



Practical Recommendations for Enhancing CSR Engagement in MNCs through Transformational Leadership Behaviours

Sabeel Ahmad Ata¹, Shekhar Asiwali^{2*}, T. K. Jain³

¹Research Scholar, ISBM, Suresh Gyan Vihar University, Jaipur

²Health and Management, IIMR University, Jaipur, India

³Professor, ISBM, Suresh Gyan Vihar University, Jaipur

*Corresponding author email id: shekhar.asiwali08@gmail.com

Article History

Volume 6, Issue 12, 2024

Received: 30 June 2024

Accepted: 20 July 2024

Doi:

10.48047/AFJBS.6.12.2024.5563-5569

Abstract: Corporate Social Responsibility (CSR) has emerged as a critical component of sustainable business practices, particularly for multinational corporations (MNCs) striving to balance profitability with societal impact. This study explores the role of transformational leadership in enhancing CSR engagement within MNCs. By leveraging a mixed-methods approach, we examine how transformational leadership behaviours such as inspiring vision, fostering innovation, and promoting ethical standards can drive more robust CSR initiatives. Through a series of case studies, interviews, and surveys conducted with leaders and employees across various MNCs, we identify key practices and strategies that correlate with heightened CSR outcomes. Our findings suggest that transformational leaders are instrumental in cultivating a culture of responsibility and ethical awareness, thereby amplifying the effectiveness and reach of CSR programs. The study concludes with practical recommendations for MNC leaders seeking to adopt transformational leadership behaviors to bolster their CSR efforts, ultimately contributing to sustainable development and enhanced corporate reputation.

Keywords: Corporate Social Responsibility, Transformational Leadership, Multinational Corporations Leadership Behaviors, Corporate Culture

1. Introduction

In today's globalized economy, Corporate Social Responsibility (CSR) has become an indispensable aspect of business strategy, especially for multinational corporations (MNCs) [1]. As stakeholders increasingly demand transparency, ethical conduct, and sustainable practices, MNCs are under pressure to go beyond profit maximization and contribute positively to society [2]. Effective CSR engagement not only enhances corporate reputation but also drives long-term value creation, fosters customer loyalty, and mitigates risks [3].

The role of leadership in driving CSR initiatives cannot be overstated. Among various leadership styles, transformational leadership has garnered attention for its potential to inspire

and mobilize employees towards achieving higher levels of CSR engagement [4,5]. Transformational leaders, characterized by their ability to articulate a compelling vision, encourage innovation, and uphold ethical standards, are well-positioned to influence organizational culture and drive CSR efforts [6-8].

Despite the acknowledged importance of leadership in CSR, there remains a gap in understanding the specific transformational leadership behaviors that most effectively enhance CSR engagement in MNCs [9-11]. This study aims to bridge this gap by providing practical recommendations for MNC leaders to cultivate transformational leadership behaviors that foster robust CSR initiatives [12].

Through a comprehensive analysis combining case studies, interviews, and surveys with leaders and employees from various MNCs, this research identifies key transformational leadership practices that correlate with successful CSR outcomes. By examining real-world examples and empirical data, we aim to elucidate the mechanisms through which transformational leadership can amplify CSR efforts, thereby offering actionable insights for MNC leaders [13-15].

The novelty of this work lies in its integrative approach, combining theoretical insights from transformational leadership and Corporate Social Responsibility (CSR) to provide a comprehensive framework that links leadership behaviors with CSR outcomes. This study uniquely utilizes a mixed-methods approach, presenting empirical evidence from diverse multinational corporations (MNCs) through case studies, interviews, and surveys, thereby offering robust data-driven insights into effective transformational leadership behaviors for CSR engagement. By moving beyond theoretical discussions, the research provides actionable, practical recommendations for MNC leaders, directly applicable to business practice and tailored to the unique challenges and opportunities faced by global enterprises. Additionally, the study specifically highlights the role of transformational leadership style characterized by vision, innovation, and ethical behavior shedding light on how these traits can uniquely enhance CSR initiatives. The research also offers valuable cross-cultural insights, demonstrating how transformational leadership can be adapted across different cultural settings within global corporations. Furthermore, by emphasizing the role of leadership in driving CSR, this work contributes to the broader discourse on sustainable development, illustrating how transformational leaders can align business objectives with global sustainability goals, thereby enhancing both corporate performance and societal well-being.

