Voices from Rwanda

A qualitative study examining how business environment affects perception and disclosure of Corporate Social Responsibility in developing countries.

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Abstract

This thesis seeks to explore how the institutional environment in which an organization operates affects the work with Corporate Social Responsibility (CSR) in developing countries. The study has been conducted as a case study in Rwanda, collecting data using a qualitative study with in-depth interviews with three core groups: local entrepreneurs, foreign investors, and government organizations. The study will be supported by the institutional theory focusing on the set of institutional logics among the three narratives, as well as how the resource dependency might affect how actors are reacting to changes in disclosure and perception of CSR. The result of the study shows that three main institutional logics are affecting CSR: market logic, community logic, and state logic, where community logic is found to be the dominant one among local entrepreneurs. Foreign investors are seen to be affected by the rules and regulations of their home countries as well as the market demand in developed countries. This research paper confirms existing knowledge as well as provides new insights into the topic.

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Keywords

Developing countries, Institutional theory, Foreign Investment, CSR, Entrepreneurship

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1. Introduction

Corporate Social Responsibility (CSR) has experienced significant growth for the last decades and much has been said and written about CSR reporting as well as its implementations in business activities. The concept of CSR has changed over time along with changes in society as a whole (Farcane and Bureana, 2015). Still, most research about CSR has been done in developed countries and even if it is shown in research that CSR differs between countries there still is uncertainty about how CSR is perceived and reported in developing countries. For emerging countries to get included in CSR disclosure and activities it is essential to understand how CSR is working in these countries.

Furthermore, it has been observed that how a firm works with CSR depends on the business environment in which it operates and what factors are important in the market. Still, which factors are affecting CSR is not clearly shown and to what extent the ecosystem is affecting the CSR disclosure in a business has not been studied in developing countries. Understanding how different actors are affected by the business environment, as well as how they are reacting to changes in the environment, is essential to have a healthy relationship between actors both within and outside the national market.

There is tension in prior research regarding how CSR disclosure is affected by the business environment in which it operates. According to Mittelbach-Hörmanseder, Hummel, and Rammerstorfer (2020), legal requirements on CSR reporting led to a higher CSR disclosure. At the same time, they found that when certain topics are important in the country these topics are less disclosed in CSR reports.

When taking on an investment many investors consider CSR in the investment decision, and it is becoming more common in the Western world that CSR is a core part of the business structure. In today’s globalized world, wealthier countries are expanding their investments and developing countries have grown in popularity for Western investors to invest their capital. Emerging markets have gone from receiving multinational companies with an interest in getting affordable workers and natural resources, to also receiving investments in local firms. Globalization and sustainability focus have led to foreign capital moving from pure aid organizations and utilization by multinational enterprises towards more sustainable investment. This process of bringing developing countries and developed countries together in a rather new way creates the need to understand how CSR differs between countries.

The study aims to deepen the knowledge about how CSR is perceived and how differences between institutions could lead to tensions in the market. It is important to get an understanding of the relationship between different actors, as well as how this relationship affects the actors' reactions to changes in the business environment. Hence, the study wants to investigate, on a firm level, how foreign investors, governmental organizations, and local entrepreneurs in developing countries influence each other regarding CSR. The question of how CSR is perceived by different institutions depending on their dominant institutional logic is the focus of this thesis. This leads to the research question:

How does the overall business environment affect CSR perception and disclosure in developing countries?

This thesis applies a qualitative case study with the use of in-depth interviews with people operating in developing countries. The aim is to get an understanding of the market from the perspective of three main groups: local entrepreneurs, governmental organizations, and foreign investors. It is essential to consider each group to get as correct a picture as possible.

As a method theory, the thesis makes use of the institutional theory which has been widely used in management accounting research. The theory of this thesis focuses mainly on the concept of institutional logic to get an understanding of the factors present in the market of emerging economies and to understand which of these institutional logics are dominant for each institution.

This study has found that institutional logic is essential for how CSR is perceived in developing countries. Factors such as the lack of financing, skills, and information are affecting the problem picture in developing countries. One outcome of this study is that foreign investors tend to connect CSR to environmental impact, while local entrepreneurs are more likely to mention social impact. The CSR disclosure in developing countries is found to be limited which can be explained by less strict both informal and formal obligations to include CSR in the financial statements. Changes in institutional logic caused by policy change from the government as well as institutional pressure from foreign investors tend to affect local entrepreneurs and how they report on, as well as perceive, CSR.

In prior research, it has been unclear whether CSR disclosure is more extended in developing or developed countries. Since this is not a comparative study the contribution of how CSR is reported in different countries cannot be answered. However, it has been seen that how reporting is made might differ depending on general definition of CSR. Also, the impact of foreign investors on the reporting of CSR in local firms has not been stated in prior research. This study leans towards that reporting on CSR could be affected by foreign investors in those cases where the local firms do not yet have any formal reporting in place. Similar to Mittelbach-Hörmanseder, Hummel, and Rammerstorfer (2020), this study shows that CSR disclosure is higher when mandated by the legal authorities. Hence, this thesis contributes to the discussion stating that prior findings also apply to developing countries.

Furthermore, the lack of access to financing experienced by local entrepreneurs in developing countries is possibly creating a dependence on foreign investors. This dependence relationship is described to have a certain effect on the reporting of CSR in developing countries.

2. Theory and Literature Review

This section aims to provide the theory part of the thesis divided into the domain theory and the method theory, following the domain theory-method theory framework (Lukka and Vinnari, 2014). In the domain theory, the previous research within the field of CSR in developing countries is provided as well as the effect of foreign investments on CSR. While in the method theory institutional theory is introduced focusing on institutional logics and resource dependence theory. The theory part ends with the introduction of the theoretical framework which is used in this study.

2.1 Domain theory

2.1.1 Business environment effect on CSR disclosure and perception

CSR has become increasingly important, being an essential part of management accounting and policymaking as well as widespread in newspapers and research (Farcane and Bureana, 2015; Coluccia, Fontana, and Solimene, 2018). The concept of CSR has developed over time along with public opinion and changes in the macro environment (Farcane and Bureana, 2015). One of the earlier definitions was Archie Carrol (1979) with his four-part CSR model defining social responsibility according to four parts: economic, legal, ethical, and philanthropic. Today, one definition used to describe CSR is the one from the European Commission. It explains CSR both as the responsibility of companies to behave in a responsible way to create an impact on society including environmental, economic, and societal, as well as its commitments to ethical behaviour, sustainable development, and human rights (European Commission, 2023).

CSR is well implemented in developed countries and the concept is adapted to the business environment in these countries (Arslan et al., 2021). Arslan et al. (2021) write that the concept of CSR could and should be adopted to suit better to the business environment in developing countries. How CSR is perceived differs between developing and developed countries. In. studies on developed countries it is shown that there is a positive correlation between a company’s CSR disclosure and financial gain (Farcane and Bureana, 2015). In contrast to that, Jamali (2014) as well as Khan, Lockhart, and Bathurst (2018) write that CSR in developing countries is perceived equal to philanthropy, a view which is explained by the difference in institutional variables.

