MNE innovation in the pursuit of SDGs in emerging markets

Sara Melén Hånell
Department of Marketing and Strategy, Stockholm School of Economics, Stockholm, Sweden
Veronika Tarnovskaya
Lund University, Lund, Sweden, and
Daniel Tolstoy
Department of Marketing and Strategy, Stockholm School of Economics, Stockholm, Sweden

Received 17 February 2023
Revised 14 September 2023
2 December 2023
Accepted 30 January 2024

Abstract

Purpose – The purpose of this study is to examine how different innovation efforts can support multinational enterprises' (MNEs') pursuits of sustainable development goals (SDGs) in emerging markets and under what circumstances they are applied.

Design/methodology/approach – The article comprises in-depth case studies on two high-profile Swedish MNEs: a telecom firm and a fast-fashion firm, with data collected both at the headquarter-level and local-market level.

Findings – The study shows that MNEs pursue a selection of prioritized SDGs in emerging markets. To overcome challenges related to attaining these goals, we find that MNEs engage in innovation efforts at different levels of commitment. In some instances, they engage in operational innovation aimed at relieving symptoms of sustainability misconduct and ensuring compliance. In other instances, they engage in systemic innovation efforts, which involve the actual market structures underlying sustainability problems.

Originality/value – MNEs are increasingly incorporating the United Nations SDGs into their innovation strategies. The study contributes to international business research on MNEs' roles in realizing the SDGs by conceptualizing and discussing two pertinent approaches to innovation.

Keywords Innovation, Sustainable development goal, Emerging markets, MNE, multinational enterprise

Paper type Research paper

Introduction

The 2030 Agenda recognizes the role of the private sector and calls on its innovative and creative capabilities to help solve sustainable development challenges related to the sustainable development goals (SDGs). Multinational enterprises (MNEs) that carry out value chain activities in emerging markets, where problems related to the SDGs are accentuated, can champion initiatives for developing sustainable businesses (Ghauri, 2022). There is recent evidence of MNEs that are moving beyond mere/profit-maximizing activities by making SDGs a central part of their operations (Kolk, 2016; Hult *et al.*, 2018; Van Zanten and Van Tulder, 2018; Sinkovics and Archie-Acheampong, 2019; Nonet *et al.*, 2022).

Emerging market operations pose heightened risks for MNEs when addressing SDGs because of innate challenges, for example,weak or flawed local institutions (Varadarajan and Kaul, 2018) and cultural differences (Sinkovics *et al.*, 2021a, b). Scholars have recognized that it is still unclear how and to what extent MNEs can advance their business activities to align with the

This work was supported by the Riksbankens Jubileumsfond.

International Marketing Review
Vol. 41 No. 7, 2024
pp. 59-83
Emerald Publishing Limited
0265-1335
DOI 10.1108/IMR-02-2023-0037

SDGs (Van Zanten and Van Tulder, 2018), especially in emerging market settings (Cezarino *et al.*, 2022; Tarnovskaya *et al.*, 2022). Innovation can enable MNEs to reduce the inherent trade-off between profitability and sustainability (Varadarajan and Kaul, 2018) and allow MNEs to work around cultural norms or institutional flaws and voids (Wang *et al.*, 2022). Developing innovation in the pursuit of SDGs can be viewed as a progressive way of tackling SDGs and offers a novel perspective to address the root causes of unsustainable business (Van Der Waal *et al.*, 2021).

Innovation may, therefore, be an important piece in the theoretical puzzle explaining how MNEs can align operations with SDGs in emerging markets, where risks of failure to meet SDGs are pronounced because of innate challenges in these markets (Karam and Jamali, 2013; Reimann *et al.*, 2015; Yang and Rivers, 2009; Tarnovskaya *et al.*, 2022). Innovation can reconcile market differences and, in so doing, combat misconduct by addressing operational deviances (Kumar and Srivastava, 2020) or structural market flaws (Turker and Vural, 2017). Studies have revealed that MNEs can use innovation for sustainability in emerging markets with different levels of commitment, engagement and investment (Lind *et al.*, 2022). There are examples of MNEs that use technological innovation (Varadarajan and Kaul, 2018) and strategic partnerships (De Silva *et al.*, 2020) to correct operational errors, such as a lack of adherence to labor safety protocols (Van Tulder *et al.*, 2009). Such efforts can produce immediate results but have been criticized for being superficial and not addressing the root causes of SDG-related problems (Dionisio and de Vargas, 2020). A recent stream of literature has demonstrated that MNE innovation can target systemic problems in markets where challenges are prevalent, thereby responding to SDGs in a proactive manner (Nylund *et al.*, 2021; Van der Waal and Thijssens, 2020; Cammarano *et al.*, 2022). Firms engaging in innovation at a systemic level can co-create solutions with local market actors to reshape market practice, e.g. to promote climate action (Nylund *et al.*, 2021) or enforce labor rights, e.g. related to gender inclusiveness (Prashantham and Birkinshaw, 2020). The circumstances under which different innovation regimes are applied, however, have not been closely investigated by existing research.

The purpose of this study is to examine how different innovation efforts can support MNEs' pursuits of SDGs in emerging markets and under what circumstances they are applied. In so doing, the study expects to reveal granular insights into how an MNE orchestrates local actors to bring about new attitudes, practices and connections between actors to align with certain targeted SDGs in emerging market contexts. While there is not one shared definition of emerging markets, they are generally understood as developing economies that are rapidly transitioning into industrialized economies through a high growth rate of gross domestic product (e.g. Nasdaq, 2012). Emerging markets have been linked to specific challenges of doing business, which have been conceptually captured by international distances (Davis *et al.*, 2021). According to Ghemawat's (2001) CAGE framework, international distances to, e.g. emerging markets reflect gaps between markets that may warp communication (i.e. cultural distance), create clashes between institutional systems (i.e. institutional distance), increase control costs (i.e. geographical distance) and/or deincentivize investments (i.e. economic distance). If left unmitigated, these conditions can cause market failures that hamper companies' abilities to effectively coordinate business-critical activities (Miller *et al.*, 2016; Verbeke *et al.*, 2019) and live up to sustainability principles (Campbell *et al.*, 2012). While research has only begun to study MNEs pursuits of SDGs considering innovation, we need specific insights about how internal and external contingencies shape different innovation initiatives. We contribute to this emerging stream of research by discerning the factors that motivate and shape specific innovation approaches. The study at hand, therefore, contributes with conceptual development and empirical underpinning related to SDG-relevant innovation of MNEs (Buckley *et al.*, 2017; Wettstein *et al.*, 2019; Van Tulder *et al.*, 2021). Our research inquiry builds on case studies of two Swedish MNEs operating in different industries and emerging markets. The case studies focus specifically on SDG 8 (decent work and economic growth) and SDG 13 (climate action).

MNE engagement in SDGs

As part of their agendas to become viewed as responsible actors in global business, MNEs are increasingly incorporating the SDGs into their corporate strategies (Montiel *et al.*, 2021; Ghauri, 2022). For example, Montiel *et al.* (2021) recognize that MNEs have the capabilities to both mitigate negative externalities of their operations related to SDGs (i.e. SDG 1–5 and SDG 8–9) but also generate positive externalities linked to SDGs (i.e. SDG 6–7 and SDG 10–17). Regardless of which SDGs MNEs choose to target, they are faced with diverse strategic and operational challenges in the countries where SDGs are being implemented (Tarnovskaya *et al.*, 2022). It is still unclear exactly how MNEs can drive the sustainability agenda in local market settings to support the SDGs, not least because these goals are designed for country-level development rather than firm-level conduct (Montiel *et al.*, 2021).

Moreover, the extensive scope and complexity of the 17 SDGs, encapsulating 169 targets and 232 unique indicators, may prevent firms from being able to mobilize the resources required to credibly address these goals (Nilsson *et al.*, 2018). Researchers have highlighted that the complexity of the framework and the alleged vagueness of goals (van der Waal and Thijssens, 2020; Nonet *et al.*, 2022) may prompt MNEs to spread their efforts too thinly related to SDGs, thus addressing them only symbolically for legitimacy reasons. In line with this concern, Van Tulder and Van Mil (2022) recognize mixed evidence of firm performance in relation to the SDGs. Despite strong support for the goals by leading companies, the actual implementations have been found to generally not meet the expectations of stakeholders and civil society (Van Tulder and Van Mil, 2022). Tarnovskaya *et al.* (2022) suggest that the debated aspiration-behavior gap related to the SDGs can be reduced if MNEs become more progressive and integrate environmental and social goals into their core strategies. Related to this idea, Liou and Rao-Nicholson (2021) outline a model proposing that MNEs will be more inclined to allocate resources to those SDGs that are perceived to be most relevant to their core operations. When SDG-related initiatives are linked to critical value chain operations, MNEs will have relatively greater leverage to orchestrate local market actors for social and environmental value creation (Narula, 2019). Hence, companies cannot be equally responsive to all goals and, by consequence, not equally responsive to all stakeholders. According to George and Schillebeeckx (2022), the pursuit of social and environmental goals needs to be underpinned by shared convictions within organizations and anchored in a corporate purpose. Hence, a focus on a selected set of SDGs that are perceived as meaningful by management and employees in an organization may enable MNEs to tackle complexities (e.g. goal conflicts), act consistently and develop deep knowledge within their focus areas. The link between a corporate purpose and selected SDGs can be captured by Nonet *et al.*'s. (2022) argument of the necessity to align firm strategy with the operations of local market stakeholders, guiding the organization toward the realization of SDGs.

The emerging market context may, arguably, pose some of the most critical challenges for MNEs to tackle environmental and social problems (Reimann *et al.*, 2012; Hah and Freeman, 2014; Park and Ghauri, 2015; Burritt *et al.*, 2020; Tarnovskaya *et al.*, 2022). Van der Waal and Thijssens (2020) suggest that innovation is a key activity in addressing pressing challenges related to the SDG because innovative activities can produce tangible outcomes at a systemic level in such markets.

MNE innovation in emerging markets in the pursuit of SDGs

MNEs have been conceptualized as frequent and capable innovators of cross-border business practices (Kogut and Zander, 1992). In the transition to a sustainable global economy, the focus of MNE innovation efforts is increasingly set on grand challenges and SDGs (Buckley *et al.*, 2017). Going back to Schumpeter (1934), innovations can be classified as novelties in several categories, i.e. product, service, production method, supply source, new market

exploitation or business organization. Innovations can also be viewed as either continuous (incremental) or discontinuous (radical) (Kumar *et al.*, 2000). To break away from traditional, nonsustainable ways of doing business, new solutions that allow for more sustainable modes of production and consumption are required (Bergset and Fitcher, 2015; Adams *et al.*, 2016), which calls for the involvement of stakeholders at different levels of society (Schaltegger and Burritt, 2018).