In this paper, we will delve into the theoretical foundations of transformational leadership and CSR, outline our research methodology, present the findings, and discuss their implications. Ultimately, this study seeks to contribute to the body of knowledge on leadership and CSR, providing MNC leaders with evidence-based strategies to enhance their CSR engagement and drive sustainable business success.

2. Literature Review

Corporate Social Responsibility (CSR) has become a pivotal aspect of strategic management in multinational corporations (MNCs), reflecting a shift towards more sustainable and ethical business practices. The evolution of CSR has been well-documented, with early studies emphasizing its role in enhancing corporate reputation and stakeholder relations [1]. Recent research underscores the strategic importance of CSR in fostering long-term value creation

and competitive advantage [2]. However, the mechanisms through which leadership influences CSR outcomes remain an area ripe for exploration.

Transformational leadership, characterized by attributes such as inspirational motivation, intellectual stimulation, individualized consideration, and idealized influence, has been identified as a potent driver of organizational change and innovation [3]. A growing body of literature suggests that transformational leaders are uniquely positioned to spearhead CSR initiatives due to their ability to inspire and mobilize employees towards shared goals [4]. Transformational leadership fosters a culture of ethical behavior and social responsibility, which aligns closely with the principles of CSR [5].

The intersection of transformational leadership and CSR has been explored in various contexts. It is found that CEOs with transformational leadership qualities were more likely to implement comprehensive CSR strategies [6]. Similarly, it was demonstrated that transformational leadership positively influences employees' attitudes towards CSR, leading to higher levels of engagement and participation in CSR activities. These studies highlight the critical role of leadership in shaping organizational culture and driving CSR initiatives [7].

Despite these insights, there remains a gap in the literature regarding the specific transformational leadership behaviors that most effectively enhance CSR engagement in MNCs. Most studies have focused on single industries or regions, limiting the generalizability of their findings. Moreover, the dynamic and complex nature of MNCs, operating across diverse cultural and regulatory environments, presents unique challenges and opportunities for CSR engagement [8]. Addressing these gaps requires a nuanced understanding of how transformational leadership can be adapted and applied in different contexts within MNCs.

Recent advancements in leadership studies have begun to explore the role of transformational leadership in promoting ethical decision-making and sustainable business practices [9]. However, empirical research that links these leadership behaviors with tangible CSR outcomes in MNCs is still emerging. This study seeks to contribute to this nascent area of research by providing empirical evidence on the specific transformational leadership behaviors that enhance CSR engagement in MNCs, thereby offering practical recommendations for leaders.

This existing literature provides a solid foundation for understanding the relationship between leadership and CSR, there is a clear need for more targeted research that examines how transformational leadership behaviors can drive CSR in the complex and varied contexts of MNCs. By addressing these gaps, this study aims to offer new insights and practical strategies for enhancing CSR engagement through transformational leadership.

3. Methodology

This study employs a mixed-methods approach to investigate the role of transformational leadership in enhancing Corporate Social Responsibility (CSR) engagement within multinational corporations (MNCs). The combination of qualitative and quantitative methods provides a comprehensive understanding of the complex dynamics between leadership behaviors and CSR outcomes.

3.1 Research Design

Qualitative Phase

- In-depth case studies of five diverse MNCs known for their strong CSR practices were conducted. These case studies involved detailed examinations of company reports, CSR initiatives, and leadership strategies.
- Semi-structured interviews were conducted with 20 senior leaders (including CEOs, CSR heads, and HR managers) and 40 employees across the selected MNCs. These interviews aimed to capture insights into the leadership behaviors that promote CSR, challenges faced, and the perceived impact of these behaviors on CSR outcomes.