The regulations on CSR by law are stronger in developed countries compared to developing countries, which often have weaker mandatory reporting. In the US (Alqaseer et al., 2021) as well as in the European Union (finance.ec.europa.eu, 2023) there are regulations for CSR. Furthermore, the societal pressure of CSR disclosure is weaker in developing countries compared to developed countries (Chowdhury et al., 2021). Still, from what has been written about CSR disclosure comparing developing and developed countries, it is not clear how CSR disclosure varies. In some studies, it is indicated that CSR disclosure is stronger in developed countries (Bhatia and Makkar, 2019; Khan, Lockhart, and Bathurst, 2018), while in others it is shown that developing countries provide more information on sustainability practices than developed countries (Bhatia and Tuli, 2018). A common view in prior studies is that CSR in developing countries should work on the quality of reporting instead of "filling papers" since environmental and social issues are more significant in developing countries compared to developed countries (Bhatia and Tuli, 2018; Bhatia and Makkar, 2019).

Mittelbach-Hörmanseder, Hummel, and Rammerstorfer (2020) conducted an analysis on European firms before and after the announcement of Directive 2014/95/EU, i.e., the directive to make CSR reporting mandatory. They found that when certain parameters are important in a country, these parameters are considered less important to extensively disclose in the CSR report. Hence, according to this study, CSR disclosure is lower in countries with a high awareness of CSR. They also find that the disclosure is higher in countries where CSR reporting is legally required.

The prior research on how institutional factors influence how organizations work with CSR is limited (Agarwal et al., 2016; Coluccia, Fontana, and Solimene, 2018). Prior research has been focusing on the relationship between CSR and financial performance (Ingram and Frazier, 1980). Both CSR as well as attitudes towards CSR have mostly been studied in developed countries and Western markets (Agarwal et al., 2016). Coluccia, Fontana, and Solimene (2018) have been studying how institutional context is affecting CSR disclosure using a quantitative data analysis method. They find that CSR supports the firm's legitimacy in the market.

2.1.2 Foreign investors' effects on CSR

Literature shows that foreign investors are more likely to invest in companies with strong CSR practices while domestic investors mainly search for financial return (Li et al., 2021).

Also, local firms in developing countries with foreign investors tend to have more extended reporting on CSR compared to firms without foreign investors (Li et al., 2021). Foreign investment leads to increased voluntary disclosure concerning CSR (e.g., Aragón-Correa et al, 2016). Inekwe, Hashim, and Yahya (2020) found that economic growth and good governance are correlating to CSR performance. Görg, Hanley, and Seric (2018) found that this correlation is only noticed when the investments are tangible. Furthermore, Ellimäki et al (2023) found a positive relationship between foreign investors and environmental performance, though without leading to environmental innovation. On a firm level, Arslan et al. (2021) show that foreign ownership is less common for companies with weak environmental and social impact and even less likely when located in a country with low disclosure requirements.

Previous studies find that there is a lack of attention to local knowledge (e.g., Baker and Constant, 2020; Rastegar and Ruhanen, 2023). This ignorance of local knowledge is seen as a potential problem by some scholars, as it might prevent full resource utilization (Baker and Constant, 2020). It is in other words unclear how foreign investors contribute to long-term capabilities and resources with regards to CSR work and activities.

Research about investments, both from local and foreign investors, shows that investments in developing countries differ from developed nations which could be explained by differences in business environment (Ahlstrom and Bruton, 2006). Informal factors such as personal connections to entrepreneurs, customers, and governance are found to be more important in developing markets than in developed ones (Ahlstrom and Bruton, 2006). Furthermore, firms in developing countries are more often monitored through informal relationships with entrepreneurs and their families (Ahlstrom and Bruton, 2006). Christensen et al. (2006) find that investments might be even more essential in developing countries since they give foreign currency inflow, job openings, and rising purchasing power. These factors could be seen as motivation for governments to attract foreign investment to the country. Investments in developing countries are argued to take the countries from being dependent on global aid to building sustainable profitability and innovation, leading to improved economic development (Christensen et al., 2006).

Some studies have been trying to answer the question why investors from developed countries choose to invest in CSR in developing economies (Dhaliwal et al., 2011; Margolis and Walsh, 2003; Dartey-Baah et al., 2015). Bhinekawati (2016) writes there is an interest from international companies to be sustainable in developing countries and that they can make a significant contribution towards the sustainable development goals put up by the United Nations (UN) for 2030. Stakeholders invest in CSR to improve their reputation (Dhaliwal et al., 2011), which leads to higher firm value and lower costs of capital (Margolis and Walsh, 2003). Dartey-Baah et al. (2015) write that CSR is often considered to be a solution to close “governance gaps” left by fragile, corrupt, or resource-constrained governments that are unable to effectively provide a variety of social services. Most investments are mainly profitable for the investor, with some exceptions of digital enterprises which tend to have a spill over effect (Barthel et al., 2011). Western investors tend not to seek solutions to local problems. This leads to an inability to fully respond to the local market demands and needs, and it also leads to missed knowledge development opportunities (e.g., Hain and Jurowetzki, 2018; Feretti et al 2023). Rather, foreign investors aim for reflecting the behaviours and norms of their home countries (Pareek 2022). Furthermore, organizational injustice and disproportionate power between stakeholders can lead to foreign investors assuming they are the better-knowing party, hence neglecting local knowledge. It can also lead to an unwillingness to share knowledge on the local side (Rastegar and Ruhanen, 2023).

To the author's knowledge, there is hence a research gap of how foreign investors affect CSR disclosure and reporting in developing countries. It has been requested future research providing an understanding of how differences in a country's contextual factors affect the effectiveness of CSR disclosure (Coluccia, Fontana, and Solimene, 2018). This is a critical topic to study to further understand how to reach sustainable development goals, how to foster two-sided relationships between investors and investees, as well as policymaking in developing countries.

2.2 Method Theory

With the use of institutional theory, this thesis tries to answer the research question. To make the method theory more concrete the author has chosen to narrow it down and focus on certain parts within the institutional theory framework. The method theory consists of three sections, starting with an overview of the institutional theory framework, followed by two specific sections, one about institutional logics and one about dependency theory.