Sustainable innovation (e.g. Wüstenhagen *et al.*, 2008) refer to the process or direction toward sustainability when economic, social and ecological aspects become integrated into the design of new products, processes and organizational structures (Rennings, 2000; Klewitz and Hansen, 2014). Research on innovation for sustainability outcomes applies to organizational, interorganizational and societal levels (Boons and Lüdeke-Freund, 2013), all of which are relevant for MNEs. Thus, at the organizational level, the innovative capacities of firms and especially the importance of marketing and operational innovations, are stressed in the literature (Boons and Lüdeke-Freund, 2013). At the inter-organizational level, studies bring into focus the relationships with other actors (i.e. suppliers and customers) in an innovation network (e.g. Edquist, 1997; Weber and Hemmelskamp, 2005) as well as the adoption and diffusion of innovation in the network (Kemp and Volpi, 2008). Studies at the societal level seek to understand the societal shifts due to technological changes, for example, in relation to ecoinnovations (e.g. Hall and Clark, 2003; Smith *et al.*, 2010). The notion that firms not only need to mobilize their own resources but also orchestrate local market actors to innovate in foreign markets is also a prevailing notion in empirical studies on MNEs (Lind *et al.*, 2018; Liou and Rao-Nicholson, 2021; Nylund *et al.*, 2021) and in emerging markets, where the focus often has been set on innovation at the base of the pyramid (Hall, 2014). For example, Lind *et al.* (2018) found that MNEs were more likely to engage in social innovations if their organizational capabilities allowed for collaboration and co-creation with local stakeholders embedded in local communities. Drawing on these earlier studies, we adopt a view of innovation for SDGs that can occur at different levels and engage external actors to various extents. We argue that the innovation process is shaped by MNE strategic predispositions toward SDGs in combination with the specific business settings in which they operate.

Innovations can address SDG-related problems ingrained in emerging markets, often linked to cultural, institutional, geographical and economic conditions (Campbell *et al.*, 2012). Wood *et al.* (2021) found that specific emerging market conditions can explain variations in the way MNEs' sustainability agendas are implemented in specific countries. In emerging markets, the absence of functioning institutions could, for example, spur social innovation (Rao-Nicholson *et al.*, 2017) by incentivizing stakeholders to identify, e.g. labor rights problems and using the expertise of MNEs to create the means to solve them (Dionisio and de Vargas, 2020). Firms could also involve industrial actors in the co-creation of innovative practices that align with environmental objectives, e.g. reducing waste used for landfills in supply chain operations (Horbach, 2008; Varadarajan and Kaul, 2018).

Moreover, while all innovations aiming at attaining SDGs are theorized to occur within a system context, the level to which they permeate local communities will likely vary from adding minor efficiencies (De Silva *et al.*, 2020) to addressing larger societal problems (Larson, 2000; Sinkovics *et al.*, 2014; Nylund *et al.*, 2021; Tarnovskaya *et al.*, 2022). Innovations for sustainability have also been categorized as either customer-facing, where firms are integrating a social/environmental component into the marketing offering (Kumar *et al.*, 2020) or directed at upstream activities in the local market supply chain (Mirvis *et al.*, 2016; Zhang *et al.*, 2017). The circumstances shaping how and to what extent MNEs engage in innovation activities to attain the SDGs in emerging markets require further exploration. While Van der Waal and Thijssens (2020) found a disconnect between MNEs formal sustainability policies and their innovation efforts, Jimenez *et al.* (2021) suggest that innovation initiatives that are purpose-led can support necessary transitions in fulfillment of the SDGs and, thus, bridge the

gap between aspiration and action. Hence, motivations, strategic directions and local market engagement may play a role in the configuration of innovation efforts.

Conceptual framework: the shaping of innovation initiatives in the pursuit of SDGs in emerging markets

Innovation in the pursuit of the SDGs investigated in this study (8 and 13) can have both technological and organizational attributes. We suggest that its configuration can vary depending on how firms relate to the SDGs in focus (Cordova and Celone, 2019) as well as the nature of the market (Wood *et al.*, 2021). Leaning on research that has revealed that environmental and social innovation have different features (Varadarajan and Kaul, 2018) and scope (Tarnovskaya *et al.*, 2022), we focus on exploring the factors shaping innovation initiatives.

For the purpose of this endeavor, we distinguish between the categories of systemic and operational innovation related to MNE operations in emerging markets. The separation of these terms is based on a distinction between the innate qualities and scope of innovation efforts. Systemic innovation is here understood as the reconfiguration of market practices and creation of new transactional patterns to attain sustainability goals (see Turker andVural, 2017; Midgley and Lindhult, 2021). Systemic innovation cannot readily be pursued by single firms but requires the orchestration of both public and private stakeholders (Sinkovics *et al.*, 2014), where collective action can address a range of SDGs salient and relevant to the firm (Nylund *et al.*, 2021). The concept implies that innovation goes beyond mere inventions as it covers implementation and the transition from earlier practices (Hartley, 2005). In a multiple-case study, Colvin *et al.* (2014) found that systemic innovation for sustainability implies a strong emphasis on creating solutions for the longer term. The idea that high-impact innovative solutions can emanate from private initiatives (Acs, 2022) underscores the relevance of the importance of MNEs to advance its SDG agenda. When MNEs enter emerging markets, they already possess assets in terms of proven business models, organizational routines and competences, which provide traction when orchestrating local actors (Narula, 2019).

The scope and impact of SDG-relevant innovations are likely to vary. In a study investigating social innovation initiatives in emerging markets, De Silva *et al.* (2020) found that innovation initiatives do not always address the most central or urgent matters and they may not bring about drastic change in business practices at the market level. We argue that operational innovations linked to the SDGs are those that address sustainability issues that are isolated to the value chain operations of firms. These types of innovations have nonradical societal implications but can make firm operations (particular activities and tasks) better aligned with social objectives (De Silva *et al.*, 2020). In line with Utterback and Abernathy (1975), these can be defined as innovations focused on improving suboptimally performed tasks and processes. The aim of operational innovation in relation to the SDGs in focus is, thus, to reduce damage, mitigate the risk of misconduct, correct deviances and create incentives for behavioral change (Van der Waal and Thijssens, 2020; Kumar and Srivastava, 2020). As such, operational innovations aim to increase performance with the use of minimal input and are designed for very specific applications in resource-constrained environments (Zeschky *et al.*, 2014).

While innovation in the pursuit of various SDGs and other sustainability targets has been recognized by international business research, we set out to extend the discussion by examining the motivations and implications of different types of innovation regimes (operational and systemic). By providing empirical verification and theoretical scaffolding for the internal and external context of MNE innovation efforts, we wish to generate new insights

about MNEs' contributions to SDGs 8 and 13. This study is, hence, guided by the following research question:

RQ. What are the motivations and implications of different innovation initiatives (operational and systemic) in MNEs' pursuits of certain SDGs?

Research method

To address the purpose of this study, a rich and multifaceted empirical study is required. This motivates the choice of an in-depth qualitative case study approach (Ghauri and Grønhaug, 2010; Doz, 2011), where we can explore for new insights about practices, conceptions, and occurrences, providing a rich understanding of a complex and multi-faceted research topic (Eisenhardt and Graebner, 2007), i.e. the motivations and implications of different innovation initiatives in MNEs' pursuits of certain SDGs. In specific, we adopt a theory elaboration approach (Lee *et al.*, 1999; Welch *et al.*, 2013), in that we employed an abductive, qualitative case study (Sætre and Van de Ven, 2021) to enrich theory on sustainable development in emerging markets and advance conceptual developments related to SDG-relevant innovations of MNEs in emerging market settings. An abductive case study approach enabled us to draw on established concepts from the international business field (e.g. the innovation concepts) and examine these in an understudied context, i.e. MNEs' pursuits of SDGs in emerging markets. As highlighted in our theoretical framework, international business research has recognized innovation in the pursuit of SDGs and sustainability targets. To extend the discussion in this research stream and contribute with conceptual developments on different innovation approaches (i.e. operational and systemic), the abductive case study approach was most appropriate. The abductive reasoning enabled us to move back and forth between the empirical data and theoretical concepts and thus, combine empirical findings from the emerging market context with existing literature in the international business field. Hence, for the purpose of this study, the abductive case study approach was most appropriate and enhanced our ability to answer this study's overall research question. The abductive approach adopted in this study follows similar ideas as those presented in the so-called flexible pattern matching approach, described in Bouncken *et al.* (2021). This study follows several of the critical steps guiding research that adopt flexible pattern matching, such as (1) formulating initial research questions, (2) generating theoretical patterns from previous literature before data collection, (3) using theoretical sampling and (4) using an iterative analysis process where we move back and forth between theoretical patterns and the empirical data (Bouncken *et al.*, 2021).

We decided to conduct two in-depth cases, each related to one specific MNE and one specific industry context, to yield a rich empirical understanding that could enable us to answer our research question. We have followed a theoretical sampling strategy (e.g. Eisenhardt, 1989) to examine how MNEs can use innovation in their pursuits to attain SDGs in emerging markets. In a pre-study designed to screen companies to ensure a theoretical fit, we arranged personal meetings with the top sustainability managers of four different high-profile Swedish MNEs to discuss their sustainability operations. Several principles guided our choice of the two case companies. One was that selected cases should represent different types of industries, as it would give us a richer understanding of the topic. Another principle was that companies should be active in the global market, including emerging markets. Moreover, to match our aspirations for theoretical development in the area, the case companies should have clearly developed corporate sustainability strategies, including strategies for working with sustainability globally and in emerging markets. Based on these principles, we decided to single out two companies that appeared sufficiently immersed in sustainability operations in emerging markets. These companies were *Telecom (*anonymized)

– a telecommunication company mainly focusing on the business-to-business market and *Fast-Fashion* (anonymized) – a global fashion retailer and mainly a business-to-consumer company. Early in the project, the companies agreed to commit to close long-term collaboration, access to various country-managers and granting access to internal documentation. The researchers have thus received unique insight into the operations of these companies and access to rich case study material regarding the research topic. For the purpose of this study, these two case companies offered us the opportunity to study two MNEs that have worked with sustainability issues in emerging markets for a long time. Moreover, the two case companies have operations in different emerging markets, and the cases could thus provide insights into innovation initiatives in a variety of emerging market contexts. Finally, these two case companies have been ranked among the world's 100 most sustainable corporations (Forbes, 2020) and both case companies emphasize in their sustainability reports the company's leading role in sustainable development in their respective industries. To conclude, we argue that these cases could enable us to develop theoretical insights (Eisenhardt, 1989) into the topic of how MNEs can use innovation in their pursuits to attain SDGs in emerging markets. Apart from their revelatory potential, their information richness and accessibility were also guiding us in choosing these two cases.

