

# International retailers as a main force for sustainability

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## Abstract

**Purpose** – This study investigates how global retailers develop sustainability through network interactions that influence institutionalized sustainability perceptions. The findings enable retailers to drive sustainability systematically and understand the critical internal and external issues.

**Design/methodology/approach** – The study investigates how retailers can work to increase support for sustainability through the normative, cognitive, and regulative institutional pillars. The network perspective suggests the need to offer relevant resources, involve influential actors and perform supporting activities to mobilise stakeholders. Empirically, qualitative case studies of IKEA and Hennes & Mauritz were conducted.

**Findings** – Based on the network and institutional perspectives, the study identified nine fields that retailers can use to develop sustainability internally and in their networks. The study shows that they can mobilise actors, resources, and activities to change institutionalised values and practices.

**Originality/value** – The developed model provides guidelines on how to systematically work with sustainability. The broad view developed is particularly relevant considering that most of the existing research on global firms and sustainability focuses on a narrow research problem without relating it to sustainability as a complex and overarching phenomenon.

**Keywords** Global retailing, Sustainability, Networks, Institutional perspective

**Paper type** Research paper

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## Introduction

Sustainability is being recognised as a critical issue that must be tackled globally, based on cooperation between many key actors, where. Multinationals can take a leading role. For example, it is argued that they can play a major role in achieving the Sustainable Development Goals (SDGs) set by the United Nations to reduce inequalities, tackle climate change and create a fair society (Lin *et al.*, 2022; Montiel *et al.*, 2021). This requires active collaboration with governments and NGOs, and with value chain partners (Van Tulder *et al.*, 2021).

International retailers have a major responsibility (Dagilienė *et al.*, 2022). They are often involved in the entire value chain from suppliers, often located in emerging markets, all the way to consumers (Glover *et al.*, 2014; Vadakkepatt *et al.*, 2021). They are also in constant contact with political actors, NGOs, and other social actors regarding different aspects of their operations. This extensive network makes retailing complex, involving many and sometimes diverging interests. Furthermore, varying views exist even within a retail organisation, depending on whether the corporate, country, product or store level is considered (Elg *et al.*, 2021). A global retailer also must deal with the fact that sustainability can mean very different things in different markets—due to cultural, structural and legal differences (Tan and Wang, 2011). Sustainability is thus also a complex organizational challenge (Blom *et al.*, 2023).

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Previous research provides a limited and fragmented understanding (Burritt *et al.*, 2020; Sharma, 2020).

This paper investigates two Swedish retailers striving to integrate sustainability into their overall global strategy and make it recognised by stakeholders in different markets. These include external businesses, political and social actors, and employees at various levels. The approach is based on an institutional perspective and the three institutional pillars introduced by Scott (2013) and employed by many researchers in studies on multinationals (e.g. Kostova *et al.*, 2008). The retailer's network needs to be influenced and integrated in various ways to promote sustainability (Rafi-Ul-Shan *et al.*, 2018). It is regarded as consisting of a web of actors, different critical resources that are exchanged and linking activities (Ford and Mouzas, 2010; Håkansson and Snehota, 1995).

The study thus aims to investigate how global retailers promote sustainability in network interactions and influence institutional perceptions. The theoretical approach is applied in investigating the sustainability work the Swedish retailers IKEA and Hennes & Mauritz (H&M), using qualitative case studies.

### Theoretical background

Sustainability has become a central topic in the retail sector (Bilińska-Reformat *et al.*, 2019; Blom *et al.*, 2023; Carter *et al.*, 2021). Retailers typically have to manage sustainability issues throughout the value chain and are often held responsible for problems caused by other actors, because ultimately the retailers are the link to end consumers (Elg and Hultman, 2011; Vadakkepatt *et al.*, 2021). It is argued that being perceived as sustainable by customers and other stakeholders is important for competitiveness, performance, corporate reputation and branding (Buallay, 2022; Gleim *et al.*, 2023; Sánchez-González *et al.*, 2022; Simões and Sebastiani, 2017), even though issues such as quality and price are still more important to many consumers (Rausch *et al.*, 2021).

Originally, the area that sustainability and corporate sustainability (CS) dealt with was covered by corporate social responsibility (CSR). According to Bansal and Song (2017), early studies using these concepts had different perspectives. CSR discussed social issues and how corporations ought to act from an ethical perspective, while sustainability research was based on the idea that a firm is involved in a larger system of actors that influence the environment. However, later CS research considered sustainability to include environmental as well as social and economic aspects (Elg *et al.*, 2021; Rafi-Ul-Shan *et al.*, 2018).