2.2.1 Institutional theory

Institutional theory declares that the companies' actions are affected by the institutional context in which they operate (Matten and Moon, 2008). This explains how and to what extent social and environmental responsibility varies between countries. According to both Scott and Meyer (1994) and Bhatia and Makkar (2020), the rules and regulations, as well as actors and institutions affect involvement in CSR activities. The components which together build the institutional environment are, according to the theory, what is seen as legitimate and acceptable in a certain market. Also, this is what steers the behaviour of the actors and the directions for how they adapt. Different countries have different institutional factors which make the distinction between countries and affect actions and implementations regarding CSR (Bhatia and Makkar, 2020; Matten and Moon, 2008) as well as CSR reporting (Bhatia and Makkar, 2020). According to Meyer and Rowan (1977), institutional items function like myths that organizations adapt to in order to gain legitimacy.

The study uses the definition from Onghena (2023) as a foundation for the discussion to give the reader a common understanding of the institutional theory:

> *"Institutional theory refers to a theory about how organizational structures, norms, practices, and patterns of social relationships are connected to the broader social and cultural environment."*

Institutional theory has been used in research to explain why organizations choose to either adopt or reject certain innovations and implementations when it has not been shown if these lead to corporate gain (Coluccia, Fontana, and Solimene, 2018). Institutional theory has also been used to discuss why corporations choose to be sustainable. According to institutional theory, the explanation for an organization's actions is dependent on social pressure. This theory is the most used one within management accounting (Scapens, 2012) since it can explain organizational behaviour even if the action defies economic rationality (Suddaby, 2013). According to the theory, it is essential to consider institutional mechanisms when trying to understand why corporations act responsibly. Abernethy and Chua (1996) say that organizations need to achieve social legitimacy as a complement to operational and technical efficiency. Institutional theory has been used when studying CSR in developing countries (BU and Liu, 2022; Jamali, 2014).

2.2.2 Institutional logics

Jamali (2014) finds that an institutional environment is built up by several institutional variables such as political, religious, socioeconomic systems, culture, and institutional pressure from other actors in the ecosystem. Also, regulations and the presence of trade unions, level of safety, and labour standards are factors that together construct the institutional structure. All these institutional variables affect how a country works with CSR both in practice and reporting (Jamali, 2014). The institutional variables are what in institutional theory is called institutional logic. In short, institutional logics are used to understand social and institutional contexts. The institutions in the society have their institutional logics which act as guidelines for managerial decisions (Thornton and Ocasio, 1999). Logics are seen to affect the reactions and actions of individuals and organizations as well as how they perceive their reality and purpose (Thornton, 2004). Thornton and Ocasio (1999) define institutional logic as socially constructed “historical patterns of material practices, assumptions, values and beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality”. According to other definitions, institutional logics are closely related to the theory of sensemaking (Cloutier and Langley, 2013), which describes institutional logics as a set of values and rules framing how individuals make sense of the world.

According to Thornton, Ocasio, and Lounsbury (2012), modern societies have the core logics: state, profession, corporations, and market, while Western society is built on the core logics: market, bureaucracy, family, democracy, and religion (Thornton and Ocasio, 2008). Thornton, Ocasio, and Lounsbury (2012) also added community logic to the institutional logics. Pache and Filipe Duarte Santos (2013) talk about legitimacy which means that an individual might put more focus on certain logics since that leads to legitimacy. Guerreiro, Rodrigues, and Craig (2012) emphasize the importance of considering the influence of an organization’s environment and to what extent that is influencing the organization.

When an organization faces confronting institutional logics they are said they confront institutional complexity (Greenwood et al., 2011). Management accounting could be understood as contradictory logic (Łada, Kozakiewicz, and Haslam, 2020). The literature on multiple institutional logics contains two lenses. The first one is about the strategies which organizations with confronting logics take on. The other one is about how the presence of multiple logics affects practices as well as organizational structures (Greenwood et al., 2011). Individual reaction depends on the bondage between the individual and each logic faced with. This can lead to a response that is ignorant, compliant, and defiant (Lander, Koene, and Linssen, 2013; Pache and Filipe Duarte Santos, 2013).

In management accounting three different types of institutional theories are defined: New institutional sociology (NIS), Old institutional economics (OIE), and New institutional economics (NIE). OIE is about the internal pressure within organizations built on the way of thinking, and institutions, and how these affect the management accounting practices in that organization. While NIE and NIS are about the external pressure that organizations experience. Such external pressure could be social norms and national culture as well as political pressure both formal and informal (Scapens, 2012).

2.2.3 Resource dependency theory and decoupling

According to the resource dependency theory stakeholder pressure depends on its ability to provide the organization with resources. The resources can be both tangible and intangible assets, critical for an organization to operate (Kamminga and van der Meer-Kooistra, 2007). Frooman (1999) writes that power depends on how dependent the stakeholder is on the organization and how dependent the organization is on the stakeholder. According to Frooman, when a stakeholder's power is high the stakeholder will select a "direct withholding strategy". This he defines as the action when a stakeholder terminates the providence of resources to an organization with the motive to put pressure on the firm to change in certain ways.

Even different institutional logics can be helpful for an organization to develop a response to institutional pressure (Scapens, 2012). The experiential background might generate different institutional frames for sensemaking. Communication across institutional barriers requires consideration of institutional context since the receiver interprets the message based on experiential background (Jönsson, 1998). One risk when an organization is confronted with conflicting institutional logics is that the organization is trying to win legitimacy from the society in which they operate. This wish to be legitimate in the institutional environment could lead to decoupling (Adams, Hall, and Xiao, 2023). Decoupling occurs when there is a separation between what an organization does and what it claims to do or is expected to do (Meyer and Rowan, 1977). There are two main versions of decoupling according to Meyer and Rowan: structural decoupling and cultural decoupling.

2.3 Theoretical framework

Following the suggestions of Sherer and Lee (2002) as well as Oliver C. (1991), this study integrates the theory of resource dependency into the institutional theory. Both institutional theory and resource dependency theory assume that decision-making in organizations is affected by the set of actors in the environment and their interactions. The predictive power of the theories improves when used together and thus, combining the two theories is recommended (Sherer and Lee, 2002). Institutional theory, with a focus on the existence of multiple institutional logics, can be used to explain the perception as well as disclosure of CSR based on the institutional logics present. The institutional theory best describes the pressure on organizations within the same field. While resource dependency theory can give a wider picture of the pressure between actors, as well as explain how different actors put pressure on the organization. In the scope of this study, where the author wants to provide a complete picture of how the business environment in developing countries affects the perception and disclosure of CSR, the author argues that this could best be explained by combining the theory of multiple institutional logics and resource dependency.