The overall research design of our empirical study involves two phases. In May 2019, we entered the first phase of our study, which was focused on conducting interviews with managers at the HQ level of the two Swedish MNEs. The aim of this first phase was to investigate the policies and codes of conduct relating to sustainability matters, learn about companies' overall strategies related to sustainability and study the routines for interacting with local offices in emerging markets. We have specifically learned about what the companies identify as their main risk areas in emerging market operations as well as the rationale behind policies and roadmaps for change. In the second empirical phase, which began in 2020, we have focused on the actual implementation processes of sustainable development in emerging markets. Here we have interviewed local management to learn about their attitudes toward sustainability programs, possible mismatches between operations and strategy and stories about how sustainability projects have unfolded.

Data collection

Our main data consisted of semistructured interviews, but we also conducted triangulation using secondary data sources (Denzin, 2009). These consisted of newspaper and magazine articles, financial records, webpages, annual reports, brochures and email correspondences (see Tables 1 and 2 for information**).** For example, we could structure interview questions to follow up on a sustainability plan stated in official documents.

While the companies' sustainability operations span a wide range of areas, our analysis is delimited to sustainability areas that are of strategic interest for the respective companies, i.e. they relate to the companies' core operations and are of strategic importance. In Telecom, we examine the company's operations related to SDG 8 (decent work and economic growth) within the area of occupational health and safety (OHS). Telecom's global OHS program focuses on improving the company's safety culture by increasing OHS awareness in the supply chain. OHS-related risks are largely contained within site-services areas and work-related driving (e.g. road traffic accidents and working at heights account for most fatalities and incidents). In our case of Telecom, the emerging market focus is centered on the Middle East, Southeast Asia and Latin America, which are critical market areas for OHS-related risks. In the Fast-Fashion case, we examine operations related to SDG 13 (climate action) involving energy efficiency (i.e. fast fashion is energy-consuming, which has environmental implications). We also focus on their social sustainability strategy, with their work on introducing "fair jobs" and fair living wages in their supply chain (SDG 8). Many of the

Respondents at telecom	Date	Business area in focus	Length of interview	Digital/ physical meeting
1) Group ethics and compliance officer 2) Technology for good program director	20190503	Organizing and managing ethical issues	116 min	Physical
Global head of area: occupational health and safety (OHS)	20190524	The global OHS program	68 min	Physical
Head of area: sourcing	20190524	Responsible sourcing program	57 min	Physical
Group ethics and compliance officer	20190619	Anti-corruption program	47 min	Physical
Global head of area: occupational health and safety (OHS)	20200310	OHS organization in Bangladesh region	23 min	Digital
Head of environmental health and safety (EHS) Middle East and Africa	20201215	EHS activities in the Middle East region	26 min	Digital
1) Global head of area: occupational health and safety (OHS) 2) Head of environmental health and safety (EHS) Middle East and Africa	20210217	EHS activities in the Middle East region	56 min	Digital
Responsible sourcing program manager	20210826	Responsible sourcing program	40 min	Digital
Corporate responsibility expert, responsible for human rights at group level	20210917	Human and labour rights (in the context of responsible sourcing of suppliers)	42 min	Digital

Source(s): Authors' own creation

Table 1. Telecom firm interview data

production markets in which Fast-Fashion operates are developing countries with weak legislation related to fair jobs and fair living wages. China and Bangladesh are the largest production markets for clothing. In our case of Fast-Fashion, the emerging market focus is centered on Bangladesh, as this market is one of the largest production markets for the Fast-Fashion case company and a market where the case company has been present for a relatively long time. In summary, apart from representing different industries, the case companies operate in different emerging markets. Data collection thus captures innovation initiatives in a variety of emerging market contexts. In line with the purpose of this study, these two case studies could provide us with a rich understanding of the topic of SDG-relevant innovations by MNEs in emerging market settings. See detailed information about the data collection in Tables 1 and 2.

Interviews were conducted with managers involved in strategies, tasks and issues related to the MNE's sustainability work in emerging markets. The interview questions that have guided all our interviews concern the organizational structure of the whole MNE, with questions on how sustainability activities are organized at the headquarter level as well as implemented at the emerging market level. The questions have also covered how the MNE interacts and collaborates with different stakeholders and how different ethical codes and commitments are developed and implemented throughout the organization and markets. We were probing into problem-solving episodes and innovations applied in such situations. To ensure the validity of our questions, we used sustainability documents as anchor points for the questions in our interviews. Various documents presenting and explaining the two MNEs'

Respondents at fast-fashion	Date	Business area in focus	Length of interview	Digital/ physical meeting
Sustainability manager in Nordics	20191106	Overall organization of sustainable activities	66 min	Physical
Strategy lead, climate and water	20191217	Environmental team: Climate and water strategies	60 min	Physical
Global sustainability steering and development manager	20200131	Global sustainability department; vision and strategy	29 min	Physical
Strategy lead and fair jobs strategy	20200220	Social team: Fair jobs strategy	49 min	Physical
Sustainability manager and Nordics	20200310	Sustainability team in Bangladesh: organization	45 min	Physical
Sustainability team in Bangladesh 1) Sustainability manager 2) Social program manager 3) Environmental program manager	20200618	Sustainability team in Bangladesh: organization and activities	49 min	Digital
Sustainability team in Bangladesh 1) Environmental program manager 2) Social program manager 3) Sustainability manager	20200828	Environmental team in Bangladesh: organization and activities	54 min	Digital
Sustainability team in Bangladesh region 1) Social program manager 2) Environmental program manager 3) Sustainability manager	20200925	Social team in Bangladesh: organization and activities	59 min	Digital
Sustainability team in Bangladesh region 1) Sustainability developers (two managers) 2) Social program manager 3) Sustainability manager	20201015	Wage management program in Bangladesh	51 min	Digital
Sustainability team in Bangladesh region 1) Environmental program manager 2) Sustainability program manager 3) Social program manager 4) Sustainability manager	20201211	Water project: organization and activities	51 min	Digital

Source(s): Authors' own creation

Table 2.
Fast-fashion firm interview data

sustainability approaches (Telecom, 2017, 2018b, 2019b; Fast-Fashion, 2019a, b) have offered deep and detailed knowledge regarding the work with the different sustainability areas, how sustainability activities are organized and implemented, relationships with different stakeholders, different ethical codes and commitments. To enhance the reliability of our data collection, the interviews were transcribed and analyzed together with the documents

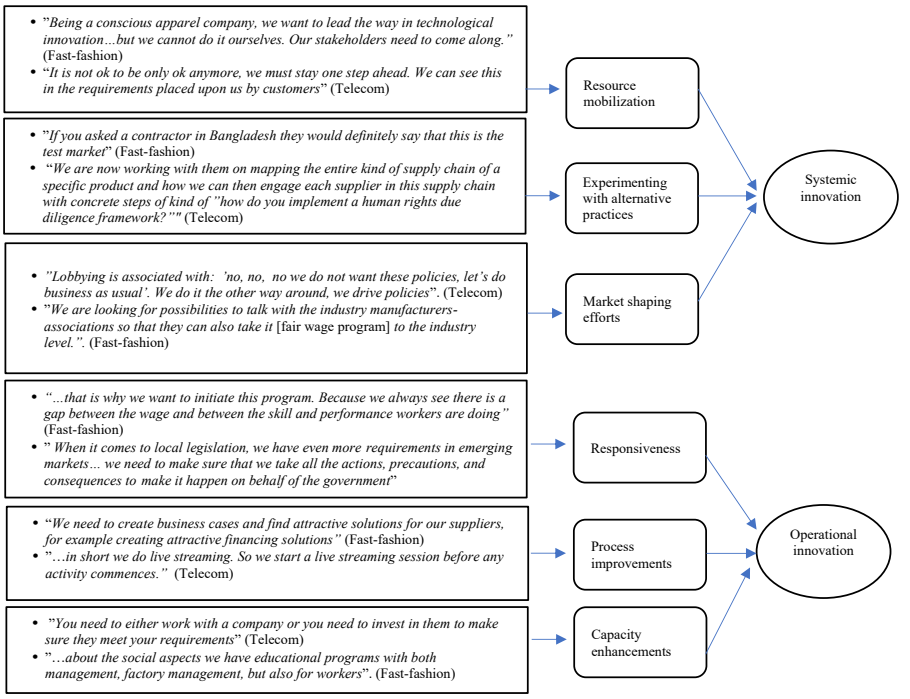
using the conceptually clustered matrix, detailed coding techniques and pattern matching recommended by Miles and Huberman (1994).

Data analysis

To make conceptual categorizations based on the data, we used an open coding strategy (Corbin and Strauss, 2008) anchored in our research question, with sustainability innovations as the focal unit of analysis. In this process, we used narrative analysis techniques, which included identifying commonalities and differences and exploring recurring themes and patterns. In line with an abductive approach, the data analysis was conducted in iterations in parallel with data collection and theoretical reasoning. In the first step of analysis, we conducted first-order coding. We used theory and the software NVIVO 12 to catalog, collect and sort themes from interview transcripts and interview notes. Evidence for theoretically relevant observations was confirmed by integrating insights from our semistructured interviews and secondary sources in a way that aspired to invite multiple perspectives rather than achieving a convergent account (Welch and Pekkari, 2017). To avoid data becoming too "chopped up," we also merged and separated themes based on how pieces of data were spatially, narratively and chronologically connected. The initial list received from our open coding procedure generated attributes of innovation of various scopes and novelty. They also enabled us to sort between various international distances. Guided by the conceptualizations of systemic and operational innovations, data were aggregated into meaningful second-order items representing such practices. These items were, e.g. labeled "resource mobilization," "market-shaping efforts" and "experimenting with alternative practices." The label "market shaping efforts," for example, involved pushing for new policies and organizational structures to tackle societal problems (e.g. developing practices for exercising workers' rights), which can fill a void when formal institutions are lacking (e.g. unions and collective bargaining agreements).

Having generated these codes, we re-immersed ourselves in the theory with these in mind and proceeded to generate third-order themes. We then found additional commonalities among the codes, enabling us to collapse them into the two innovation categories: systemic and operational innovation. This analytical step enabled us to apply our empirically derived dimensions to substantiate the concepts of operational and systemic approaches to innovation. While these dimensions have been alluded to in previous literature, we have not seen them applied in the context of sustainable development in emerging markets before. Hence, new conceptual attributes were identified related to these concepts when viewed in this setting. To demonstrate how data were analyzed and conclusions reached (Eisenhardt, 1989; Miles and Huberman, 1994), we documented the codification of the different types of innovations and international distances that we discovered in our study in a coding tree, illustrated in Figure 1, which also includes examples of quotes substantiating concepts.