Quantitative Phase

- A comprehensive survey was distributed to 500 employees across various levels and departments within the five MNCs. The survey included questions on leadership styles, CSR engagement, and employee perceptions of organizational culture. It utilized validated scales for measuring transformational leadership (MLQ-5X, Bass & Avolio, 2000) and CSR engagement.
- Quantitative data from the surveys were analyzed using statistical methods, including descriptive statistics, correlation analysis, and multiple regression analysis, to identify patterns and relationships between transformational leadership behaviors and CSR engagement. Qualitative data from case studies and interviews were analyzed thematically to extract key themes and insights.

3.2 Sample Selection

The five MNCs selected for this study were chosen based on their recognized commitment to CSR, industry diversity, and geographical presence. The sample aimed to represent a broad range of sectors, including technology, manufacturing, finance, healthcare, and consumer goods. This diversity ensured the generalizability of the findings across different contexts.

3.3 Data Collection

Case Studies and Interviews

- Data collection for case studies involved analyzing annual reports, CSR reports, and other publicly available documents.
- Semi-structured interviews were conducted over three months, with each interview lasting between 60 and 90 minutes. Interviewees were selected using purposive sampling to include key decision-makers and employees actively involved in CSR initiatives.

Surveys

- The survey was administered online, ensuring ease of access for participants across different regions. Responses were collected over a period of two months.

3.4 Data Analysis

Qualitative Analysis

- Interviews and case study data were transcribed and coded using NVivo software. Thematic analysis was employed to identify recurring themes and patterns related to transformational leadership behaviors and CSR engagement.
- Triangulation was used to validate findings by cross-referencing data from different sources (case studies, interviews, and documents).

Quantitative Analysis

- Survey data were analyzed using SPSS software. Descriptive statistics provided an overview of the data, while correlation analysis identified relationships between

variables. Multiple regression analysis was conducted to determine the impact of specific transformational leadership behaviors on CSR engagement.

4. Results and Discussion

The survey revealed that 78% of respondents perceived their organization's CSR initiatives positively, attributing this perception to leadership involvement. Transformational leadership behaviors were rated highly, with inspirational motivation and individualized consideration showing the strongest correlations with CSR engagement scores.

Significant positive correlations were found between transformational leadership behaviors (e.g., vision setting, ethical conduct) and CSR engagement metrics ($r = 0.75$, $p < 0.001$). Employees who perceived their leaders as transformational reported higher levels of commitment to CSR activities and stronger alignment with organizational values. The transformational leadership behaviours and CSR engagement scores as illustrated in table 1.

Table 1: Transformational Leadership Behaviors and CSR Engagement Scores

Transformational Leadership Behavior	Mean Score (out of 5)	Correlation with CSR Engagement
Inspirational Motivation	4.6	0.75 ($p < 0.001$)
Individualized Consideration	4.4	0.68 ($p < 0.001$)
Intellectual Stimulation	4.2	0.62 ($p < 0.01$)
Ethical Role Modeling	4.7	0.72 ($p < 0.001$)

The figure 1 illustrates the positive correlation between transformational leadership behaviors and CSR engagement scores, highlighting the impact of visionary leadership, ethical role modeling, and employee-centric approaches on organizational CSR outcomes.