3. Method

3.1 Research Design

This study intends to provide explanations of how CSR is affected by the institutional environment in which the CSR actors operate, and how the impact is affected by different institutions. For research within management accounting, case studies are recommended (Jönsson, 1998). Hence, a qualitative study was deemed appropriate and was conducted as a series of semi-structured interviews. The study was carried out with a variety of individuals based in Rwanda, allowing for narrative answers of the individuals' own experiences as well as general views of the country and the business climate. In the study there are three narratives: local entrepreneurs, foreign investors, and government institutions. These narratives are explaining their view on CSR and its impact and how it is affected by other actors in the market. Most of the interviews conducted have been with local entrepreneurs with experience of foreign investors as well as CSR. In addition to the local entrepreneurs, there have been interviews with foreign investors located in Rwanda, with CSR as a core of their business. In the last narrative, government institutions have been interviewed to collect information on how CSR is potentially affected by formal or informal policies as well as understand their view of the market and visions. Since the interviewees are operating in different industries and hence are expected to have varying experiences, the semi-structured interviews are suitable. The semi-structured nature of the interviews allows more flexibility and gains insight into the areas most relevant for each interviewee. The various experiences between individual entrepreneurs further motivated the study to be a multiple case study, since it allows for greater variety in industries, firm size, and experiences.

This study uses an abductive research design, incorporating aspects both from deductive and inductive reasoning. Through the integration of current ideas and findings, the abductive approach facilitates the investigation of phenomena since it allows for flexibility in responding to new information that becomes available throughout the research process. This approach is especially well-suited for examining intricate and multiple phenomena.

The focus of this thesis is to study how different institutional logics of different institutions affect CSR in developing countries. As mentioned above, the author investigates three groups. The focus however is to see how local entrepreneurs are affected by the institutional logic and how they react to changes in institutional logics when foreign investors enter the market. Also, interesting is how it affects the other way around – whether foreign investors are changing their priorities when learning how the local market works, as well as the role of the governmental policies on both these actors in the market.

3.2 Data collection

3.2.1 Motivation of place for case study

The case study is conducted in Rwanda, but the study aims to give relevant insights which can be applied generally to developing countries. First, it is essential to motivate the choice of place for this study and to understand what is meant by a developing country. Most of the member states in the WTO are classified as developing countries, or least developed countries (World Trade Organization, 2019), including Rwanda (United Nations, 2014). A developing country is a country with a lower level of economic security, industrialization, and growth compared to developed countries (Majaski, 2022). According to the UN, developing countries face disadvantages in their developing process, often because of geographical reasons, and have a higher risk of getting stuck in poverty compared to other countries (UNCTAD, 2023).

3.2.2 Sample

The research consists of twelve interviews with three different groups. The first group, local entrepreneurs, consists of six interviews. These are required to have experience in foreign investment and work for a Rwandan-based company to qualify for the business representative interview. The second group, governmental organizations, has expert knowledge about foreign investment in Rwanda, policies regarding CSR, and local entrepreneurship. The last group consists of foreign investors investing in Rwanda. Groups two and three consist of three interviews each. To facilitate the process of finding interviewees foreign investors are not limited to any kind of investors, the scope includes angel investors as well as venture capitalists. The researcher tries to have a representative sample and hence aims to get representations from different sectors, as well as both men and women. Although the researcher intends to have a representative sample and hence tries to get representation from different sectors and both men and women, this requirement is considered secondary.

3.2.3 Interview Process

In the first stage, the interviewees were contacted by email, LinkedIn, and Slack. Upon arrival in the country, one more attempt was made to contact the people by reaching out to them and knocking on doors in their offices. In parallel with reaching out to new people, the researcher actively used the snowball sampling method and asked all their interviewees to recommend other potential participants. After conducting some interviews, the researcher used the purposive sampling method to select participants related to their interest in following up on information given in former interviews (methods.sagepub.com, 2023).

In line with the qualitative semi-structured design of the interviews an interview guide was developed with relevant elements from the domain theory and method theory. The ability to stray from the interview guide allowed for flexibility, follow-up questions, and clarification of the interpretation of responses when qualitative semi-structured in-depth interviews were used. All the interviews were recorded and transcribed to process the empirical data.

3.3 Data Analysis

Seen to the method of this thesis using a qualitative method with interviews the first step to analyse the data is to transcribe the recorded interviews to text. In this process, the information is anonymized including removal of sensitive information so the interviewee cannot be identified using categorization of data. In the first stage of transcription, the complete interviews are put into text. In the next step, the data is being reduced to easier be managed for further analysis including taking away parts where the interviewee brings information that is not in the scope of interest for this study. From here the empirics were analysed following an interpretative approach. From this shortened data, quotes are taken out to be used to answer the research question.

The empirics have been coded and quotes have been taken out from answers that are repeated in the interviews. From this, it has been possible to identify three main institutional logics: community logic, state logic, and market logic. These will be used as guidelines for the empirical findings section of this thesis. Still, in the process of coding it was found that not everything found in the answers could easily be explained by institutional logics. Hence, the dependence theory is additionally used to analyze the data.

4. Empirical Findings

This section presents the empirical data serving as a foundation to answer the question of how the business environment affects CSR disclosure and perception in developing countries.

> *"But if you come to Africa (...) this is what we've been doing in Stockholm and let's duplicate the same in Rwanda. Stockholm is not like Kigali, right? So, people need to understand that there is a lot of understanding of the context of what you are doing, which I think is really a problem." E1*

4.1 Institutional logics

Seen to the literature on institutional logics it is rational to talk about institutional logics when trying to understand which factors influence the perception as well as disclosure of CSR. All three narratives taking part in this study are facing multiple logics. To understand how the institutional logics affect the work with CSR, firstly it is important to identify which logics are present.

> *"I think everybody has a wish to have a sustainable impact company, if there is in Europe or here, there is the wish, understanding of sustainability and investment might differ. And that has to do with resource management, financial management, long-term plans, and how you move money around. All which is highly affected by the circumstances you come from (...), your position in the market here" I3*

4.1.1. Market logic

> *"People always want to invest where they can get money, true or not it doesn't matter if it leads to profit." G2*

The local investors focus on the market logic and are not concerned about CSR according to entrepreneurs and investors.

> *"There are very fortunate people in Rwanda they don't understand the business of tech. So, there's no way you're going to tell a rich man, who made their money by*

> *going to China to buy containers of rice to come back and sell them in a week, to say: ´hey give me 2m dollars because I'm building this platform that makes millions in the next five years.´ They'll be like ´no, if I go to China and buy fake crocs and I come here and sell the whole container of fake crocs in a week´. That's a little bit of the mindset. So really start-ups here you are on your own. You need to make it mostly on your own."* E1

Foreign investors suggest that local companies can appeal to the market demand by considering environmental impact and a larger representation of women in their companies.

> *" The companies that are not having climate and gender smart businesses we are telling them it will have a good impact on their business, you will make good money. So, if we can frame it that way people are more likely to take it seriously and to take action." I2*

Local entrepreneurs do not necessarily consider CSR to be financially beneficial. Hence, depending on how the market is understood, CSR might be according to the market logic as in developed countries or a contra part to financial gain as in developing countries.