Having coded our data and abstracted it into conceptual themes, we set out to uncover dynamic interrelationships between the concepts we had uncovered. We based this analysis on established practices in process theorizing (Langley *et al.*, 2013) and integrated our observations through the visual mapping illustrated in the discussion of findings (Figure 2). To ensure the quality of the case study findings, we followed recommended practices to enhance the methodological trustworthiness of the case evidence. The evidence was also compared across case studies and against theory to make sure to maintain constancy in the interpretative framing (Welch and Pekkari, 2017). We could, for example, see it as theoretically motivated to use institutional theory in relation to how workers organize themselves at the emerging market level.



Source(s): Author own creation

Figure 1.
Coding of data

Findings

The cases demonstrate that innovations of various types can play instrumental roles in alleviating problems linked to international distances. In the Telecom case, we focus on issues related to OHS (SDG 8) in emerging market supply chains. In the Fast-Fashion case, we focus on issues related to climate action (SDG 13) and living wages (SDG 8) in the context of the emerging market supply chain. We have sorted empirical data in accordance with Ghemawat's (2001) categorization of international distance to reflect challenges in the emerging market context.

SDG innovation in relation to cultural distance

In line with SDG 8 (decent work and economic growth), *"Telecom's OHS vision is for zero major incidents, and the company works to adopt industry best practices for high-risk tasks."* Risks related to OHS in Telecom's business activities are contained within site-services areas and work-related driving. Many of the fatalities and major incidents reported in 2018 and 2019 were related to road traffic accidents and working at heights (Telecom, 2018b, 2019b). The respondents (OHS department and headquarters) explain in more detail that incidents related to the safe climbing of telecommunication towers are common in emerging markets in the Middle East, Southeast Asia or Latin America. In these regions, risk perceptions deviate significantly from those in western countries. In Latin America, for example, macho-attitudes are widespread, which can compromise work safety. For example, workers may climb towers without wearing safety harnesses and thereby, putting their lives at immediate risk. Comments uttered by these workers, such as "*we do not use the coward-cord,*" epitomize such

macho attitudes (manager, OHS and headquarters). Dealing with culturally rooted risk behavior, various operational-oriented innovations seem to be crucial to enabling Telecom's implementation of the OHS program in emerging markets. Firstly, all suppliers working for Telecom are required to comply with Telecom's Code of Conduct requirements. Telecom has built a full-scale training program to enforce its Code of Conduct in areas where risky behaviors are rife. A mandatory online OHS course was launched in 22 languages in 2018 and was made available to the entire workforce, including suppliers. The objective is to equip supplier managers, especially in emerging markets, with tools on how to habituate workers to take safety measures that can reduce the risks of incidents related to on-site installations or driving on and between sites.

Like Telecom, cultural challenges and cultural distance are something that Fast-Fashion must consider in their efforts to implement the global Fair Living Wage Strategy. Since 2013, the Fair Living Wage Strategy has been pursued to improve wages for all textile workers in the company's supply chain. Like most fashion companies, Fast-Fashion does not own any factories but outsources production to independent manufacturers. Fast-Fashion has a long-term vision to improve wage management systems in suppliers' factories throughout the supply chain. An overall challenge in improving wage management systems among individual suppliers and factories is to understand the components of a textile worker's take-home wage. Fast-Fashion acknowledges that wages are a complex issue (Fast-Fashion, 2019a) and that the company needs to develop a deeper understanding of local culture and an ability to develop market-specific wage strategies (Fast-Fashion, 2019b). For example, by understanding culturally determined consumer behaviors among workers, a factory has the possibility to free up the workers' purchasing power for essential consumption (e.g. groceries, school supplies and accommodation). A respondent (sustainability manager and headquarters) described how a local supplier in Bangladesh ran its own store where it offered different kinds of subsidized services for their workers. Like many other suppliers, it also offered childcare, parental leave packages and bus rides to and from work. In addition, this supplier had discovered that its workers spent a disproportionate share of money on beauty treatments such as hair, nails, etc. The supplier had therefore decided to subsidize such services in this area for their workers so that they could spend a larger part of their paychecks on essentials.

Another issue that relates to cultural distance and implementing the Fair Living Wage Strategy is that 64% of the women in Bangladesh are unbanked (most factory workers are women). As it is generally considered the responsibility of men to take care of the financial management and budgeting in Bangladeshi households, women may not be given control over the money they earn. A social problem related to this notion is that workers, especially women, may lose control of their financial situation through budgeting and planning. In 2019, Fast-Fashion joined a collaboration of international brands to scale up digital wage payments, led by the Better Than Cash Alliance. The initiative aims at enhancing financial independence, especially among female workers. Hence, instead of each worker getting the wage in cash at the end of each month, this initiative aims at having the wage paid to a bank account tied to each individual, thus promoting financial integrity.

SDG innovation in relation to institutional distance

Much of the textile and apparel manufacturing industry is located in countries where labor laws and labor market institutions are still developing and do not fully conform to international standards. An overall challenge for Fast-Fashion is to consistently ensure good working conditions, improved wages, worker representation and development opportunities (Fast-Fashion, 2019b). Given its extensive production in, for example, Bangladesh, the company realizes that its operations are at risk of not complying with the

SDGs, with a particular focus on carbon footprint reduction (SDG 13) and establishing living wages (SDG 8). To meet these goals, the company develops long-term plans with roadmaps containing actions and milestones. Fast-Fashion takes on a proactive role in several industry collaborations to amass the leverage that is necessary to make suppliers improve work conditions for their employees. Clothes manufacturing in Bangladesh is reflected by a loosely coupled ecosystem of competitors (MNEs that share suppliers) and collaborators (nongovernmental organizations, policymakers). Because of these various interdependencies, no actor can single-handedly drive change; the sustainability agenda needs to reverberate throughout the ecosystem in the market. Fast-Fashion has been a driving force in trying to break silos and define rules of engagement among actors to orchestrate industry collaboration, for example, in the creation of the coalition Action, Collaboration and Transformation (ACT). ACT is a unique coalition combining public and private interests regarding living wages. The coalition comprises 22 brands and the global trade union IndustriAll. ACT aims to achieve living wages for workers in the garment, textile and footwear industries by facilitating collective bargaining at the industry level. Furthermore, the coalition has developed microinstitutions in the form of purposefully designed councils that summon factory workers, factory management and International Labour Organization (ILO) representatives.

Looking back at the process, the respondents emphasize that Fast-Fashion's initiative to create new systems and routines for wages and salaries was perceived as controversial by suppliers and could not readily be implemented at the outset. One manager at Fast-Fashion explained (sustainability manager and headquarters): "there were suppliers that came to us and said, why do you care? Why do you as a buyer want to have a dialogue about wages? There were suppliers that said to us they did not want to be part of this dialogue." Being a pioneer in this area, Fast-Fashion lacked the experience of influencing suppliers to improve the conditions for its workers and the learning curve was steep. One respondent (the sustainability manager and headquarters) explains the situation: "We tried to sell a vision, highlighting that the supplier will see that more want to stay. But we could not point at any evidence of this occurring in Bangladesh because it had yet not happened." In the beginning of the process, Fast-Fashion started to look for open-minded suppliers that were willing to listen. Fast-Fashion chose not to gather several suppliers together at the same time because if one of them voiced negative opinions, it could have a detrimental impact on the attitudes of all the others. "S*o, we tried to have individual meetings to explain why and how we wanted them to change regarding salaries and wage systems. We managed to convince some, and then the others started to see an increased competition in terms of some suppliers becoming more attractive for workers. And then the others also started to follow to a larger extent."* (Sustainability manager and headquarters) 4–5 years after this strategy was first launched, the company notices that the councils have made a difference. Several suppliers – some of whom were reluctant in the early stages – are now saying that they can see the results of making systems for wages fairer. The well-being and productivity of workers have improved.

Like Fast-Fashion, the respondents in Telecom emphasize collaboration with various actors in the industry as a necessity to tackle sustainability issues in the supply chain and, in the long run, stay competitive. For example, when one of the major customers of Telecom announced a highly set objective of being CO2 neutral by the year 2030, a manager of the environmental team explained that "This ambitious goal, which also applies to their supply chain, will affect us. It will in turn require that we work with our suppliers to make this happen. Looking at our supply chain, there is always a challenge if we want to have an impact upwards in the supply chain." For Telecom, it is apparent that collaboration among many actors is necessary to reach the targets and goals set by customers and stakeholders in the market. As pointed out by one respondent, "Everyone understands that we need to

collaborate in order to meet the requirements from customers concerning responsible value chains." In 2018, Telecom became a member of the Responsible Business Alliance (RBA), which is a large industry coalition working for corporate social responsibility in global supply chains. RBA members commit to a shared Code of Conduct, a practice that, in and of itself, is a significant innovation because it leverages the resources of many organizations. The practice of crowdsourcing the Code of Conduct also allows members to utilize a range of RBA – training and assessment – tools to support continual social and environmental improvements and to uphold ethical responsibility in supply chains.

SDG innovation in relation to geographical distance

The geographical distance between market area offices and the actual on-site operations is sometimes significant in Telecom. In the area of OHS (linked to SDG 8), the company has started to work with different digital tools, for example, solutions intended to control and mitigate risk, e.g. climbing-related hazards. An example of a technological solution leading to new social practices in this area is Remote Site Assurance (RSA), a risk mitigation platform solution that was launched in 2018. The RSA provides a live interface with suppliers and their workers while they are present on site. It is designed to ensure that safety, quality and environmental aspects are managed appropriately, compliance is maintained and harm is prevented. One manager working in OHS describes the RSA in more detail. "*At each site, before the work starts, there is a connection from the center to the site remotely on a mobile phone. And then, the center, by using mobile phones and applications, they check whether everything is in place, for example, whether the person has the personal protective equipment on. And they check the certificates, they control the names, they check the work permit. And after the center gives okay to that site, then the people on the site start working.*" Before this solution was put into use, site inspections were conducted by sending a team leader to each site. But as the technology evolves, the company has adopted these remote site inspections and now covers 90% of on-site work this way.

Fast-Fashion also describes coordination between headquarters and local subsidiaries. Headquarters are responsible for formulating firm-specific targets related to the SDGs. The local organizations are responsible for implementing these targets. Market area units, therefore, become specialized on different issues related to sustainability, depending on the strategic focus in the area. In effect, issues related to climate change and fossil-free energy (SDG 13) use are particularly high on the agenda in markets where Fast-Fashion produces garments, such as in Bangladesh. Fast-Fashion respondents emphasize that one key advantage in managing the challenge of translating goals from headquarters in Stockholm to the emerging market area is that Fast-Fashion has a high physical presence in the production countries. Its presence in production countries, which enables close collaboration with local market suppliers, is something that distinguishes Fast-Fashion from other competing brands. As one respondent (the sustainability manager and headquarters) emphasized: "We *are pretty much alone in being physically present on the production market.*"

SDG innovation in relation to economic distance

Bangladesh is one of Fast-Fashion's largest production markets, and it is a market where Fast-Fashion has been running its operations for a relatively long time. Some of the suppliers in Bangladesh have collaborated with Fast-Fashion for 20 years. Although the respondents provide illustrations on how the overall economic development in Bangladesh has improved over the years, they emphasize that Bangladesh still exhibits many of the characteristics of a poor market, ensuing structural risks related to sustainability.