This paper uses CS as a main construct, thus considering the three areas mentioned above. It, discusses how global retailers manage issues such as fair wages, distribution of wealth, environmental aspects, as well as human rights, diversity and living conditions. At the same time, they also must deal with stakeholders that have different expectations and sometimes conflicting interests (Greenwood *et al.*, 2011; Tura *et al.*, 2019). The challenge becomes even greater for a global retailer dealing with varying local institutional structures, cultures, and practises (Czinkota *et al.*, 2014; Werner *et al.*, 2022).

Sustainability needs to be related to taken-for-granted assumptions about what is right and wrong and how things should be done in a society as well as in organisations. Therefore, an institutional perspective is suitable. It also suggests demonstrating sustainability's legitimacy in relation to overall societal, business and organisational interests (Elg *et al.*, 2017; Fuchs and Kalfagianni, 2009) and that retailers may transform institutional aspects into sustainability concerns (Dagilienė *et al.*, 2022; Elg *et al.*, 2021).

Organizations must respond to conflicting institutional logics in the external environment because stakeholders represent different interests, norms, and values. It is not possible to completely respond to all of them, so the firm has to develop balancing strategies (Pache and Santos, 2021) For MNEs this also includes multiple institutional logics across markets

(Greenwood *et al.*, 2011). This institutional also means striving to bridge differences between external institutional logics and internal perspectives (Anderson-Gough *et al.*, 2022).

This study is, however, not based upon the institutional logics perspective and the notion of organizational fields, but on the three institutional pillars presented by Scott (2013). They are applied in previous studies investigating how international firms deal with ingrained and taken-for-granted perceptions (Jin and Kim, 2022; Özbek *et al.*, 2022). The first pillar concerns legal aspects such as laws and contractual agreements backed by law. Regulatory institutions represent the existing laws and rules on a certain market that will have a strong influence on the actors, but this also depend on how legal matters are enforced and respected. Regulations may exist on a national level, or in a certain region, but also within a larger unit such as the EU. The second pillar focuses on the norms that guide people's behaviour in a certain institutional environment. This may be about how to behave in society or set priorities within an organisation. According to Scott (2013, p. 64) norms "introduce a prescriptive, evaluative and obligatory dimension into social life". When operating in different markets, a retailer may need to recognise institutionalised norms and link them to relevant sustainability factors in that context (Deligonul *et al.*, 2013). The third pillar is of a more emotional nature and considers cultural-cognitive aspects of our behaviour and values and the knowledge that we possess about the world around us. Cognitive institutions influence how humans in a certain context make sense of their environment, but also how knowledge is understood and developed (Kostova, 1999).

A global retailer's sustainability efforts depend on collaboration with a network of stakeholders. This involves value chain partners, political actors, and social actors such as NGOs, media, and various interest groups (Elg *et al.*, 2017; Hadjikhani *et al.*, 2012). The importance of broad network collaboration for sustainability has been emphasised in previous studies (Ghauri *et al.*, 2021; Werner *et al.*, 2022). For example, Silva *et al.* (2022) discussed collaboration for sustainability between supply chain partners, while Rafi-Ul-Shan *et al.* (2018) stress the particular importance for retailers to integrate sustainability in their a large set of network relationships. Studies have also demonstrated how innovations supporting sustainability can be developed in networks (Inigo *et al.*, 2020).

This study assumes that the network will consist of actors who control different valued resources that are exchanged and combined through activities performed together (Ford and Mouzas, 2010; Håkansson and Snehota, 1995). The actor dimension focuses on the roles and identities of the stakeholders involved in relations to each other, based on their capabilities and shared norms. Personal relationships often form the basis for trust and interdependencies (Morgan and Hunt, 1994) The network interactions involve critical resources that the actors offer and combine in different ways. This, in turn, requires that they coordinate their behaviour and perform activities together. It is through joint activities that become specialized and adapted that actors further strengthen their interdependence (Ford *et al.*, 2011). The perspective is particularly relevant because it highlights the interplay between the three dimensions and that they are all equally relevant to understanding how to manage the complexities of sustainability.

Theoretically, the study thus investigates how global retailers can draw on a network approach involving actors, resources, and activities, to influence institutionalised regulative, normative, and cognitive values and assumptions in favour of sustainability. The network is regarded as consisting of business, political and social stakeholders.