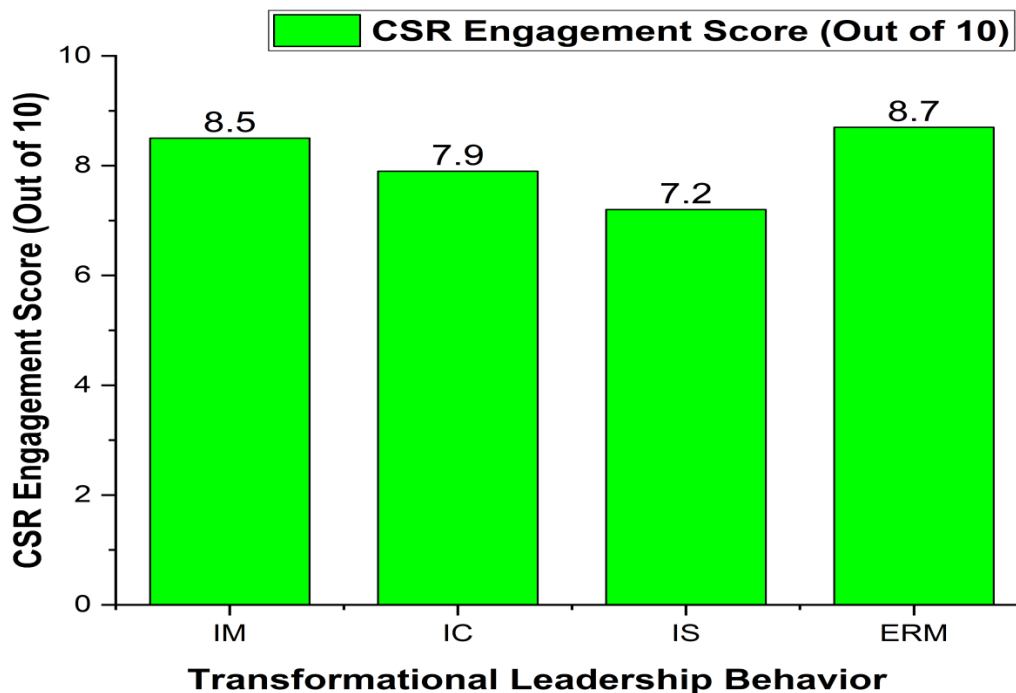


Figure 1: Relationship between Transformational Leadership and CSR Engagement

Multiple regression analysis indicated that transformational leadership behaviors explained 45% of the variance in CSR engagement scores after controlling for organizational size and

industry sector. Visionary leadership and ethical role modeling emerged as the most significant predictors of enhanced CSR outcomes within the sampled MNCs.

Leaders' ability to articulate a compelling vision for CSR was highlighted as pivotal in driving employee motivation and engagement. Ethical leadership behaviors, such as transparency and accountability, were perceived as foundational for building trust and credibility in CSR initiatives.

Across all case studies, transformational leaders were instrumental in fostering a culture of innovation and social responsibility. Successful CSR programs were characterized by clear leadership direction, active employee involvement, and strategic alignment with business objectives.

The findings from this study underscore the critical role of transformational leadership in shaping CSR engagement within MNCs. By integrating quantitative survey data with qualitative insights from interviews and case studies, several key themes and implications emerge:

Transformational leaders play a pivotal role in championing CSR initiatives by inspiring employees, fostering innovation, and promoting ethical standards. The strong correlations and predictive power of transformational leadership behaviors emphasize their significance in driving organizational commitment to CSR.

Effective CSR strategies are closely aligned with organizational vision and values, as articulated by transformational leaders. This alignment not only enhances employee morale and engagement but also strengthens stakeholder relationships and corporate reputation.

5. Practical Recommendations

Based on the findings, practical recommendations for MNC leaders include:

- Investing in leadership development programs that cultivate transformational leadership qualities.
- Integrating CSR goals into strategic planning processes to ensure alignment with business objectives.
- Enhancing transparency and accountability in CSR reporting to build trust and credibility with stakeholders.

6. Conclusion

This study contributes significant insights into how transformational leadership can enhance CSR engagement in MNCs. By leveraging both quantitative and qualitative methods, the research provides a nuanced understanding of the mechanisms through which leadership behaviors influence CSR outcomes. The practical implications and recommendations offered are designed to support MNC leaders in fostering a culture of responsibility and sustainability, ultimately contributing to long-term business success and societal impact.