In 2018, 96% of electricity purchased for Fast-Fashion's own operations was renewable. However, the production of garments is completely outsourced by the company which means

that the carbon footprint associated with the supply chain remains substantial (SDG 13). In Bangladesh, energy used is predominantly fossil-based. In addressing this problem, Fast-Fashion has created an action plan which involves developing financing solutions for suppliers that incentivize them to fund investments in solar and wind energy. In Bangladesh, interest rates are generally volatile and high due to inflation. High interest rates put a strain on suppliers' motivations to make investments in new technology. Fast-Fashion is planning to provide collateral to create financing solutions with lower interest rates. One such financial solution is labeled as the Power Purchase Agreement (PPA) and aims to enable suppliers to cost-efficiently access renewable energy. In practice PPA means that Fast-Fashion pre-orders all energy generated in a wind park (that is planned to be constructed at the Bangladeshi coastline). As Fast-Fashion guarantees that it is willing to buy all the energy generated in the wind park, suppliers can receive loans at improved interest rates from local banks. To receive funding to build the wind park, Fast-Fashion sells certificates to suppliers. The concept of the PPA is still on the drawing board and yet to be implemented. As such, the PPA represents a business model innovation that could have an impact on the energy sourcing in Bangladesh. As commented by a manager at the environmental team: "*There is no other way to reach out to our suppliers with renewable energy. We cannot influence policy makers in Bangladesh to stop building coal plants, that will take too long.*" Table 3, below, provides an overview of various SDG-geared innovations found in the cases and their relations to international distances.

Distance	Company	Examples of challenges	Examples of innovations
Cultural distance	Telecom	Attitudes among workers pertaining to a proclivity toward risk-taking in situations related to climbing and driving	Training programs and targeted campaigns on work site-safety, involving mixture of digital tools and workshops (operational)
	Fast-Fashion	Mindsets among workers that rationalize poor/hazardous working conditions	Enrollment into digital banking; Subsidized services to avoid overspending (operational)
Institutional distance	Telecom	A gap between sustainability standards and practices in EMs, e.g. suppliers challenging (perceived) strict requirements of the company's Code of Conduct	"Crowdsourcing" a Code of Conduct and setting CS standards across global industries (Systemic) Assessment tools for sustainability criteria (operational)
	Fast-Fashion	A gap between internal/external sustainability standards and practices in key EMs (e.g. Bangladesh) related to wages and energy management	Establishment of councils, comprising a novel configuration of employees, worker representatives and NGOs to compensate for lack of collective bargaining agreements. (systemic)
Geographic distance	Telecom	Costs related to monitoring work sites in far off locations. and monitoring suppliers and their compliance to work safety	Remote site surveillance for safer tower-climbing (operational)
	Fast-Fashion	High levels of physical presence; geographic distance is not considered a problem	n.a
Economic distance	Telecom	Poor road infrastructure causing fatalities in driving to and from work sites	Telematic solutions detecting risk-behaviors and promoting safer driving (operational)
	Fast-Fashion	Lack of short-term payback incentives among suppliers to use fossil-free energy sources	Financing model innovation (i.e. power purchase agreements) related to fossil-free energy (systemic)

Source(s): Authors' own creation

Table 3. An overview of the prevalence of operational and systemic innovation in the cases

Discussion

When analyzing the data, we empirically substantiated the two regimes of innovation: *operational innovation* and *systemic innovation*. We contribute to the body of research on MNEs' pursuit of SDGs in emerging markets by providing insights about the characteristics, contextual motivations and implications of these regimes: how and why they are implemented, how challenges related to both are framed by local market conditions and their role both as shaping forces in MNEs' sustainability strategies.

Whereas previous literature has emphasized adoption of universal standards and social adaptation as antidotes to emerging market problems (Bondy and Starkey, 2014), the innovation perspective presents solutions of a more deliberate design. The cases demonstrate that innovations for sustainability can materialize as a form of operational control (Zhang *et al.*, 2017), purposely put in place to tackle attitudes and behaviors that deviate from the SDG aspirations of the firm. Innovations in this area may, e.g. involve relationship configurations that create shifts in social interactions and bargaining power (Sinkovics *et al.*, 2021a, b). In the case of Telecom, such innovations are of an operational character and involve training programs and workshops where workers are repeatedly nudged to let go of ingrained hazardous behaviors in favor of prioritizing safety. While the cases reveal examples of operational innovations that target specific cultural features, examples of systemic innovation initiatives within this category are lacking. Innovations aimed at small culturally determined problems already run the risk of being perceived as patronizing (such as in the Fast-Fashion case where the company exerts control over employees' consumption behaviors), which could be one explanation to why such efforts are not conducted on a larger scale.

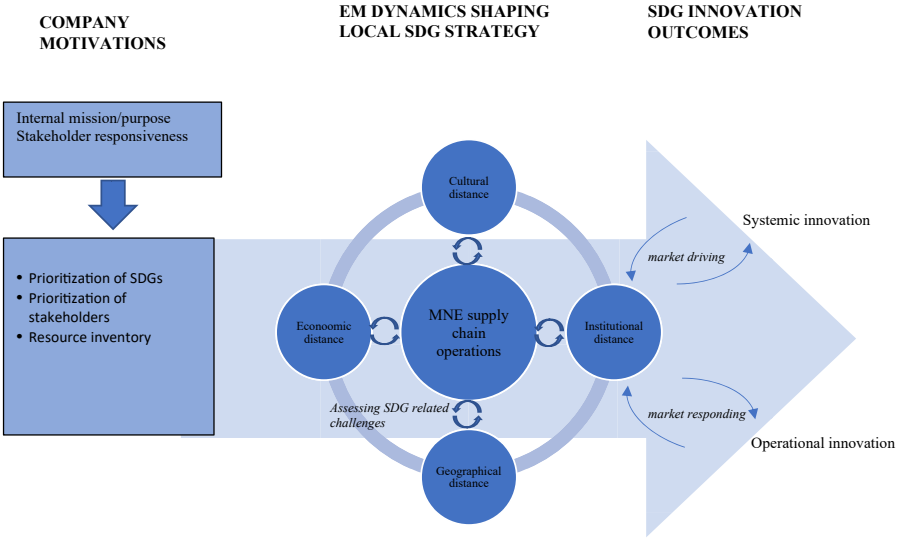
In line with previous research (Turker and Vural, 2017), the cases suggest that institutional inefficiencies in emerging markets can hamper companies' abilities to respond to the SDGs. Furthermore, the cases show that innovations tackling institutional problems require the involvement of only critical stakeholders to set up alternative systems of practice (Elg and Ghauri, 2015; Nylund *et al.*, 2021; Schaltegger and Burritt, 2018; Wang and Zhou, 2020). Local government agencies were largely ignored in favor of actors that were viewed as more flexible and progressive. As illustrated by the Fast-Fashion case, the involvement of globally spanning organizations (e.g. IndustriAll) provided legitimacy to sustainability programs by anchoring the company's missions in established global standards. While this example of a systemic innovation initiative is evolving (Colvin *et al.*, 2014), it represents a respecification of roles among involved actors, possibly implying a step-change toward SDG 8.

The challenge of monitoring sustainability practices for effective implementation is accentuated in emerging markets. In line with Chen and Kamal's (2016) notion that information and communication technologies can effectively coordinate work when tasks are codifiable, the Telecom case demonstrates that operational innovation, supported by technology, can provide means for companies to ensure that sustainability is upheld in situations where the risk of noncompliance is accentuated (Zhang *et al.*, 2017). With some exceptions (Van der Waal and Thijssens, 2020), technology has, to date, not received much attention in international business research as a means of innovation in the pursuit of the SDGs. We observe that certain technology-based innovations can – at least partly – offset geographical distance and allow MNEs to remotely enforce sustainability in emerging markets. The development of relevant technologies epitomizing "Industry 4.0" is, in line with reports from the World Economic Forum (2018), likely to profoundly impact the governance of MNEs in the years ahead (e.g. blockchain, additive manufacturing; cloud computing, Internet of Things and machine learning), which could enforce control (Chen and Kamal, 2016; Davis *et al.*, 2021).

MNEs pursuing SDGs need to consider how economic incentives are structured in the markets and understand how particular economic systems influence the implementation of sustainability (Trujillo-Barrera *et al.*, 2016; Kumar and Srivastava, 2020). Lack of economic incentives for local actors to adopt new practices inhibits MNEs abilities to progress toward

targeted SDGs. Evidence from the case studies points to the notion that MNEs' affiliates are more inclined to support SDGs when the implementation of these offers is aligned with economic targets (Jimenez *et al.*, 2021). The cases show that systemic innovation reconciles economic and environmental objectives, potentially influencing attitudes and norms over time and thus, gaining legitimacy (Sinkovics *et al.*, 2014). Contrary to Montiel *et al.* (2021), these findings suggest that innovations geared toward, e.g. climate action have the potential to create net positives in markets, implying that they are not solely tied to the mitigation of negative externalities.

Figure 2 shows how companies, in different situations, may be differently motivated by intrinsic agendas related to the corporate purpose (see George and Schillebeeckx, 2022) and stakeholder pressures (Elg and Ghauri, 2015), essentially making them prioritize certain SDGs over others (Nonet *et al.*, 2022). Local market conditions have multifaceted effects, affecting MNEs' employment of innovation strategies. These conditions may trigger corporate responses based on the perceived gaps between company operations and SDG-related opportunities and risks. For pressing strategic matters, MNEs are relatively more likely to allocate resources towards systemic innovation initiatives. Systemic innovation is thus a reflection of long-term orientations toward SDGs that are considered critical and closely linked to the purpose of the organization (Kumar *et al.*, 2020; George and Schillebeeckx, 2022; Nonet *et al.*, 2022). Furthermore, systemic innovation appears to imply a proactive stance by establishing new economic and social practices that change the order of business (see Tarnovskaya *et al.*, 2022). Operational innovations could be viewed as complementary to systemic innovation since such initiatives are motivated by efficiency concerns (Utterback and Abernathy, 1975) rather than being directly linked to central sustainability missions. Operational innovation can secure compliance in ongoing operations and, thereby, free up resources for MNEs that enable them to direct larger, focused efforts on prioritized SDG objectives. Hence, MNEs seem to be opting for a balance between correcting deviances (operational innovation) and driving broader market change proactively (systemic innovation). The outcomes of this process are, hence, decided by the inherent predispositions of the firm in combination with outside pressures.



