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The Search for Synergy

An Exploration of Challenges and Opportunities in Managing Sustainable Activities across Developed and Emerging Markets

by

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Abstract

Title: The Search for Synergies - An exploration of differences in challenges and opportunities in managing sustainable activities across developed and emerging markets

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Purpose: This thesis aims to synthesize existing– and previously isolated– frameworks on SVC through the lens of ABV and MNC synergy in the lens of international business. Additionally, the aim is to provide a deeper understanding of how Nordic MNCs could synergize their SVC activities across all their operating markets, alongside possible challenges and opportunities in doing so.

Methodology: To meet the twofold purpose of this thesis, a qualitative abductive approach is chosen to compare multiple cases. The data collection was based on semi-structured interviews with eight corporate managers in foremost sustainability from three case companies.

Theoretical Perspectives: This study is based on the Activity-based view coupled with theoretical lenses in value creation, global value chain, sustainability value creation, synergy in multinational corporations and governance which also constructs the theoretical framework.

Empirical Foundation: The empirical findings are based on comparison between three case studies in terms of the themes in balance of decentralization and centralisation, similarities and differences affecting sustainable value creation in developed and emerging markets as well as the balancing act between sustainable activities and profitability.

Conclusion: The findings suggest a shift in package logic in regards to MNCs' effort to synergize their SVC activities through different means such as shared tools and best-practice sharing forums. Furthermore, HQ holds a triple role of controller, facilitator, and stakeholder integrator to ensure collaborations, priority setting, and coherent compliance across all markets. Moreover, GVC SVC and GVC Governance should also be viewed as interdependent elements, and the strategy formulation on GVC SVC and GVC governance should be developed iteratively.

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1. Introduction

The importance of responsible business practices has become more amplified with growing pressure from different stakeholders (Jamali, 2010; Lyon & Montgomery, 2015; Santos et al., 2023). Governments at the international level are working together towards sustainable development through the Kyoto Protocols, the Paris Agreement, and COP 28 (UNFCCC, n.d.a; UNFCCC, n.d.b; United Nations, 2015). At the local level, governments are developing and implementing stricter regulatory frameworks; the previously developed countries-centric phenomenon is becoming a global trend following the upward trajectory of sustainability-focused regulations in emerging countries (KPMG, 2022). Customers, on the other hand, are not only demanding more environmentally and ethical products and services but also more transparency (Musgrove et al., 2018; Torelli et al., 2020). Furthermore, customers are becoming more aware of greenwashing (Lyon & Montgomery, 2015), thus it is critical for companies to develop and implement true-to-claim sustainability features and initiatives.

These interrelated pressures and demands have transformed the definition of CSR (Corporate Social Responsibility) (Bansal & Roth, 2000; Christmann, 2004; Jamali, 2010) and begged the question of the role of MNCs (multinational corporations) role as institutions in contributing to negative externalities to the society. One of the phenomena that draws criticism is the discrepancies between MNCs' sustainability-focused activities in their developed-country and emerging-country markets, with the latter receiving less attention and commitment compared to the prior. In some cases, this is even extended to *pollution haven,* where MNCs abuse the lax environmental regulations in their subsidiaries in emerging countries (Balcilar et al., 2023; Donaldson, 2023; Jamali, 2010; Jones et al., 2005). This critique has been particularly acute for Nordics-headquartered companies due to their image as role models in sustainable business practices (Strand et al., 2014).

It is shown that MNCs are more committed to making sustainable progress with more than 15,000 firms committed to the United Nations Global Compact universal sustainability initiatives implementation (Van Zanten & Van Tulder, 2021). Over 150 enterprises have also based their sustainability reports on the universal sustainability metrics and disclosure named Stakeholder Metrics (World Economic Forum, 2020, 2024). Alas, reducing environmental negative impacts and externalities is challenging (Ardito & Dangelico, 2018; Van Zanten & Van Tulder, 2021). Managing SVC (Sustainable Value Creation) throughout all operating markets is a complex task for MNCs (Rygh et al., 2022) due to the differences in regulations, market needs, and purchasing power across different markets. Additionally, the burden of proof on sustainability by investors for MNCs is also an issue to consider. Danone's previous CEO, Emmanuel Faber, who got ousted following pressures from investors, is one example of how for-profit companies prioritize financial achievement over sustainability performance (Winston, 2023).

Studies have shown, however, that commitment to sustainable activities– and thus SVC– can go hand-in-hand with financial success (Barko et al., 2022). Numerous research asserts that sustainability initiatives for sustainable development support firms' financial and business progress (Alshehhi et al., 2018; Ameer & Othman, 2012; Barnett & Salomon, 2006a; Chandler, 2020; Godfrey et al., 2009; Govindan et al., 2020; Kim et al., 2022; Tenuta, 2022; Waddock & Graves, 1997; Whelan & Fink, 2016). In fact, sustainability-committed companies outperform their competitors both in financial performance and the stock market (Eccles et al., 2014). Aside from missing the uncaptured value of CSR and sustainability as market opportunities (Hockerts, 2007), companies also risk their reputation (Gomez-Trujillo et al., 2020) and customers' perceived value by not implementing SVC (Jančiauskaitė et al., 2019). Sustainable positioning, however, comes with a caveat. To capture the values, firms must not only be transparent but also go beyond taking credit for adhering to regulations (De Jong et al., 2020). Therefore, to ensure resilience, MNCs have to be proactive in performing their role as institutions to advance societal impacts (Kanter, 2011) and be sustainably conscious across all their operating markets. Despite this pressing need, research on ways to synergize SVC activities in different markets is still lacking. We aim to fill this gap to enable MNCs to solve today's pressing sustainability issues while simultaneously achieving profitability. After all, as highlighted by (Chandler, 2020), it is MNCs' magnitude of scale and resources that will help society attain sustainable progress at the scale and rate that is genuinely meaningful.