## Research method

Considering the limited knowledge and complexity of the issue, a qualitative in-depth case study approach was preferred (Ghauri *et al.*, 2021). The study also tried to cover several aspects related to all three CS dimensions. A broad view is important, as most previous studies on global

firms and sustainability have focused on a narrow research problem without relating it to sustainability as a more overarching and complex phenomenon (Burritt *et al.*, 2020; Sharma, 2020). The sustainability work of two Swedish retailers – IKEA and H&M – was investigated through two different research projects. Both these retailers have worked with sustainability for many years, and have developed ambitious sustainability programmes to guide their work (H&M, 2023; IKEA, 2018). Both retailers are active globally, but we have chosen to focus on different specific markets to get a broader understanding of how sustainability is managed.

The first project involved IKEA and took place between 2016 and 2020. The main interest was sustainability communication within the organisation, between IKEA global and the national organisations, but it also considered interactions within different parts of the global and national organisations. The research also captured how IKEA interacts with external stakeholders. It was based on interviews with respondents within the global organisation as well as members of the national organisations in Sweden, the UK and Germany. Semi-structured interviews were conducted with 43 respondents, lasting between 30 and 90 min. The interviews were conducted as conversations on a set of pre-defined topics, including the respondents' views on the scope and role of IKEA's overall sustainability strategy, as well as the meaning of sustainability for them and sustainability's role in their part of the organisation and daily work. When relevant we also discussed how IKEA works with external stakeholders on sustainability matters. Theoretically, the interview guide was based upon the institutional perspective and covered the three network dimensions discussed earlier. Partly different interview guides were used depending on the position the respondent had in the organization and what s/he can be expected to be knowledgeable about.

The H&M project started in 2019 and is ongoing. We were still interested in internal interactions around sustainability, as well as how the retailer collaborated with local stakeholders and local organisations particularly in emerging markets. The first step was to conduct interviews at the head office in Stockholm about how sustainability is defined, the different codes and norms that have been developed, how they are implemented globally, transferred to different markets and potential difficulties with this. This study thus also included the theoretical constructs covered for IKEA. We interviewed 29 respondents, including H&M managers in Bangladesh and Turkey. As most of the research in Turkey and Bangladesh took place during the COVID-19 pandemic, the interviews with local managers were done online, except for a study in Turkey, that was done face-to-face in the spring of 2023. During this visit, we also met with representatives of three NGOs and one supplier. Both studies also had access to extensive written documentation and internal reports such as strategic plans, annual evaluations, and sustainability reports. The written documentation provided a deeper understanding of the sustainability strategies and was thus a basis for questions asked during interviews. It also provided complementary insights into how strategies were applied centrally, locally and relations to different stakeholders.

For both retailers, we strived to cover available managers directly involved in sustainability work, as well as employees whose daily work was influenced by sustainability. This ensured that the respondents were well informed and could reflect upon the retailer's sustainability approach in a credible way, while covering different angles of the phenomenon. We thereby managed to get both a broad and deep understanding of sustainability in these retail organizations, including long term, strategic aspects as well as daily, more operative, concerns.

The material was coded using NVIVO 12 to make the work more systematic. A first round of coding was based on identifying claims and statements related to the three institutional pillars. Secondly, for each institutional pillar we coded statements based upon whether they concerned actors, resources or activities, which led to a 3x3 matrix that could be further

analysed using inductive coding to identify the most significant themes for each of the nine cells. The results are presented below. For each institutional pillar, the main impact of actors, resources and activities are discussed, and forces working against sustainability. Quotes are used to illustrate important points that seemed to have a major relevance.

### **Creating normative support for sustainability**

Turning sustainability into a part of the norms and ideas regarding how a retail organisation should be managed can be a challenge, as well as convincing various external stakeholders, who may find other issues to be more pressing.

#### *Actors with varying normative grounds*

Two types of actors are especially important to support the normative relevance: those who benefit from it and support it and enablers who actively contribute to making sustainability a relevant part of normative values. Both retailers stressed the importance of showing their supply chain partners how they can benefit from investments, for example, in energy saving. Political actors can also be beneficiaries. They might gain goodwill by engaging in sustainability projects that create fairer working conditions or reduce pollution. Moreover, several examples illustrate that customers do not favour grand statements. As one manager put it:

Sustainability arguments must be very close to the consumer's everyday life, that is about . . . "I live a better life with the help of these sustainable solutions." If it gets too far . . . Corporate can talk about our wind turbines that are super relevant. But from a marketing perspective, it will not drive more visits and more sales.