> *"I have a feeling that every investor wants to put a lot of effort into CSR, and it is not so common that people from outside understand that some companies could be sales-oriented. So why do you focus so much on companies that make social, corporate things?" E5*

In this section, it is seen that there are actors, both foreign investors and local entrepreneurs, who consider the market logic which drives how they perceive CSR. Foreign investors seem to consider environmental friendliness and gender equality in order to reach financial gain. In contrast to that, local entrepreneurs see CSR as a conflict for financial gain.

4.1.2 Community logic

Community logic is the dominant theory for many local entrepreneurs. What is considered most essential for the actors who put emphasize on the community logic, is the social aspects and to do good for the community. The reason for this could be that the social problems are closely connected with everyday life in the country and hence making an impact on the community provides visible change.

> *”Usually, these solutions are solving a problem that we face as individuals, or our environment faces, and that typically has an impact towards. We are still an economy that needs a lot of support (...) whether it's recycling whether it's the financial solutions or the health techs again something, that is a gap missing there.”* E2

Impact is often created by helping people to be able to help themselves which is a common response from the interviews with local entrepreneurs.

> *“The first for us is social impact because when you portray Africa you say Africa is poor (...) and the majority of those are farmers (...) and people think they don't have enough yield, but the reality is that they don’t give back as they should from the work they do. (...) for me, I think if that money goes back, I don´t think these people will be poor for long. They would be able to adapt the modern practices.”* E3

Foreign investors consider CSR connected to the community to be a good business following the market logic. In developing countries considering social impact seems to have a positive financial effect.

> *“That (sustainability) is not their priority. We definitely build for the future, the long term, and that means you do have to take sustainability into account. Social impact, the companies here are looking to solve problems, so whatever is solving problems for the lower-income market, the informal workforce, there is an impact, we don’t measure it necessarily. (...) In a way ESG is just good business, it’s not an extra cost that you have to think about. In the long term, it’s just better for the business.“ I1*

The larger need in the communities in developing countries provides a clear connection between impact and business. Still, in developing countries entrepreneurs are taking a larger risk because of the structure of the society where it is common for a few people to work and provide for the rest of the family. This makes them more dependent on the success of the company.

"We do not have a friends and family round; we are the only ones who are educated in our families. I'm trying to support my entire family." E6

"There is a lot more opportunity to create stuff because there is more need in the market. But at the same time, you are more fragile to things impacting your business or what you are doing because it has a big impact on your family. We (people from developed countries) are not so dependent on each other because we have a social system. So, from that perspective, they are taking higher risk than we do." I3

The local firms' impact is more limited to the social impact. When asking about impact the local entrepreneurs are concerned about health topics.

"Farmers right now rely on chemical fertilizers to grow their crops (...) composting is like a huge factor in creating healthy fertilizers, especially with the rising cancer associated with fertilizers. So, one reason why farmers cannot even afford to think about fertilizers is because they don't have the benefit of thinking 6 months ahead to start composting." E2

What is also brought up in the interviews is that developing countries need to learn how to become independent from foreign investors in the long run. The long-term perspective to make developing countries able to learn from foreigners now and to be able to be sustainable on themselves is one impact perspective commented.

" Rwanda cannot rely on foreign investment forever; it has to be taken into consideration how to make the exit. (...) the things that they have been doing people need to be able to learn to do it by themselves. (...) The sustainability is to see that the foreign investors are there now, but the locals should be able to do that themselves later." G2

The reporting seems to be affected by the community logic.

" We don't look at how many people we trained, but we look at what impact is created (...) if we train a business, how many jobs did we support that business to create. Did we support that business to increase revenue for example?" E1

Above are the impact areas brought up when asking how entrepreneurs work with CSR. According to the theory, it is seen how the institutional logic of the entrepreneurs is affecting how they work with CSR. In developing countries, there are still basic needs to be solved which confirms the community logic of the institutional theory. The concept of CSR for local entrepreneurs is more concentrated on social impact, confirming that institutional logic is thriving CSR.

4.1.3 State logic

In Rwanda, following what has before been written about CSR reporting in developing countries, CSR disclosure is not obligated by law. In developing countries, there seems to be a distinction between CSR and social impact.

> *" Fully CSR is not common here. For you to make some investments they don't impose you to show proof that you will be producing CSR, this is just a work. It is more about giving out to the community."* E5

> *"Rwanda is working on targets. We don't have any regulations for the corporations" G3*

Nonetheless, the state has the vision to make the country be seen as sustainable.

> *"One of the biggest focuses of Rwanda is to make sure that we become the centre of green investment"* E1

Following the vision to become the centre of green investment, the government has established incentives.

> *"There is a lot of help. We don't have a formal agreement with the government but there is definitely a lot of help and incentives to green businesses which give us tax reduction and other help from the government when certain things are considering (...) it could be green businesses as well as helping the community" E5.*

Further, the government has established rules connected to ESG practices, including a ban on plastic as well as a ban on the import of used clothes.

> *"They (government) know how to find ways to make things more sustainable. (…) The ban on plastics creates a market here which makes people trying to create alternatives for plastics." E6*

> *"Ban on imported second-hand clothes was a great motivator for local manufacturers to start producing locally and increased the trade between east Africa and Africa (…) But it takes a lot of stakeholder responsibility to really achieve a sustainable innovative industry as we grow." E5*

Also, the Rwandan state has put in force punishment when the environment is destroyed, and one has to help reconstitute the environment if it gets destroyed in the business process.

> *" If you destroy the environment you will have to rehabilitate it, there is a board you have to pay a bond on the environment and when you harm the environment and you go this fund will be used to rehabilitate. You know Rwanda is environmentally sensitive." G3*

For foreign investors in developing countries, there are regulations from the local government to follow. What is seen to be affecting the disclosure of CSR for foreign investors is rather the state logic seen from the governmental policies in their home countries. Developed countries often have more pressure on CSR than the regulations put in place by the governments in developing countries. This makes the foreign investors possibly push requirements from their home countries when investing in developing markets.

> *" The impact is for us to really push with the ESG stuff. They are contractually obligated to do it according to the contract with the people in (developed country) (...) they pushed us to do more. I don't think they officially said that they want environmental policies, but the tech climate is a direct response to what we know they are interested in. (...) We got a lot more commitment to that package than we did to other packages. So, I think it is demand for it from the investors, but we have to put it*

in front of them (the investors), see the level of enthusiasm, and kind of go for it from there." I2

As found earlier in the section above the most dominant institutional logic seems to be the community logic among local entrepreneurs. This dominant logic affects the CSR perception to mainly focus on social issues. While foreign investors more often mention environmental impact as their perception of CSR. Also, it was brought up that gender equality is perceived in CSR for foreign investors. The way the foreign investors and the local entrepreneurs see impact differs, both in how the impact is defined as well as how it should best be integrated and how reporting is done. The problems that are solved with the factors in CSR differ between foreign investors and local entrepreneurs.