Source(s): Own creation

Figure 2.
SDG innovation in EMs

The cases provide ample illustrations of the differences between the two approaches in various dimensions. Table 4 attempts to provide a conceptual categorization of such distinguishing factors, i.e. involving scope, focus, mechanisms, labels, time horizon and performance metrics.

Table 4.
Features of systemic innovation and operational innovation for SDGs

	Systemic innovation	Operational innovation
Scope	Broad scope: innovation aspires to make an impact outside the boundaries of MNEs operations	Narrow scope: innovation targets a specific task and is delimited to MNEs' immediate business operations
Focus	Shaping attitudes	Correcting behaviors
Mechanisms	Collaborations, business models and microinstitutions	Technology
Labels/ narratives	Stewardship, Leadership	Risk mitigation and compliance
Time horizon	Long-term	Short-term and medium-term
Evaluation of performance	Soft performance metrics	Conventional key performance indicators

Source(s): Authors' own creation

Conclusion and contributions

In this study, we set out to examine innovation as a means for MNEs to realize the SDGs in emerging markets. Emerging markets constitute notoriously challenging locations for sustainability compliance and development in relation to the SDGs (Varadarajan and Kaul, 2018). We know little about the conditional factors determining how MNEs can design innovation practices to tackle the inherent problems of emerging markets and enhance performance in relation to their pursuits of the SDGs.

Our study contributes to this area of research by showing that innovation efforts are determined by MNE strategies in relation to sustainability as well as the external emergent market context. The study offers granular insights into how MNEs respond to local market conditions through a mix of innovation regimes. Previous research has suggested that MNEs can rise to the sustainability challenges of emerging markets by immersing themselves in foreign markets and building legitimacy through private initiatives (Reimann *et al.*, 2012; Elg *et al.*, 2017). Social innovation (e.g. Dionisio and de Vargas, 2020) and environmental innovation (e.g. Horbach, 2008) perspectives have advanced knowledge regarding how such initiatives can take different forms (technological, system-oriented and process-oriented) and vary in scope (task-oriented or impacting societies on a larger scale). In this study, we contribute to this literature by shedding light on the contextual factors shaping different innovation initiatives, here categorized as operational or systemic. Our study shows that innovation initiatives will be applied differently depending on the nature of the capacities of the firms, the innovation opportunity and the nature of market challenges. Hence, we advance theory in this area by establishing linkages between MNE strategies and their abilities and inclinations to use innovations to target certain SDGs and solve problems specific to emerging market settings. The findings suggest that MNEs' SDG efforts are connected to their corporate purposes and overall strategic missions (George and Schillebeeckx, 2022; Van Tulder and Van Mil, 2022). For this reason, systemic innovation, permeating business practices and addressing market flaws are likely to appear in situations where MNEs' core operations could risk generating negative externalities or have the potential to cause positive externalities (Montiel *et al.*, 2021). According to our study, operational innovation is predominately used for solving

delimited problems with readily measurable outcomes. Such problems could involve costs (due to friction in communication and an inability to monitor operations) that may be caused by cultural differences. Operational innovations can thus mitigate the risks of noncompliance that create roadblocks on the journey toward SDG fulfillment. However, operational innovations may only treat symptoms and not address the underlying structures that create space for sustainability misconduct. Hence, addressing SDGs in a way that genuinely corresponds to corporate missions may therefore require more elaborate innovation efforts. Systemic innovation was found to have the potential to pave the way for the implementation of the SDGs by proactively engaging a broad set of stakeholders. Hence, we complement and extend studies on sustainable development in MNEs (e.g. Nylund *et al.*, 2021) by qualifying the argument that systemic innovation is an important requisite for MNEs to be able to take leadership positions in the pursuit of prioritized SDGs. In this vein, systemic innovation sets a strategic direction for sustainability that the company itself as well as stakeholders that are dependent on its business, can keep their eyes on.

This study recognizes that MNEs can play important roles in responding to SDG 8 and SDG 13, particularly through systemic innovation. Missions guiding such innovation efforts, however, require the leadership and engagement of critical stakeholders (Schaltegger and Burritt, 2018). Hence, we recommend researchers study systemic approaches through the lens of conceptual frameworks that encompass industrial dynamics, orchestration of stakeholders and focus on value outcomes with social and environmental ramifications (e.g. stakeholder perspectives, market shaping, ecosystem theory and network theory). The study also implies that resource allocation considerations will determine the mix between operational and systemic innovation. While we provide theoretical explanations for how such allocation decisions are made by addressing the impact of firm strategies, resources and market characteristics, there is still scope to investigate this issue in light of competition, new policies and stakeholder pressures. Such influence can be exerted at both the global level and the market level. We would thus welcome a multi-layered analysis of external forces shaping innovation initiatives directed at the SDGs.

The issue of resource allocation in relation to innovation initiatives geared toward the SDG has clear managerial implications. The results suggest that to align business practices with the SDGs, firms need to first focus on those SDGs where they can have the greatest impact. Without assigning strategic priority to salient SDGs, MNEs cannot credibly claim a stake in leadership roles in those areas. Although different types of innovations can be used to attain the SDGs, they need to be devised differently depending on market-specific circumstances. We would encourage decision-makers in MNEs to make an inventory of how internal value chain operations and the ramifications of those operations relate to relevant SDGs. Another related managerial implication of our study can be drawn from the observation that it is not an easy task for MNEs to convey the performance of different innovation efforts. Temporal aspects for key performance indicators should be clearly linked to the nature of the innovation, where operational innovations can be measured with shorter time horizons and systemic innovations with longer time horizons. Unclear performance indicators may be detrimental to maintaining a strong narrative around the achievement of goals and, as a result, the confidence among stakeholders could weaken over time.

References

Acs, Z.J. (2022), "The digital platform economy and the entrepreneurial state: a European dilemma", in *Questioning the Entrepreneurial State: Status-Quo, Pitfalls, and the Need for Credible Innovation Policy*, Springer International, Cham, pp. 317-344.

Adams, R., Jeanrenaud, S., Bessant, J., Denyer, D. and Overy, P. (2016), "Sustainability-oriented innovation: a systematic review", *International Journal of Management Review*, Vol. 18 No. 2, pp. 180-225, doi: 10.1111/ijmr.12068.

Bergset, L. and Fitcher, K. (2015), "Green start-ups - a new typology for sustainable entrepreneurship and innovation research", *Journal of Innovation Management*, Vol. 3 No. 3, pp. 118-144, doi: 10.24840/2183-0606_003.003_0009.

Bondy, K. and Starkey, K. (2014), "The dilemmas of internationalization: corporate social responsibility in the multinational corporation", *British Journal of Management*, Vol. 25 No. 1, pp. 4-22, doi: 10.1111/j.1467-8551.2012.00840.x.

Boons, F. and Lüdeke-Freund, F. (2013), "Business models for sustainable innovation: state-of-the-art and steps towards a research agenda", *Journal of Cleaner Production*, Vol. 45, pp. 9-19, doi: 10.1016/j.jclepro.2012.07.007.

Bouncken, R.B., Qiu, S., Kürsten, N. and Kürsten, W. (2021), "Qualitative research: extending the range with flexible pattern matching", *Review of Managerial Science*, Vol. 15 No. 2, pp. 251-273, doi: 10.1007/s11846-021-00451-2.

Buckley, P.J., Doh, J.P. and Benischke, M.H. (2017), "Towards a renaissance in international business research? Big questions, grand challenges, and the future of IB scholarship", *Journal of International Business Studies*, Vol. 48 No. 9, pp. 1045-1064, doi: 10.1057/s41267-017-0102-z.

Burritt, R.L., Christ, K.L., Rammal, H.G. and Schaltegger, S. (2020), "Multinational enterprise strategies for addressing sustainability: the need for consolidation", *Journal of Business Ethics*, Vol. 164 No. 2, pp. 389-410, doi: 10.1007/s10551-018-4066-0.

Campbell, J.T., Eden, L. and Miller, S.R. (2012), "Multinationals and corporate social responsibility in host countries: does distance matter?", *Journal of International Business Studies*, Vol. 43 No. 1, pp. 84-106, doi: 10.1057/jibs.2011.45.

Cammarano, A., Perano, M., Michelino, F., Del Regno, C. and Caputo, M. (2022), "SDG-oriented supply chains: business practices for procurement and distribution", *Sustainability*, Vol. 14 No. 3, 1325, doi: 10.3390/su14031325.

Cezarino, L.O., Liboni, L.B., Hunter, T., Pacheco, L.M. and Martins, F.P. (2022), "Corporate social responsibility in emerging markets: opportunities and challenges for sustainability integration", *Journal of Cleaner Production*, Vol. 362, 132224, doi: 10.1016/j.jclepro.2022.132224.

Chen, W. and Kamal, F. (2016), "The impact of information and communication technology adoption on multinational firm boundary decisions", *Journal of International Business Studies*, Vol. 47 No. 5, pp. 563-576, doi: 10.1057/jibs.2016.6.

Colvin, J., Blackmore, C., Chimbuya, S., Collins, K., Dent, M., Goss, J., Ison, R., Roggero, P.P. and Seddaiu, G. (2014), "In search of systemic innovation for sustainable development: a design praxis emerging from a decade of social learning inquiry", *Research Policy*, Vol. 43 No. 4, pp. 760-771, doi: 10.1016/j.respol.2013.12.010.

Corbin, J. and Strauss, A. (2008), "Basics of qualitative research", in *Techniques and Procedures for Developing Grounded Theory*, 3rd ed., Sage, Thousand Oaks, CA.

Cordova, M.F. and Celone, A. (2019), "SDGs and innovation in the business context literature review", *Sustainability*, Vol. 11 No. 24, 7043, doi: 10.3390/su11247043.

Davis, M., Lennerfors, T.T. and Tolstoy, D. (2021), "Can blockchain-technology fight corruption in MNEs' operations in emerging markets?", *Review of International Business and Strategy*, Vol. 32 No. 1, pp. 39-56, doi: 10.1108/ribs-12-2020-0155.

De Silva, M., Khan, Z., Vorley, T. and Zeng, J. (2020), "Transcending the pyramid: opportunity co-creation for social innovation", *Industrial Marketing Management*, Vol. 89, pp. 471-486.

Denzin, N.K. (2009), "The elephant in the living room: or extending the conversation about the politics of evidence", *Qualitative Research*, Vol. 9 No. 2, pp. 139-160, doi: 10.1177/1468794108098034.

Dionisio, M. and de Vargas, E.R. (2020), "Corporate social innovation: a systematic literature review", *International Business Review*, Vol. 29 No. 2, 101641, doi: 10.1016/j.ibusrev.2019.101641.

Doz, Y. (2011), "Qualitative research for international business", *Journal of International Business Studies*, Vol. 42 No. 5, pp. 582-590, doi: 10.1057/jibs.2011.18.