Retailers also need the direct support and involvement of stakeholders to develop sustainable solutions. These can be regarded as enablers and collaborators. One such group is experts and consultants who help with technical solutions and concrete knowledge. One H&M manager described how they can be a critical actor in improving the sustainability capabilities of factories by introducing modern technology. Several respondents also stressed that although H&M is a leading retailer, it only has a 2% share of the global market. Consequently, competing brands and NGOs are essential collaborators.

Still, some actors take on the role of opponents. Internally, some managers argued that a strong sustainability focus will reduce business performance and add costs. Externally, sustainability may conflict with the interests of different actors. For example, in Bangladesh, the textile industry is critical to the economy. Therefore, political actors may not support sustainability initiatives that lead to higher costs and reduced competitiveness for local manufacturers.

#### *Resources that influence the relevance*

Offering resources valuable to a certain stakeholder and integrating sustainability into the core business increases the normative relevance. The IKEA case showed that certain product areas are easier to link to sustainability than others are. The kitchen area offers several products that are sustainable and also save water and electricity. Here, the idea is that the store employees should push sustainability as a natural part when discussing solutions. H&M illustrated the possibility to create relevance by discussing installations that help suppliers reduce their environmental impact – which also reduces costs.

Formal documents such as strategic plans, guidelines, and codes also create relevance. They may concern the whole global organisation or a certain market. For both retailers, it was usually the case that certain general plans and guidelines were established, but then adapted and developed in more detail to be locally relevant. Integrating sustainability into business

plans and commercial activities was thus an important part of the process. As one sustainability manager put it:

We have moved a lot, trying to integrate sustainable life at home and the sustainability agenda for stores into the commercial calendar to reflect what their priorities are. Because there are other things that will be running as well from other functions point of view.

IKEA also had a strategy called People and Planet Positive, which focused on sustainability and had three legs: “Energy and Resources”, “People and Communities”, and “More sustainable life at home”. The essence of People and Planet Positive was intended to be a part of employees’ job descriptions. All these initiatives can serve to make sustainability a more integrated and natural part of everyday business.

Still, there are obstacles. In Bangladesh, for example, many resources are subsidised by the government because the textile industry remaining competitive is essential for the economy. The reliability of infrastructure can also be a problem:

They may have hundreds, thousands of employees that they have to pay salary to. Then they cannot rely on the electricity that has eight power cuts a day. Then they choose a coal burner that is super reliable.

Another example is investment in new buildings. One manager argued that when the retailer builds a new store, the focus is on speeding up the process and getting the store ready as quickly and as cheaply as possible. Here, sustainability concerns can slow things down and lead to more costly investments.

#### *Activities for normative support*

Perhaps the most critical activity to gain normative support developing a strong case that convinces internal managers and external actors of the advantages. This is important to not only win over the sceptics but also further strengthen the commitment of those who are more positive:

We constantly have to remind the business and tell the story and show the evidence that people care about messages around sustainability, they want to know about the history of the products, they want to know that we operate in an ethical way, they do care about these things, it’s good for business and it’s good for profitability. . . . But we have to keep that alive. Because otherwise it quite quickly slips back into ehm . . . service and sales.

H&M also tried to secure favourable financing solutions for suppliers to make them more willing to invest. Referring to H&M’s favourable creditworthiness and showing that the supplier has a long-term agreement with the retailer can make a major difference. In relation to political actors, it is also important to build a case for sustainability that shows how it can bring wider benefits to society, and that it can be politically advantageous to show concern.

Another critical activity is the transfer of sustainability knowledge. Respondents from both retailers exemplified how sustainability practices implemented in one market are transferred to other markets, supported by arguments and cases that show that it has financial advantages. Practices also need to be supported by increased knowledge among different stakeholders so that they can drive processes themselves. Increasing the knowledge of H&M suppliers on how to use machinery and different activities to save water and reduce energy consumption is one example.

On the other hand, there may be discrepancies between what is communicated about sustainability and what goes on in other parts of the organisation. Events that suggest that sustainability should not be a central part of activities and daily operations can create normative problems. Furthermore, the number of messages that different parts of the

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organisation communicate, both internally and to external stakeholders, is almost infinite, as several respondents pointed out. It can be difficult to break through the noise and compete with commercial messages.

### **Making sustainability a part of the cognitive value system**

While the normative leg is about how to do business and what is preferable for performance, both for the retailer and for stakeholders, the cognitive is about what is fair and what is the right thing to do from a more moral and value-based perspective.