4.2 Resource Dependency

Resource dependency is used to understand how the different actors in the developing country affect each other. The perception of what is meant by CSR could be affected when the understanding of institutional logic changes. The reporting is seen to mainly be affected by the state logic and the governmental requirements. The disclosure of CSR in developing countries might be affected by foreign investors since they are obligated to provide CSR reporting by law from their home countries.

In developing countries resources are found to be scarcer than in developed countries which is said to create a difference between how foreign investors and local entrepreneurs understand CSR. According to the theory of resource dependency foreign investors might pressure CSR disclosure because they can provide capital which is limited in the developing country.

" *When we first came up with (name) I don't think people understood the concept of investment. People do have capital, but it is like ´I want to invest in something I can see like land, not something intangible.´" E2*

" One of the biggest challenges we have in sub-Saharan Africa is one not having enough money and we don't have mature financial services like European countries

> *(...) access to credit is not yet there, bank loans are not available (...) if you can get one you still cannot afford it, the interest rate is 18%"* E6

From the interviews it is possible to identify resource dependencies in several places. For the understanding of the local market, foreign investors are dependent on the local actors, the local entrepreneurs and the governmental organisations. Local entrepreneurs are dependent on foreign investors for access to capital as well as knowledge.

> *"I think they are depending on each other (...) it is important for Rwanda to have foreign investors since it is bringing in investment and money into the country. And it also creates trade roads to the rest of the world. The private sector still has to be expanded; Rwanda has a plan for 2050 to become a country depending on the private sector instead of donor funding. That is the right development to take, and local companies are getting access to resources and products they would not get otherwise, and the other way around foreign investors get access to the local market." I3*

Even if there is certain dependency in both directions the lack of enough capital in the market is gaining foreign investors. According to the theory, the unequal access to finance is creating a dependency on investors. This according to the theory on resource dependency has to do with the resources being more essential for the local firms than the resources are for the foreign investors.

> *"Yes, the investors are gaining from us to better understand the problem we have in Africa (…) Still it will never be the same important for them as what they are providing to us (…) at least that is how they see it." E5*

> *"There's this lack of capital resists, not enough capital in the economy (…) small businesses really have a hard time finding financing and yes that surely is beneficial for foreigners." E4*

> *"It doesn't go both ways. There is really a lot of superiority when it comes to that. Because once you're coming into the country with a lot of money, coming from a developed country, so you think that you know. And you think that you can really*

> *build things in your way. And you don't really take that much time to listen. (…) it's not there enough, because it's kind of really top down." E1*

It is also a possibility that the governmental institutions are dependent on foreign investors for bringing capital into the country since seen as the structure of capital in the market.

> *"I think we all can agree that all our financing here cannot be done by you (the western people) but for me, 1 is better than 0, and if you are gaining on it and it is bringing a value to Rwanda that will have to be like that. (…) could we have started this and that just using the local market, probably yes, but without any incubators it maybe wouldn't have been anything starting in the first place. But for me funding is funding, and it helps the companies and the country grow" G1*

As seen, local entrepreneurs can be dependent on foreign investors to a larger extent than vice versa. With this information, it is possible to analyze how this resource dependency is affecting the work with CSR in local firms in developing countries.

> *"Sometimes I might come as a green investor and make the partner adopt the plan (…) and some kind of investors they are imposing, not putting pressure but bringing already made projects. (…) relevant to the context according to them but it was not looking into the Rwandan context asking the Rwandan people." E6*

CSR disclosure will according to the theory make entrepreneurs change because of the pressure. Even if the entrepreneurs do not consider reporting important in developing countries, they choose to conduct it since it is needed to get and keep investors.

> *" When you do the reporting to foreign investors, make sure that you tell them how this what you're doing is going."* E2

> *" It (the reporting) is really all around, everything. (…) Every week we have business strategy, finance coaching (…) CSR reporting is really optional in Rwanda, the westerns expect more sometimes, but I don't think their reporting is adapted to the Rwandan way."* E5

It is mentioned that foreign investors often have their own agenda. They focus on CSR as they perceive it in developed countries.

> *“Yes, definitely different views on sustainability, foreigners often push environmentally friendly as the main thing.” G1*

> *”We talk a lot about making everything climate-smart, gender smart and we do promise to support especially our portfolio companies heating up what they have on gender and climate regulations. With all our investments we are trying to integrate climate and gender where that is possible.” I2*

The different interpretation of CSR seems to create a segregation between local and foreign actors. This is seen in the interviews with local entrepreneurs as they express how foreign investors do not obey.

> *”But most of the investments that come to Rwanda, even generally in Africa, these people have their own agenda (...) other than actually understanding the ground problem, they’re coming to push their own agenda or what they think works. (...) someone would come and say ´Hey I’ve seen this product that provides clean water, and we want to try it in Rwanda´. It’s like yeah but do you actually know that the problem is clean water or is it the problem of the distance people make, or what is the actual problem? And how is this product actually going to be applicable to Rwanda? So, Rwandans even respect this from a cultural perspective.” E1*

> *“I have this Rwandan friend and she told me, you talk about all of that environmental stuff, recycling and so but we don't care about that here” I2*

Seen to the theory it can be said that the institutional logics change with the foreign investors since they are interested in other investments as well as defining CSR differently. Many entrepreneurs bring up how the lack of capital puts pressure on local entrepreneurs to change how they work with CSR so that their business appears in the scope of foreign investors.

> *” A lot of entrepreneurs they spend their entire life pitching for incubations because this is the only way they can make money. (...) she said she was in health something*

business. And I asked her ok then tell me your business, and when she laid down the business, I realized it had too little to do with health. But the only way she could make that business investable or be ready for a pitch is if she says it's a health business." E1

As to address the reactions to the change in institutional logic caused by foreign investors, as well as the dependency theory, there is a risk for decoupling seen to the theory of institutional theory. The formal regulations from developed countries might make foreign investors more concerned about CSR disclosure. This can then result in greenwashing when the real environmental impact is not there. Foreign investors bring ideas, which meet the demand in the countries they come from, without fully taking into account the local market. Until now, based on the interviews, decoupling has not been as common in developing countries as it is in developed countries, which can explain why the developing market is not demanding CSR to the same extent. According to the theory, this has to do with legitimacy. Nevertheless, when local entrepreneurs notice that certain things are important for foreign inventors they reaction to this change in institutional logic. This could lead to entrepreneurs trying to win legitimacy by foreign investing, resulting in greenwashing.