Edquist, C. (1997), "Systems of innovation approaches - their emergence and characteristics", in Edquist, C. (Ed.), *Systems of Innovation: Technologies, Institutions and Organizations*, Pinter/Cassell, London.

Eisenhardt, K.M. (1989), "Building theories from case study research", *Academy of Management Review*, Vol. 14 No. 4, pp. 532-550, doi: 10.5465/amr.1989.4308385.

Eisenhardt, K.M. and Graebner, M.E. (2007), "Theory building from cases: opportunities and challenges", *Academy of Management Journal*, Vol. 50 No. 1, pp. 25-32, doi: 10.5465/amj.2007.24160888.

Elg, U. and Ghauri, P. (2015), "Institutional forces and firms' positioning in China and Brazil", in *Entrepreneurship in International Marketing*, Emerald Group.

Elg, U., Ghauri, P.N., Child, J. and Collinson, S. (2017), "MNE microfoundations and routines for building a legitimate and sustainable position in emerging markets", *Journal of Organizational Behavior*, Vol. 38 No. 9, pp. 1320-1337, doi: 10.1002/job.2214.

Fast-Fashion (2019a), "Fast-fashion group annual report 2019".

Fast-Fashion (2019b), "Sustainability performance report 2019".

Forbes (2020), "Who are the 100 most sustainable companies of 2020?", available at: https://www.forbes.com/sites/samanthatodd/2020/01/21/who-are-the-100-most-sustainable-companies-of-2020/?sh=6f8527b614a4 (accessed 20 February 2023).

George, G. and Schillebeeckx, S.J. (2022), "Digital transformation, sustainability, and purpose in the multinational enterprise", *Journal of World Business*, Vol. 57 No. 3, 101326, doi: 10.1016/j.jwb.2022.101326.

Ghauri, P.N. (2022), "The role of multinational enterprises in achieving sustainable development goals", *AIB Insights*, Vol. 22 No. 1, pp. 1-5, doi: 10.46697/001c.31077.

Ghauri, P. and Grønhaug, K. (2010), *Research Methods in Business Studies*, 4th ed., Financial Times Prentice Hall, Harlow.

Ghemawat, P. (2001), "Distance still matters: the hard reality of global expansion", *Harvard Business Review*, Vol. 79 No. 8, pp. 137-147.

Hah, K. and Freeman, S. (2014), "Multinational enterprise subsidiaries and their CSR: a conceptual framework of the management of CSR in smaller emerging economies", *Journal of Business Ethics*, Vol. 122 No. 1, pp. 125-136, doi: 10.1007/s10551-013-1753-8.

Hall, J. (2014), "Innovation and entrepreneurial dynamics in the base of the pyramid", *Technovation*, Vol. 34 Nos 5-6, pp. 265-269, doi: 10.1016/j.technovation.2014.04.001.

Hall, J. and Clark, W. (2003), "Introduction to the special issue on environmental innovation", *Journal of Cleaner Production*, Vol. 11 No. 4, pp. 343-346, doi: 10.1016/s0959-6526(02)00070-7.

Hartley, J. (2005), "Innovation in governance and public services: past and present", *Public Money and Management*, Vol. 25 No. 1, pp. 27-34.

Horbach, J. (2008), "Determinants of environmental innovation—new evidence from German panel data sources", *Research Policy*, Vol. 37 No. 1, pp. 163-173, doi: 10.1016/j.respol.2007.08.006.

Hult, G.T.M., Mena, J.A., Gonzalez-Perez, M.A., Lagerström, K. and Hult, D.T. (2018), "A ten country-company study of sustainability and product-market performance: influences of doing good, warm glow, and price fairness", *Journal of Macromarketing*, Vol. 38 No. 3, pp. 242-261, doi: 10.1177/0276146718787017.

Jimenez, D., Franco, I.B. and Smith, T. (2021), "A review of corporate purpose: an approach to actioning the sustainable development goals (SDGs)", *Sustainability*, Vol. 13 No. 7, 3899, doi: 10.3390/su13073899.

Karam, C.M. and Jamali, D. (2013), "Gendering CSR in the Arab Middle East: an institutional perspective", *Business Ethics Quarterly*, Vol. 23 No. 1, pp. 31-68, doi: 10.5840/beq20132312.

Kemp, R. and Volpi, M. (2008), "The diffusion of clean technologies: a review with suggestions for future diffusion analysis", *Journal of Cleaner Production*, Vol. 16 No. 1, pp. 14-21, doi: 10.1016/j.jclepro.2007.10.019.

Klewitz, J. and Hansen, E.G. (2014), "Sustainability-oriented innovation of SMEs: a systematic review", *Journal of Cleaner Production*, Vol. 65, pp. 57-75, doi: 10.1016/j.jclepro.2013.07.017.

Kogut, B. and Zander, U. (1992), "Knowledge of the firm, combinative capabilities, and the replication of technology", *Organization Science*, Vol. 3 No. 3, pp. 383-397, doi: 10.1287/orsc.3.3.383.

Kolk, A. (2016), "The social responsibility of international business: from ethics and the environment to CSR and sustainable development", *Journal of World Business*, Vol. 51 No. 1, pp. 23-34, doi: 10.1016/j.jwb.2015.08.010.

Kumar, N., Scheer, L. and Kotler, P. (2000), "From market driven to market driving", *European Management Journal*, Vol. 8 No. 2, pp. 129-142, doi: 10.1016/s0263-2373(99)00084-5.

Kumar, P., Singh, S.K., Pereira, V. and Leonidou, E. (2020), "Cause-related marketing and service innovation in emerging country healthcare: role of service flexibility and service climate", *International Marketing Review*, Vol. 37 No. 5, pp. 803-827, doi: 10.1108/imr-03-2019-0101.

Kumar, V. and Srivastava, R. (2020), "New perspectives on business model innovations in emerging markets", *Journal of the Academy of Marketing Science*, Vol. 48 No. 5, pp. 815-825.

Langley, A.N.N., Smallman, C., Tsoukas, H. and Van de Ven, A.H. (2013), "Process studies of change in organization and management: unveiling temporality, activity, and flow", *Academy of Management Journal*, Vol. 56 No. 1, pp. 1-13, doi: 10.5465/amj.2013.4001.

Larson, A.L. (2000), "Sustainable innovation through an entrepreneurship lens", *Business Strategy and the Environment*, Vol. 9 No. 5, pp. 304-317, doi: 10.1002/1099-0836(200009/10)9:53.0.co;2-o.

Lee, T.W., Mitchell, T.R. and Sablynski, C.J. (1999), "Qualitative research in organizational and vocational psychology, 1979-1999", *Journal of Vocational Behavior*, Vol. 55 No. 2, pp. 161-187, doi: 10.1006/jvbe.1999.1707.

Lind, C.H., Kang, O., Ljung, A. and Forsgren, M. (2018), "MNC involvement in social innovations: the issue of knowledge, networks and power", *Critical Perspectives on International Business*, Vol. 16 No. 1, pp. 79-99, doi: 10.1108/cpoib-09-2017-0060.

Lind, C.H., Kang, O., Ljung, A. and Rosenbaum, P. (2022), "Involvement of multinational corporations in social innovation: exploring an emerging phenomenon", *Journal of Business Research*, Vol. 151, pp. 207-221, doi: 10.1016/j.jbusres.2022.07.003.

Liou, R.S. and Rao-Nicholson, R. (2021), "Multinational enterprises and Sustainable Development Goals: a foreign subsidiary perspective on tackling wicked problems", *Journal of International Business Policy*, Vol. 4 No. 1, pp. 136-151, doi: 10.1057/s42214-020-00080-8.

Midgley, G. and Lindhult, E. (2021), "A systems perspective on systemic innovation", *Systems Research and Behavioral Science*, Vol. 38 No. 5, pp. 635-670, doi: 10.1002/sres.2819.

Miles, M.B. and Huberman, A.M. (1994), *Qualitative Data Analysis: an Expanded Sourcebook*, Sage, New York.

Miller, S.R., Lavie, D. and Delios, A. (2016), "International intensity, diversity, and distance: unpacking the internationalization–performance relationship", *International Business Review*, Vol. 25 No. 4, pp. 907-920, doi: 10.1016/j.ibusrev.2015.12.003.

Mirvis, P., Herrera, M.E.B., Googins, B. and Albareda, L. (2016), "Corporate social innovation: how firms learn to innovate for the greater good", *Journal of Business Research*, Vol. 69 No. 11, pp. 5014-5021, doi: 10.1016/j.jbusres.2016.04.073.

Montiel, I., Cuervo-Cazurra, A., Park, J., Antolín-López, R. and Husted, B.W. (2021), "Implementing the United Nations' sustainable development goals in international business", *Journal of International Business Studies*, Vol. 52 No. 5, pp. 999-1030.

Narula, R. (2019), "Enforcing higher labor standards within developing country value chains: consequences for MNEs and informal actors in a dual economy", *Journal of International Business Studies*, Vol. 50 No. 9, pp. 1622-1635, doi: 10.1057/s41267-019-00265-1.

Nasdaq (2012), "What is the difference between a developed, emerging, and Frontier market?", available at: https://www.nasdaq.com/articles/what-difference-between-developed-emerging-and-frontier-market-2012-05-11 (accessed 17 August 2023).

Nilsson, M., Chisholm, E., Griggs, D., Howden-Chapman, P., McCollum, D., Messerli, P., Neumann, B., Stevance, A.S., Visbeck, M. and Stafford-Smith, M. (2018), "Mapping interactions between the sustainable development goals: lessons learned and ways forward", *Sustainability Science*, Vol. 13 No. 6, pp. 1489-1503, doi: 10.1007/s11625-018-0604-z.

Nonet, G.A.H., Gössling, T., Van Tulder, R. and Bryson, J.M. (2022), "Multi-stakeholder engagement for the sustainable development goals: introduction to the special issue", *Journal of Business Ethics*, Vol. 180 No. 4, pp. 945-957, doi: 10.1007/s10551-022-05192-0.

Nylund, P.A., Brem, A. and Agarwal, N. (2021), "Innovation ecosystems for meeting sustainable development goals: the evolving roles of multinational enterprises", *Journal of Cleaner Production*, Vol. 281, pp. 728-735.

Park, B.I. and Ghauri, P.N. (2015), "Determinants influencing CSR practices in small and medium sized MNE subsidiaries: a stakeholder perspective", *Journal of World Business*, Vol. 50 No. 1, pp. 192-204, doi: 10.1016/j.jwb.2014.04.007.

Prashantham, S. and Birkinshaw, J. (2020), "MNE–SME cooperation: an integrative framework", *Journal of International Business Studies*, Vol. 51 No. 7, pp. 1161-1175, doi: 10.1057/s41267-019-00214-y.