#### *Actors who have an impact on the values of others*

Here, it is critical to involve stakeholders who are opinion leaders and create legitimacy for sustainability in a particular market or globally. Different NGOs have strong incentives to support retailers in promoting sustainability. One example of a more cognitive issue is gender and diversity. For H&M, both Turkey and Bangladesh are markets where women traditionally have a weaker position. It was thus a challenge to promote more women to line managers in the factories. Traditionally, women have done the sewing while men have been their managers. H&M has collaborated with the NGO Better Work to change the mindset around this matter and convince suppliers. Changing the mindset of local stakeholders can also mean identifying those who are open-minded and then letting them drive the process:

We ask suppliers who are part of the pilot to explain the outcomes of the project. So they are not only hearing from our side, they are exactly hearing from the other factories, management, owners. . . . they know each other very well. They have a good conversation. So, this is the method we are normally using.

Senior managers have an important role as agenda-setters. IKEA respondents described the importance of being explicit about sustainability. This is not about commercial aspects, but about creating understanding and acceptance among store managers, country managers and local employees. It may turn them into believers and make them more active in supporting sustainability in their workplace. Some issues can be critical without having a strong sustainability impact. For example, the importance of what H&M stands for as an organisation was discussed. The offices and stores account for a very low percentage of the retailer's total climate impact. Nevertheless, being very efficient here is critical to gain other stakeholders' trust.

However, there will be sceptics who argue that sustainability should not be a central value and that it is exaggerated. For example, store managers may have very different views on this. Respondents described how some were very committed, while others only supported sustainability when it was required. Externally, sustainability would sometimes be low on the list of priorities. One example given was that trade unions and workers' representatives sometimes would not pay much attention.

#### *Resources that create emotions and commitment*

It is important to identify products and other resources that prove the retailer's interest in sustainability. For example, IKEA launched the kitchen hatch "Kungsbacka", made entirely from recycled plastic. A central part was to link it to strong sustainability messages targeting consumers and other stakeholders. As one respondent put it, this product could be presented as something bigger that tells a story about IKEA. There were also different physical and digital arenas argued as relevant for promoting sustainability. One example was how social media and company blogs could be an effective vehicle for spreading

sustainability awareness. Other forums and committees were also used to increase relevance to different stakeholders. One illustration is how H&M created a high-level water forum in Bangladesh, involving different stakeholders and chaired by the Prime Minister. This unit would have great symbolic value in showing sustainability as a key issue on the agenda.

Still, certain resources may reduce the sense that sustainability is an important issue.

Those products that really are low price products, called Breath Taking Items – I personally feel that these are wear and tear products and they don't fit very well with my view of sustainability.

So, the challenge for retailers is that while pushing sustainability, they tend to offer solutions and alternatives that are based on price and cost, and might challenge the impression of sustainability as central.

#### *Activities supporting sustainability as morally righteous*

The activity dimension here concerns doing things that further show that sustainability is a central and morally righteous matter. One respondent described how changing gender perceptions and creating a better situation for women is important in certain countries, while in other markets it may be more about environmental impact. It is about creating awareness and understanding around the relevant issues. Another aspect is that senior representatives, such as the CEO, need to reinforce the sustainability message by highlighting its importance in interviews and speeches. This is equally relevant when speaking at the UN or to certain local employees. If it is presented as very important to top management, it will also raise awareness among different stakeholders. The research also stressed symbolic issues as a part of reinforcing the message:

Symbolism can be, for example, last mile delivery. In Holland, you can choose bike delivery. It will not change our emissions, but it looks good.

Another central type of activity here is educating stakeholders and increasing their awareness of sustainability as central to them and to society at large. Respondents gave many examples, such as online training for employees, seminars for social and political stakeholders, educating factory owners and other decision-makers in the supply chain, etc. The main purpose was not to teach them how to carry out different sustainability-related tasks, but to change their mindset and increase their commitment. One specific issue often mentioned was the democratic election of worker representatives. Initially, the perception was that this was unnecessary, but gradually both staff and managers in the factories were convinced that this was part of workers' rights and something that would create a more positive culture.

Some activities may also undermine the cognitive notion of sustainability. This can happen when specific incidents indicate that sustainability is really not a central and deeply rooted value. One example was the water pollution caused by a textile factory in Bangladesh. In the press, this was described as exemplifying brands like H&M and other retailers, even though they did not buy from this factory. Another example is that certain stakeholders may sometimes feel threatened or resist on moral grounds. Two cases mentioned were male employees who felt threatened by a more equal gender structure or actors who were offended by messages about LBTQ rights.