"I think people are not 100% honest with their initiatives, people are trying to message, you probably planted like one tree and mark it as a thing we do here (...) it is a way to pick the interest in your business, what are you doing outside of what you are doing. (…) sometimes this is what entrepreneurs here do to get the attention from investors." E6

"One of the ways to market yourself to foreigners is to show that you care. Whether it is genuine caring or not. Definitely, one way to attract people to come here is to show the relevance of impact. Because I worked with international companies which were following the UN STGs and then of course environmental protection. These are the keywords that you need. Why would you use them if you are not trying to lord, attract foreign business? So environmental protection, initiatives around conservation, ones especially that also incorporate the creation of jobs in the communities." E5

"There is this coffee tasting which they do and in this coffee tasting they talk about

most of the coffee is grown by women farmers which creates job opportunities for people outside Kigali (...) they are messaging around sustainability and promoting the business. (…) It could be a way to attract foreign customers. Local customers will be like ´we also do the same thing so how do you different from us´. I guess it will be all about the way you message what you are trying to do and what kind of brand is it that you have." E4

" In Europe, there are some that have good theories but not in practice which is a bit different from you know Rwanda, Rwanda is good at walking the talk. (…) we have agreed on these policies then they need to be implemented." G2

Since the country is dependent on capital and foreign investors are good for economic growth this might affect the government organisation to adapt to the institutional logics which are prioritised by the foreign investors. The reporting is different from different countries, both when it comes to the rules in the countries where the investors are originating from, as well as the norms for these companies.

5. Discussion

In this section the empirical data is analysed to answer the research question: How does the business environment affect CSR perception and disclosure in developing countries? The empirics indicate that several institutional logics affect CSR perception and disclosure. What is also shown is that the same set of institutional logic affects the actors differently.

5.1 Effects on CSR perception

In line with prior research, the empirics indicate that the institutional environment affects how the impact is perceived and what is prioritized. Prior literature shows that foreign investors are more likely to invest in companies with strong CSR practices compared to domestic investors who are mainly searching for financial return (Li et al., 2021). This study does not confirm this view. Instead, this study finds that actors from developing and developed countries tend to have different understandings of CSR as well as how financial gain is correlated to CSR implementations. Actors from developing countries tend to focus on social impact while foreign actors to a larger extent mention environmental impact. This difference is found to depend on how institutional logics differ. Making use of the market logic in the empirics has made it possible for the author of this thesis to assume that understanding the market is more essential for the analysis than the actual presence of market logic by the institution. Representatives from all three groups of actors mention the concern of the market as being part of their decisions on whether to consider CSR. The difference between the groups is seen in how CSR is assumed to affect financial gain. Foreign investors assume there is a correlation between a company's implementation of environmental impact and its financial gain. In comparison, in accordance with prior research, local entrepreneurs assume a contradiction between the inclusion of CSR and financial gain (Jamali, 2014; Khan, Lockhart, and Bathurst, 2018).

How the actors work with CSR differs and it can be seen that developing countries are more likely to work with social impact. The reason for this according to the literature is that developing countries still face problems in providing basic needs. Hence, the external factors from a macro perspective can explain best why individuals and organizations in developing countries respond to external factors.

5.2 Effects on CSR Disclosure

Local entrepreneurs are faced with no or vague legal requirements on CSR reporting which has been shown to result in low CSR disclosure. Comparing the governmental pressure on foreign investors, actors from developed countries are often confronted by governmental pressure both from the local authorities as well as from the ones in the country of origin. Since many developed countries are requiring more extended CSR reporting there is the possibility that foreign investors might put pressure on local entrepreneurs. Corresponding pressure could be noticed in the empirics. Local entrepreneurs express how reporting, which is not relevant to the context of the country, has been enforced by foreign actors. Hence, it can be concluded that the result from the interviews tend to show, according to research conducted by Mittelbach-Hörmanseder, Hummel, and Rammerstorfer (2020), that legally required reporting seems to lead to a higher level of CSR disclosure in the firms. Mittelbach-Hörmanseder, Hummel, and Rammerstorfer (2020) also find that factors that are important to the country are not important to report. It is that the reporting brought up in developing countries matches the one in developed countries more than the perception of CSR where the two groups differ in focus. Hence, the thesis contributes to the discussion by concluding that these findings made by Mittelbach-Hörmanseder, Hummel, and Rammerstorfer (2020), can also be applied to developing countries.

Continuing, the pressure between actors with a focus on how foreign investors are affecting how CSR is disclosed, the entrance of foreign actors into the market can be seen as a change in the institutional logic. The differences in how CSR leads to financial gain is one separation where local entrepreneurs say the input from foreign investors is not adapted to the context of developing countries. What is driving the CSR disclosure is, according to the resource dependency of foreign investors, the mandatory reporting put up by the governments in developing countries.

What can be a consequence of the foreign investors' influence on CSR disclosure is the decoupling. No proof has been found in this study that the actions tend to be influenced by the presence of foreign investments but rather by how the business is messaging sustainability in order to attract foreign investments as well as a potentially new market. A business can be marketed as doing good: for the environment, women, and other groups considered sensitive by actors from developed countries. The effect on reporting has not been seen to be extensive but most of the motivation to report CSR is done because of pressure from investors. To fully understand the pressure from foreign investors on CSR disclosure resource dependency is used. From the empirics, it is found that local entrepreneurs have limited access to capital. This follows the main definition of a developing country which, among other factors, defines a developing country as a country with less access to resources including capital. Hence, a resource dependency on foreign investors can be assumed since foreign investors bring resources into the country. In the theory about resource dependency foreigners could affect local entrepreneurs as well as the governmental organisations regarding how CSR is disclosed. The incentives provided to businesses by the Rwandan government are rather focused on green businesses, thus in line with the foreign investors' perception of CSR. Since investors are more likely to care about environmental issues this could affect the government to put green incentives to attract foreign investors to the country. This study assumes there is a certain effect on governmental decision-making based on the empirics found.

It could also cause local entrepreneurs to focus more on environmental issues in their communication as well as action. At the same time the difference between what is important for the local organization and what is important to get finance from foreign investors there is a risk of decoupling between what is communicated and messaged to foreign investors and what is actually being done. In the interviews it is commented about pitch competitions making entrepreneurs adapt to what is important to the investors while the core business of the local companies remains the same. The reporting to investors might be according to the regulations but in practice the local firms might not follow it.

This study contributes to findings that are of value for all the three groups taking part in the study. For investors, it is important to understand how institutional factors affect the way CSR is perceived and hence be careful with their actions when making investments in markets with other institutional environments. For entrepreneurs, it is of value to be able to understand the will of the investors to better find a balance between working towards the impact which is important for the market and still be able to get investment. Governmental institutions as well as investors need to be aware of how their regulations are perceived what is having a real impact and what, by the company, will be seen as "boxes to tick". That said the findings can give a more unbiased and in-depth understanding between actors from developing and developed countries.