Rao-Nicholson, R., Vorley, T. and Khan, Z. (2017), "Social innovation in emerging economies: a national systems of innovation based approach", *Technological Forecasting and Social Change*, Vol. 121, pp. 228-237, doi: 10.1016/j.techfore.2017.03.013.

Reimann, F., Ehrgott, M., Kaufmann, L. and Carter, C.R. (2012), "Local stakeholders and local legitimacy: MNEs' social strategies in emerging economies", *Journal of International Management*, Vol. 18 No. 1, pp. 1-17, doi: 10.1016/j.intman.2011.06.002.

Reimann, F., Rauer, J. and Kaufmann, L. (2015), "MNE subsidiaries' strategic commitment to CSR in emerging economies: the role of administrative distance, subsidiary size, and experience in the host country", *Journal of Business Ethics*, Vol. 132 No. 4, pp. 845-857, doi: 10.1007/s10551-014-2334-1.

Rennings, K. (2000), "Redefining Innovation - eco-innovation research and the contribution from ecological economics", *Ecological Economics*, Vol. 32 No. 2, pp. 319-332, doi: 10.1016/s0921-8009(99)00112-3.

Sætre, A.S. and Van de Ven, A. (2021), "Generating theory by abduction", *Academy of Management Review*, Vol. 46 No. 4, pp. 684-701, doi: 10.5465/amr.2019.0233.

Schaltegger, S. and Burritt, R. (2018), "Business cases and corporate engagement with sustainability: differentiating ethical motivations", *Journal of Business Ethics*, Vol. 147 No. 2, pp. 241-259, doi: 10.1007/s10551-015-2938-0.

Schumpeter, J.A. (1934), *The Theory of Economic Development: An Inquiry into Profits, Capital, Credit, Interest and the Business Cycle*, Harvard Business Press, Cambridge, MA.

Sinkovics, N. and Archie-Acheampong, J. (2019), "The social value creation of MNEs—a literature review across multiple academic fields", *Critical Perspectives on International Business*, Vol. 16 No. 1, pp. 7-46, doi: 10.1108/cpoib-06-2017-0038.

Sinkovics, N., Sinkovics, R.R. and Yamin, M. (2014), "The role of social value creation in business model formulation at the bottom of the pyramid–implications for MNEs?", *International Business Review*, Vol. 23 No. 4, pp. 692-707, doi: 10.1016/j.ibusrev.2013.12.004.

Sinkovics, N., Gunaratne, D., Sinkovics, R. and Molina-Castillo, F.J. (2021a), "Sustainable business model innovation: an umbrella review", *Sustainability*, Vol. 13 No. 13, 7266, doi: 10.3390/su13137266.

Sinkovics, N., Sinkovics, R.R. and Archie-Acheampong, J. (2021b), "Small-and medium-sized enterprises and sustainable development: in the shadows of large lead firms in global value chains", *Journal of International Business Policy*, Vol. 4 No. 1, pp. 80-101, doi: 10.1057/s42214-020-00089-z.

Smith, A., Voss, J. and Grin, J. (2010), "Innovation studies and sustainability transitions: the allure of the multi-level perspective and its challenges", *Research Policy*, Vol. 39 No. 4, pp. 435-448, doi: 10.1016/j.respol.2010.01.023.

Tarnovskaya, V., Tolstoy, D. and Hånell, S.M. (2022), "Drivers or passengers? A taxonomy of multinationals' approaches to corporate social responsibility implementation in developing markets", *International Marketing Review*, Vol. 39 No. 7, pp. 1-24, doi: 10.1108/imr-05-2021-0161.

Telecom (2017), "Codes of business ethics: an overview".

Telecom (2018b), "Sustainability and corporate responsibility report 2018".

Telecom (2019b), "Sustainability and corporate responsibility report 2019".

Trujillo-Barrera, A., Pennings, J.M. and Hofenk, D. (2016), "Understanding producers' motives for adopting sustainable practices: the role of expected rewards, risk perception and risk tolerance", *European Review of Agricultural Economics*, Vol. 43 No. 3, pp. 359-382, doi: 10.1093/erae/jbv038.

Turker, D. and Vural, C.A. (2017), "Embedding social innovation process into the institutional context: voids or supports", *Technological Forecasting and Social Change*, Vol. 119, pp. 98-113, doi: 10.1016/j.techfore.2017.03.019.

Utterback, J.M. and Abernathy, W.J. (1975), "A dynamic model of process and product innovation", *Omega*, Vol. 3 No. 6, pp. 639-656, doi: 10.1016/0305-0483(75)90068-7.

Van der Waal, J.W. and Thijssens, T. (2020), "Corporate involvement in sustainable development goals: exploring the territory", *Journal of Cleaner Production*, Vol. 252, 119625, doi: 10.1016/j.jclepro.2019.119625.

Van Tulder, R., Van Wijk, J. and Kolk, A. (2009), "From chain liability to chain responsibility: MNE approaches to implement safety and health codes in international supply chains", *Journal of Business Ethics*, Vol. 85 No. S2, pp. 399-412, doi: 10.1007/s10551-008-9742-z.

Van Der Waal, J.W., Thijssens, T. and Maas, K. (2021), "The innovative contribution of multinational enterprises to the sustainable development goals", *Journal of Cleaner Production*, Vol. 285, pp. 1-13.

Van Tulder, R., Rodrigues, S.B., Mirza, H. and Sexsmith, K. (2021), "The UN's sustainable development goals: can multinational enterprises lead the decade of action?", *Journal of International Business Policy*, Vol. 4, pp. 1-21.

Van Tulder, R. and Van Mil, E. (2022), *Principles of Sustainable Business: Frameworks for Corporate Action on the SDGs*, Taylor & Francis, New York.

Van Zanten, J.A. and Van Tulder, R. (2018), "Multinational enterprises and the Sustainable Development Goals: an institutional approach to corporate engagement", *Journal of International Business Policy*, Vol. 1 No. 3, pp. 208-233, doi: 10.1057/s42214-018-0008-x.

Varadarajan, R. and Kaul, R. (2018), "Doing well by doing good innovations: alleviation of social problems in emerging markets through corporate social innovations", *Journal of Business Research*, Vol. 86, pp. 225-233, doi: 10.1016/j.jbusres.2017.03.017.

Verbeke, A., Ciravegna, L., Lopez, L.E. and Kundu, S.K. (2019), "Five configurations of opportunism in international market entry", *Journal of Management Studies*, Vol. 56 No. 7, pp. 1287-1313, doi: 10.1111/joms.12355.

Wang, R. and Zhou, W.C. (2020), "The influence of regional institutional setting on the performance of innovative entrepreneurship: an emerging market perspective", *Chinese Management Studies*, Vol. 14 No. 3, pp. 639-659, doi: 10.1108/cms-08-2019-0294.

Wang, D., Cui, L., Vu, T. and Feng, T. (2022), "Political capital and MNE responses to institutional voids: the case of Chinese state-owned enterprises in Africa", *Organization Studies*, Vol. 43 No. 1, pp. 105-126, doi: 10.1177/0170840620954011.

Weber, M. and Hemmelskamp, J. (2005), *Towards Environmental Innovation Systems*, (Eds.), Springer Verlag, Berlin.

Welch, C., Plakoyiannaki, E., Piekkari, R. and Paavilainen-Mäntymäki, E. (2013), "Legitimizing diverse uses for qualitative research: a rhetorical analysis of two management journals", *International Journal of Management Reviews*, Vol. 15 No. 2, pp. 245-264, doi: 10.1111/ijmr.12001.

Welch, C. and Piekkari, R. (2017), "How should we (not) judge the 'quality'of qualitative research? A re-assessment of current evaluative criteria in International Business", *Journal of World Business*, Vol. 52 No. 5, pp. 714-725, doi: 10.1016/j.jwb.2017.05.007.

Wettstein, F., Giuliani, E., Santangelo, G.D. and Stahl, G.K. (2019), "International business and human rights: a research agenda", *Journal of World Business*, Vol. 54 No. 1, pp. 54-65, doi: 10.1016/j.jwb.2018.10.004.

Wood, G., Pereira, V., Temouri, Y. and Wilkinson, A. (2021), "Exploring and investigating sustainable international business practices by MNEs in emerging markets", *International Business Review*, Vol. 30 No. 5, 101899, doi: 10.1016/j.ibusrev.2021.101899.

World Economic Forum (2018), "The next economic growth engine scaling fourth industrial revolution technologies in production", available at: http://www3.weforum.org/docs/WEF_4IR_Beacons_of_Technology_and_Innovation_in_Manufacturing_report_2019.pdf (accessed 19 September 2021).

Wustenhagen, R., Hamschmidt, J., Sharama, S. and Starik, M. (2008), *Sustainable Innovation and Entrepreneurship*, Edward Elgar, Cheltenham.

Yang, X. and Rivers, C. (2009), "Antecedents of CSR practices in MNCs' subsidiaries: a stakeholder and institutional perspective", *Journal of Business Ethics*, Vol. 86 No. 2, pp. 155-169, doi: 10.1007/s10551-009-0191-0.

Zeschky, M.B., Winterhalter, S. and Gassmann, O. (2014), "From cost to frugal and reverse innovation: mapping the field and implications for global competitiveness", *Research-Technology Management*, Vol. 57 No. 4, pp. 20-27.

Zhang, M., Pawar, K.S. and Bhardwaj, S. (2017), "Improving supply chain social responsibility through supplier development", *Production Planning and Control*, Vol. 28 Nos 6-8, pp. 500-511, doi: 10.1080/09537287.2017.1309717.

About the authors

Sara Melén Hånell is Associate Professor at the Department of Marketing and Strategy at the School of Business, Society and Engineering, Mälardalen University. Her research focuses on the internationalization process of SMEs and the sustainability practices of MNEs. She has previously published articles in *Journal of World Business*, *International Marketing Review* and *Entrepreneurship and Regional Development*. The author is also affiliated with Mälardalen University, Västerås, Sweden.

Veronika Tarnovskaya is Associate Professor and Docent in marketing at the School of Economics and Management, Lund University. The major focus of her research is marketing strategy in the emerging market context, corporate branding and sustainability practices of MNEs. Veronika's publications can be read in several international journals such as *the Academy of Management Executive*, *International Marketing Review*, *International Journal of Retail and Distribution Management*, *Journal of Brand Management*, *Industrial Marketing Management* and *Marketing Intelligence and Planning*.

Daniel Tolstoy is Assistant Professor and Docent in marketing at the Stockholm School of Economics. His research focuses on innovation, marketing, sustainability and international business. He has published in journals such as *Technovation*, *International Marketing Review*, *International Business Review*, Journal of World Business and *British Journal of Management* Daniel Tolstoy is the corresponding author and can be contacted at: Daniel.Tolstoy@hhs.se