#### **Securing regulative support for sustainability**

Efforts under the regulative pillar are concerned with preserving laws and regulations that support sustainability and arguing for additional ones. In addition, making sure that regulations for sustainability are complied with.

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### *Actors influencing the regulative system*

An important actor role is to safeguard the existing order and to ensure that regulations are not broken. For established national or regional laws, it is obviously a matter for the legal system. While this may work well in developed markets, respondents often stressed that in some developing markets this cannot be taken for granted. There may be other aspects that have higher priority. Actively involving certain government bodies in this process can, however, be a way forward. For example, H&M respondents described how several fashion brands aligned with the Ministry of Labour to ensure that regulations regarding workers' rights and fair wages were followed. Another is the contractual agreements between retailers and other members of the value chain. As illustrated earlier, these cover environmental, social, and economic sustainability issues. If there are existing contracts, local trade unions, NGOs, etc. can be important collaborators in ensuring that agreements are followed.

It was also found critical to further develop the sustainability agenda. This may involve gaining the support of government actors, trade unions, the media and NGOs to progressively raise requirements on, for example, fair wages or the climate. Sometimes it may also be important to drive change due to an emerging sustainability concern. One example is the significant increase in the number of refugees in Turkey. This was noticed by H&M as an opportunity to help by offering work in the textile industry, but initially, there were legal obstacles.

In the beginning of Syrian refugee crisis, when it wasn't possible for refugees to work because it was super difficult for them to get work permits, brands got together and sort of joined forces to change those laws. And there was also FLA [Fair Labour Association], who were assisting us with this effort. And there was communication with the government bodies, according to these rights for refugees to work and how we can make things easier for them to make it possible. And it resulted well. At the end of these discussions the work permit process became much easier.

Still, respondents described how certain actors strived to undermine regulations and drive development in the opposite direction by showing negative effects on costs or access to energy. One example was energy companies, which systematically swayed public opinion against stricter regulations. An additional problem was that in certain countries political actors had their own interests in the energy sector, through ownership or concern for local industry competitiveness.

### *The legal system as a potential resource*

The most important supporting resource from a regulative point of view is obviously the existing set of laws and regulations and the sanctions that prevent them from being broken. There are also regulations at many different levels, global ones through the UN Global Compact, EU regulations, national laws and local agreements with suppliers. Specific regulatory bodies usually have the authority to monitor and implement sanctions in accordance with the legal system. However, existing sanctions are not always a supportive resource because they are considered too weak or under the influence of other interests. One way to support regulations is to offer financial incentives for compliance, for example by increasing the contracts awarded to those who comply.

However, there may also be laws and regulations that contradict sustainability activities. One example given was the difficulty for IKEA to drive the LGBT issue in Russia. Due to national regulations, the retailer decided that it was not possible to run a specific campaign on the issue, because breaking the law could have severe consequences for the responsible publisher.

### *Activities highlighting claims for sustainability*

One of the most important activities was to create a sense of urgency, presenting sustainability as something that required immediate attention. As one respondent described:

We have seen in the research, there is three-meter depletion for ground water every year. Of course, that makes challenges for domestic use and industrial use to extract water and also there are related issues when it comes to surface water qualities. We have engagements and proper engagements of different issues it comes to water agendas which we believe will address these issues related to regulatory frameworks on the controls for water quality but also controls on how to use and monitor water extractions.

This is one example where retailers actively drove a change in regulatory conditions by presenting research and scientific analyses. The study provides several similar examples, including how regulations influence workers' ability to keep their families together in China.

Another central activity is enforcing the implementation of laws and legal agreements. The retailers largely had their own audits to evaluate suppliers' compliance. The study also suggests that the retailers had to be proactive in monitoring compliance with different agreements. This involved encouraging local employees to report potential violations.

We are also trying to develop a committee or grievance platform where sexual harassment and abuse cases can come up from the workers. . . . We are making this committee where women workers can happily come with their issues and that can be taken care in a proper way. This is also in our local law but not in practice earlier.

