters (HQ) and foreign subsidiaries (FSs) in ESG adoption in their activities, especially in Central and Eastern European Countries (CEECs), where this topic currently evolves. The analysis aims to precisely identify the factors influencing ESG adoption, the roles of HQs and FSs in this process, and the ESG strategies employed by these entities. The results of the study will enable the creation of a model that shows the relationship between the determinants, roles and strategies of MNEs in the implementation of ESG concept.

Research description

The research project employs both qualitative and quantitative research methods. The study begins with a thorough literature review on MNEs and sustainability to build a solid theoretical foundation. Empirical research includes both secondary data analysis and primary data collection. Secondary data will be analyzed through available statistics, while primary data will be obtained through qualitative and quantitative research. The qualitative research will include semi-structured interviews with MNEs managers to create case studies, and the use of Total Interpretative Structural Modeling (TISM) to identify preliminary relationships between MNEs' determinants, roles and strategies for adopting ESG practices. Quantitative research will be conducted using the Computer-Assisted Web Interview (CAWI) method on a sample of 220 HQs of MNEs based in Poland. Statistical analysis using Structural Equation Modeling (SEM) will present the relationship between determinants and roles of MNEs adopting ESG practices, which will allow to develop a comprehensive model depicting the actual relationship between determinants, roles and strategies of MNEs in adopting ESG practices.

Reasons for choosing the research topic

Recent European Union regulations on sustainability reporting have imposed obligations on MNEs to report on their non-financial practices. To properly adopt these frameworks, it is essential to investigate the relationships between the HQ and their FSs within MNEs. This is crucial due to the dynamically changing environments of their operations, their geographical dispersion, and their embeddedness in institutionally and culturally distinct contexts. The relationships between the HQ and FSs can significantly impact the effectiveness of ESG actions and optimizing initiatives in this area. ESG strategies contribute to attracting investors and improving financial performance in the long-term period, which is crucial for the sustainable development of the enterprise. There is a visible gap in the context of the geographical area of a given topic. ESG concept is primarily prevalent in Western markets, which raises concerns about the suitability and correctness of transplanting these ESG frameworks to CEECs markets. Examining the relationship between HQ and FSs and the adoption of ESG practices by MNEs in this region is key to understanding how this framework can be effectively implemented to specific market conditions.

Expected results

The findings regarding ESG strategies adopted by HQ and FSs could offer actionable insights for MNEs in structuring their ESG initiatives and guide the development of cohesive ESG strategies that align with global standards and local requirements. The results will be relevant for HQs, FSs, managers, and policymakers, thus contributing to international business and sustainable development economics. This integration provides a nuanced understanding of ESG adoption in MNEs, offering a comprehensive framework for analyzing the complex dynamics between HQs and FSs in shaping ESG practices. Focusing on Polish companies investing abroad, the thesis adds empirical evidence from a relatively underexplored context, contributing to a more global understanding of ESG practices within MNEs. The study will provide insights into how companies from CEECs navigate global ESG demands and adopt concepts initially introduced by Western European countries.