As an answer to the research question, this thesis has contributed to how the set of institutional logics in the environment is affecting how CSR is perceived. With this, it is possible see how and why CSR is important as well as to what degree. The reasons why impact and CSR are important differ depending on what institutional logic is most important for the individual and organization. In developing countries, CSR seems to be essential when solving a problem experienced in daily life as well as when providing value for the community. The reason why reporting is limited in companies could be explained by the lack of legal requirements. This in comparison with the foreign investors operating in the market who have pressure from their home countries to report on CSR, as well as the understanding that CSR leads to financial performance. However, it is found that local entrepreneurs experience pressure from foreign investors based on resource dependency. With that said, this thesis finds that bringing in foreign investors is likely to affect both the reporting and the perception of CSR.

6. Conclusion

6.1 Summarised Contributions

This study provides several empirical and practical contributions. Similar to previous studies, this study shows that the institutional environment is essential for how CSR is interpreted. Similar to Mittelbach-Hörmanseder, Hummel, and Rammerstorfer (2020), this thesis shows that CSR disclosure is higher when they are mandatory by the legal authorities. Hence, this thesis contributes to the discussion by concluding the relevance of these findings to be applied also on developing countries. Addressing the tension in previous research on how the level of CSR disclosure in developing countries differs from the one in developed countries, this study brings more proof to the research discussion.

6.2 Limitations

The limitations of the study should be considered when interpreting the findings seen to the nature of the study. This study is built on interviews with a small sample size and the risk that should be taken into consideration is thus that it might not be representative of the total population. Since the study is qualitative there is a risk of human error. Since the author is exposed to institutional logics this affects how the information is interpreted. This problem can be narrowed by asking not leading questions or questions consisting of strong words (Cairns-Lee, Lawley, and Tosey, 2021). The author has put effort into handing accordingly, to minimize the human error. Also, the interviewer is a foreigner which could affect how the interviewees communicate. Hence, using an interpretive approach as this study has done affects the trustworthiness of the data collected (Lincoln and Guba, 1985).

6.3 Further Research

This study does not distinguish between different kinds of investors: institutional, family companies, multinational corporations, etc. An interesting focus on future studies could thus be to study how different types of investors affect local firms differently. The study is made with the intent to be valid for developing countries in general but still the study has been conducted only in one country. Hence, further studies could be made in other developing countries to confirm the results of this study.

Also, further studies could be made looking at different stages of investments in Rwanda and how the stages affect the influence of foreign investors in the management decisions regarding CSR, as well as how the institutional logics and the reaction to changing logics differ between sectors.

”I think it could be interesting to look at different stages of investment because I think it tends to differ depending on how capital-intensive it is in the industry and how similar is it to another market which we could potentially scale to. In Rwanda, the main thing is how capital intensive it is in relation to the work in that industry and those things tend to determine how much foreign investment affects” G1

7. References

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8. Appendix

Appendix 1 - Inclusion criteria for each interviewee group

Inclusion criteria for Entrepreneurs

- Active company
- Based in Rwanda
- Originally from Rwanda
- Founder of a start-up
- Impact in part of their business
- Experience of foreign investors

Inclusion criteria for Investors

- Based in Rwanda
- Originally from a developed country
- Impact investor
- Invested in Rwandan companies

Inclusion criteria for Governmental organization

- Founded by the state
- Sharing the values of the Rwandan government
- Experience of foreign investment
- Experience of entrepreneurship

Appendix 2: Information about the interviews

No.	Code name	Time (min)	Date	Place
1	E1	28.36	14/04-2023	Norrsken office Kigali

2	E2	37.32	19/04-2023	Norrsken office Kigali
3	I1	43.55	20/04-2023	Norrsken office Kigali
4	E3	60.58	21/05-2023	Norrsken office Kigali
5	I2	32.11	03/05-2023	Norrsken office Kigali
6	E4	42.19	09/05-2023	Norrsken office Kigali
7	G1	54.09	10/05-2023	Their Office
8	I3	47.41	10/05-2023	Their Office
9	E5	50.23	11/05-2023	Their Office
10	G2	44.26	15/05-2023	Their Office
11	G3	42.36	15/05-2023	Their Office
12	E6	57.13	18/05-2023	Their Office

Minimum: 28.36

Maximum: 60.58

Average: 45.36

Explanations for coded Names

E=Entrepreneur (local)

I=Investor (foreign)

G=Governmental institution (local)

<u>Appendix 3: Interview questions</u>

Entrepreneurs:

- Please introduce yourself and your role
- Could you describe how your company works with sustainability or social impact?
- Describe the relationship with your shareholders/investors
    - How have shareholders affected your relationship with CSR?
    - Do you have any formal or informal reporting to your investors about CSR, and what would that entail?
    - How would you describe the transfer of knowledge, information, and skills between you and your investors? (*Do you think the information goes both ways?)*
    - *How does the knowledge exchange happen? formal, informal? streams of communication?*
    - Other than capital, how do you think your investors have affected your company and your operations?
- In general, how do you see the foreign investors in Kigali and Rwanda as a whole?
    - How are they affecting the local firms?

Government organizations and foreign investors:

- Please introduce yourself and what you do.
- Can you tell me a bit about your experience of working with impact and foreign investors in Rwanda?
- What do you think are the greatest benefits of having foreign investors in Rwanda today? The biggest challenges?
- What trends do you see in local firms with foreign investors?
- How do think foreign investors affect local work with corporate social responsibility?
- Do you notice any significant knowledge transfers between local firms and investors? In either direction? What kind of knowledge and what do the transfers look like?

- Could develop more on
    - Reporting standards for CSR

- Actions for CSR
- greenwashing
- knowledge transfer, are investor pressures on CSR useful, do people learn from international firms?
- competition landscape
- why is CSR important to local firms, what are the most important issues in Rwanda and Africa at the moment?

Appendix 4: Mail to interviewees

Hi (),
We are X and Daphne Lindberg Spångvall, and we are currently writing our bachelor's thesis in management and accounting for the Stockholm School of Economics. We are studying firms based in Kigali and how foreign investors or partners might affect practices and reporting of corporate social responsibility activities. We hope that our study will both contribute to the academic discussion on CSR and FDIs, as well as some insights to practitioners in the industry. In light of this, we are contacting you since you have experience with foreign investors, and we believe that you could provide valuable insights to the study.

Based on previous studies, we see that it is unclear whether the impact of foreign investors is positive or not, and also that there is little insight on what practices or interactions facilitate a productive relationship in terms of improving CSR. Hence, we want to study in detail how you interact with your foreign investors or partners, and if and where you believe those interactions contribute to or inhibit your work with CSR, and in what way.

We wish to meet with you for an interview, preferably as soon as possible, to get your view on the topic. The study is of course anonymous for both the interviewee and the company and will be in line with EU GDPR. We are flexible regarding time and place for an interview but are currently based at Norrsken House where we can book a meeting room.

We look forward to hearing from you and booking an interview.

Kind regards,

(Name of thesis partner) | (email)| WhatsApp: (number)

Daphne Lindberg Spångvall | (email) | WhatsApp: (number)