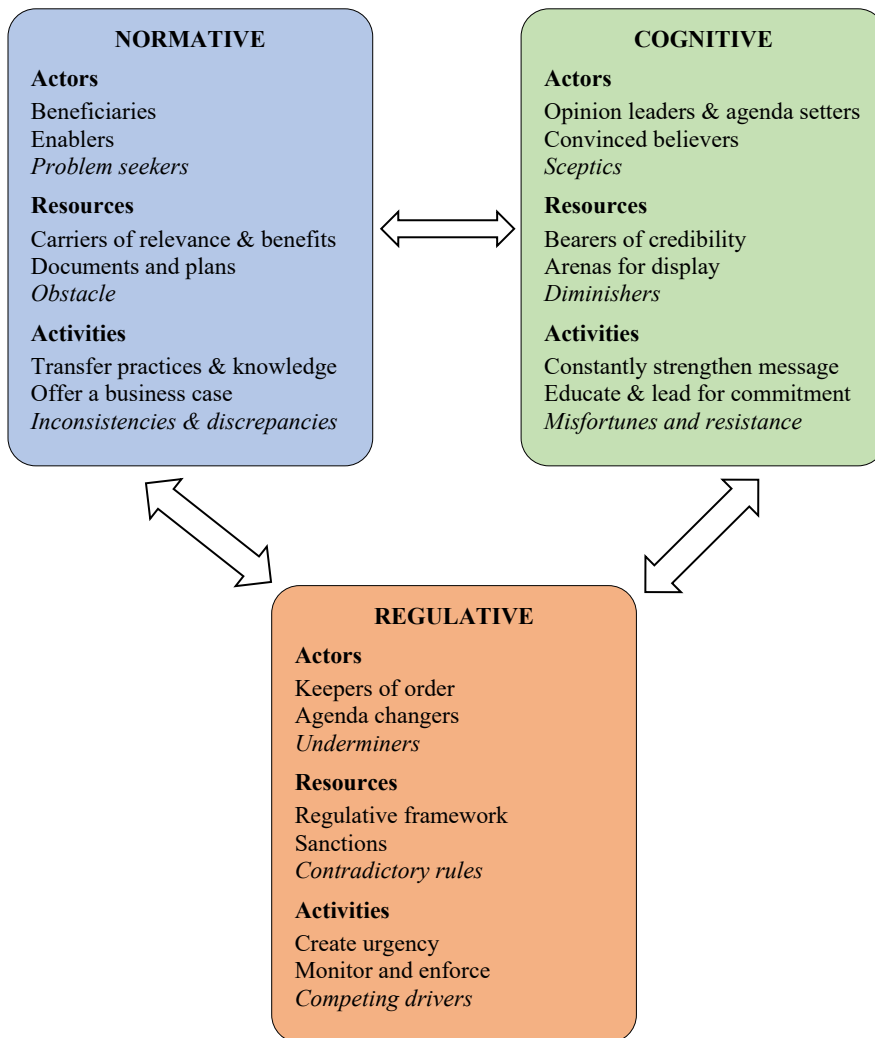
However, issues such as the one mentioned in the quote are sensitive and require active work and support, as well as ensuring that there are no negative consequences for the worker. This is a rather delicate matter, but the research indicated that there may be activities to discourage actors from reporting non-compliance and to show that the regulative framework can be detrimental.

### **Analysis and discussion**

[Figure 1](#) summarises the findings that influence the institutional pillars.

In the normative pillar, the main actors are beneficiaries and enablers, but there will also be those who try to stress problems and disadvantages in relation to established norms. The study also identified resources that are carriers of relevance and benefits because they have integrated sustainability values that also have a market value. Furthermore, documents and plans that integrate sustainability and other business activities are a critical supportive resource. At the same time, there are resources that are obstacles, because they are central but have no or even a negative impact on sustainability. Transferring sustainability practices and knowledge and making the case for sustainability, were two central activities, while inconsistent, disturbing messages can be a problem.

Cognitive support for sustainability requires convincing stakeholders of its moral values. A key role for actors is to be opinion leaders and agenda setters. It is important to gain support from external actors with high legitimacy. In addition, there are convinced believers who are often motivated by actors who are opinion leaders and agenda-setters. Still, sceptics may claim that there are values that require more attention than sustainability. One important type of resource is one that is a bearer of sustainability and has high sustainability content. Another one is relevant arenas for communicating and sharing sustainability insights. This can be the physical store, social media, inter-organisational groups, etc. However, certain resources may diminish sustainability concerns, such as very cheap products that obviously do not last very long. One activity that pushes sustainability to become part of actors' cognitive values is to constantly reinforce the sustainability message in different contexts. Another is to educate and lead to create commitment. The main threat here is that misfortunes may happen, such as suppliers polluting the water or poor working conditions at their sites.