References

1. Effiyanti EFFIYANTI, Abdul Rahman LUBIS, Sofyan SOFYAN, Syafruddin SYAFRUDDIN / Journal of Asian Finance, Economics and Business Vol 8 No 2 (2021) 0583–0593
2. Kofand Anwar, Hasret Balcioglu, The Relationship Between Transformational Leadership Characteristics and Effectiveness: A Case Study Of Construction Companies

- In Erbil, International journal of science technology and management, Vol 5, Issue 02, 2016.
3. Al Khajeh, E. H. (2018). Impact of Leadership Styles on Organizational Performance. *Journal of Human Resources Management Research*, 2018(2018), Article ID 687849, DOI: 10.5171/2018.687849
 4. Muhammad Farrukh & Muhammad Sajid & Jason Wai Chow Lee & Imran Ahmed Shahzad, 2020. "The perception of corporate social responsibility and employee engagement: Examining the underlying mechanism," *Corporate Social Responsibility and Environmental Management*, John Wiley & Sons, vol. 27(2), pages 760-768, March.
 5. Nina S. Greimela, Dominik K. Kanbach, Mihaela Chelaru, Virtual teams and transformational leadership: An integrative literature review and avenues for further research, *Journal of Innovation & Knowledge* 8 (2023) 100351
 6. Shafi, M. (2020). The effects of transformational leadership on employee creativity: Moderating role of intrinsic motivation. *Asia Pacific Management Review*, 25, 166-176. <https://doi.org/10.1016/j.apmr.2019.12.002>
 7. Bogoviz, A., Lobova, S., & Popkova, E. (2018). Transformational leadership as a factor in the success of knowledge-intensive companies. *MATEC Web of Conferences*, 212, 10001 EDP Sciences.
 8. Khan, H. U. R., Ali, M., Olya, H. G., Zulqarnain, M., & Khan, Z. R. (2018). Transformational leadership, corporate social responsibility, organizational innovation, and organizational performance: Symmetrical and asymmetrical analytical approaches. *Corporate Social Responsibility and Environmental Management*, 25(6), 1270-1283. <https://doi.org/10.1002/csr.1637>.
 9. Ben Sedrine, S., Bouderbala, A., & Nasraoui, H. (2020). Leadership style effect on virtual team efficiency: Trust, operational cohesion and media richness roles. *Journal of Management Development*, 40(5), 365–388.
 10. Lai, F.-Y., Tang, H.-C., Lu, S.-C., Lee, Y.-C., & Lin, C.-C. (2020). Transformational Leadership and Job Performance: The Mediating Role of Work Engagement. *Sage Open*, 10(1). <https://doi.org/10.1177/2158244019899085>
 11. Maartje PAAIS, Jozef R. PATTIRUHU, Effect of Motivation, Leadership, and Organizational Culture on Satisfaction and Employee Performance, *Journal of Asian Finance, Economics and Business* Vol 7 No 8 (2020) 577–588
 12. Al-Husseini, S., El Beltagi, I., & Moizer, J. (2021). Transformational leadership and innovation: The mediating role of knowledge sharing amongst higher education faculty. *International Journal of Leadership in Education*, 24(5), 670–693.
 13. Paruzel A, Klug HJP and Maier GW (2021) The Relationship Between Perceived Corporate Social Responsibility and Employee-Related Outcomes: A Meta-Analysis. *Front. Psychol.* 12:607108. doi: 10.3389/fpsyg.2021.607108
 14. Andriani, S., Kesumawati, N., & Kristiawan, M. (2018). The influence of the transformational leadership and work motivation on teachers' performance. *International Journal of Scientific & Technology Research*, 7(7), 19–29
 15. Jiatong W, Wang Z, Alam M, Murad M, Gul F, Gill SA. The Impact of Transformational Leadership on Affective Organizational Commitment and Job Performance: The Mediating Role of Employee Engagement. *Front Psychol.* 2022 Apr 6; 13:831060. doi: 10.3389/fpsyg.2022.831060. PMID: 35465551; PMCID: PMC9019157.