**Figure 1.**  
Factors that explain  
how retailers can  
support global  
sustainability

**Source(s):** Figure by the author

The regulative pillar requires that there are enforcers who monitor existing sustainability regulations and have the authority to impose sanctions. There also need to be agenda changers who further legal initiatives. However, some actors are subversive when arguing that certain regulations have a negative impact on employment, the economy, etc. The main resources here are the existing regulative framework in favour of sustainability and the sanctions that follow for those who break regulations. Weak or unclear sanctions were often mentioned as a main problem. Another problem was contradictory rules that problematize the regulative framework. The study showed that an essential activity was to create a sense of urgency among stakeholders, from staff working in stores all the way to political actors in charge of legislation. Urgency is one of the strongest drivers of extended legislation.

Another critical activity was to monitor and enforce different actors' behaviour. At the same time, the challenge here is that initiatives may be taken to reduce regulation or to discourage actors from reporting violations.

The study offers new insights on how network interactions can influence institutional assumptions and values regarding sustainability. Firstly, the research adds to the understanding of how tensions and conflicting interests due to varying institutional perspectives, often due to cultural differences (Elg *et al.*, 2017; Moorhouse and Brenman, 2021; Tura *et al.*, 2019) and institutional complexities (Greenwood *et al.*, 2011), can be managed in a network of different stakeholders. For example, this can be done by developing arenas for open discussion, or by ensuring that sustainability is relevant and includes benefits for central actors. Furthermore, the study suggests additional ways for global retailers to create legitimacy for sustainability (see Dagilienė *et al.*, 2022; Elg *et al.*, 2021). One important part is to integrate sustainability aspects into strategic documents and plans so that they become a legitimate part of daily business. Increasing knowledge transfer around sustainability and creating business or societal cases for it can also increase legitimacy.

Secondly, the study adds to our understanding of how global retailers can systematically work on integrating sustainability in their networks through close interactions (Rafi-Ul-Shan *et al.*, 2018), and that this is indeed possible. However, as discussed in the theoretical part of the paper, there are likely to be conflicting institutional values and perspectives that need to be considered (Dagilienė *et al.*, 2022; Greenwood *et al.*, 2011). This study has identified potential barriers, related to each institutional pillar, highlighted in Figure 1. A key challenge is to identify these for each specific sustainability issue and develop a strategy for managing them; who is likely to resist and why? Here it is also relevant to consider possible organizational responses from stakeholders (Pache and Santos, 2021; Slawinski and Bansal, 2015) if they want to avoid being involved in sustainability – and the capabilities needed to deal with the responses (Ahmadjian, 2016). It should also be recognised that working with sustainability at a global level is a balancing act. It is not possible to ignore cultural and practical differences between markets. Here, internal autonomy and flexibility also play a role. The study adds to our understanding of internal institutional barriers (Anderson-Gough *et al.*, 2022; Blom *et al.*, 2023). A difference between the retailers that was found was that IKEA's local managers were more independent. For example, store managers can decide to what extent they will support sustainability through in-store communication and interaction with staff. This obviously makes it more challenging to drive global sustainability principles and practices.

Thirdly, the research shows how the interaction between the institutional pillars is driven by the network dimensions. It is largely the same group of actors that influence the normative, cognitive, and regulative pillars – even though they might have different roles. For the normative pillar, for example, convincing a supply chain partner or a local manager that sustainability will bring business benefits is likely to increase the actor's cognitive support and interest in changing the regulative agenda. The opposite is likely to happen if the actor experiences a concrete negative impact from sustainability, such as extensive costs or lost business opportunities. Similar arguments can be made for the resource and activity dimensions. For example, the activity dimension is largely based on the quality and consistency of communication. The urgency of sustainability can be linked to future negative business consequences of ignoring the issue and communicated through facts and figures. The study thus suggests that competing institutional perspectives on sustainability in retailing (Dagilienė *et al.*, 2022) might be bridged if actors, resources, and activities, are used to coordinate normative, cognitive and regulative institutional aspects.

To sum up, as discussed above the main contribution of the paper is to show how network interactions may support a global retailer in driving sustainability and overcome different institutional perspectives and complexities through a set of actions designed for each of the three pillars. Network barriers that may be put up are also identified for each institutional pillar. This qualitative study may suggest generalisations of an analytical nature. However,

there are several potential future research issues. While the study has discussed important network dimensions for sustainability in relation to institutionalised values and practices, more in-depth knowledge is required for each of the nine fields. Also, this has been a study of Swedish retailers. It is possible that the way a global retailer drives sustainability is also dependent of the institutional perspective. Consequently, a retailer from China or the UK may have a different approach. Furthermore, to find out how well the insights provided correspond to different types of retailers, a broader empirical study is needed that tests the generalizability of the framework in a more statistical way.

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