1.1. Problematization

The ever-evolving CSR and sustainability have catalyzed a myriad of studies (Van Tulder et al., 2021) with various research streams including but not limited to shared value (Porter & Kramer, 2011), natural RBV (Resource-based View) for different economies (Hart & Milstein, 1999), SVC (Chandler, 2020), international business and CSR (Asmussen & Fosfuri, 2019; Brammer et al., 2021; Jamali, 2010; Jamali et al., 2015; Liou & Rao-Nicholson, 2021; Van Zanten & Van Tulder, 2021), and GVC (Global Value Chain) governance (Bair & Palpacuer, 2015; Gereffi et al., 2005; Humphrey & Schmitz, n.d.; Kano, 2018; Ryan et al., 2022). However, despite the vast existence and the increase in scientific contributions of SVC, research on synergies of SVC activities in developed and emerging markets within the context of MNCs is still limited (Asmussen & Fosfuri, 2019; Brammer et al., 2021; Eang et al., 2023; Jamali, 2010; Liou & Rao-Nicholson, 2021; Rygh et al., 2022). A review of existing literature reveals a twofold gap that remains unexplored.

First, while the existing literature helps differentiate the general context of SVC strategies between developed and emerging countries, there is a lack of focus on understanding the synergies of managing SVC activities within corporate context, especially for big-scale companies operating across developed and emerging markets (Asmussen & Fosfuri, 2019), as the literature generally exists in silo between one another (Van Tulder et al., 2021; Van Zanten & Van Tulder, 2021). Hart & Milstein (1999), for example, proposed a framework of SVC for different economies but left the discussion on managerial implications unexplored. This posits an underexplored research gap on managerial implications within the context of MNCs. Another research gap is further identified with mainstream international business prioritizing financial institutional logic and predominantly utilizing quantitative methods (Rygh et al., 2022). These gaps are significant and worthy to be explored for two reasons. First, the direction of CSR is continuously evolving. Sustainability regulatory framework development is progressing in developed countries, with CSRD (Corporate Sustainability Reporting Directive) as an example, as well as in emerging countries like China and India (KPMG, 2022). In turn, as aforementioned, a holistic corporate-level analysis on SVC makes business sense, as SVC ultimately impacts firms financial performance positively (Alshehhi et al., 2018; Barko et al., 2022; Eccles et al., 2014), enhances legitimacy and corporate reputation (Bebbington et al., 2008; Brønn &

Vidaver-Cohen, 2009; De Jong et al., 2020; Schaltegger & Hörisch, 2017), and offers new business opportunities (Hockerts, 2007; Porter & Kramer, 2011). Jamali (2010), Liou & Rao-Nicholson (2021), Rygh et al. (2022), and Van Zanten & Van Tulder (2021) echoed the same sentiment for the need for a synthesis of international business and sustainability-based & CSR activities.

Second, studies on mainstream international business for MNCs disproportionately focus on RBV (Dörrenbächer & Geppert, 2017). This is also reflected in the sustainability research stream, such as natural RBV (Hart, 1995). Whilst heated discussion between ABV (Activity-based View) and RBV proponents remains in regards to which theory is better in helping managers identify organizational capabilities to achieve competitive advantage (Barney, 2001; Johnson et al., 2009; Lynch, 2006; Priem & Butler, 2001; Sheehan & Foss, 2017), ABV is chosen as the focus for this paper. We believe this gap is worth fulfilling as RBV does not explicitly explicate what resources and capabilities are paramount, why they are so, and how they should be managed (Johnson et al., 2009; Priem et al., 2013; Priem & Butler, 2001). Barney's (1986) acknowledgment of how valuable sources of competitive advantage are intangible assets further strengthens Priem & Butler's (2001) argument on the tacit knowledge embedded in RBV. The tacit nature of RBV inherently results in the lack of specificities and the practical elements needed to help managers implement it (Johnson et al., 2009). Moreover, Sheehan & Foss (2009, 2017) highlighted that the source of firm capabilities does not merely come from resources themselves per se but also how they are utilized and managed. As this research is looking to explore MNCs' challenges and opportunities in synergizing their SVC activities across all of their developed and emerging markets, ABV will provide a ground of understanding on how activities help analyze capabilities (Sheehan & Foss, 2017) and how they holistically link to the development and deployment of resources throughout the organization (Schilke, 2014; Sheehan & Foss, 2017). ABV is also helpful in identifying competitive advantage when firms own the same or adjacent resources (Porter, 1985, 1990, 2008); this ultimately will aid this paper's aim of exploring holistic SVC activities synergy strategies even when firms do not possess absolutely rare and inimitable resources in the context of today's globalization and open information.

Additionally, research on SVC activities and synergy strategies, specifically for Nordics-headquartered MNCs, is limited. Existing literature primarily explores SVC exclusively within the Nordic context. However, as previously argued, the perception of Nordics-headquartered MNCs as a role model in sustainability, the heightened expectation of holistic CSR, and the development of regulatory frameworks across both developed and emerging countries further motivate the need for research synthesization of SVC activities synergies across all operating markets, especially for Nordics-headquartered MNCs.

To summarize, a synthesized holistic study on SVC activities synergies across developed and emerging markets within Nordics-headquartered MNCs context is significantly under-researched.

1.2. Purpose and Research Question

Following the problematization of research SVC activities synergy for MNCs, the aim of this thesis is twofold. First, this thesis aims to address the research gap explained in the previous section by synthesizing existing– and previously isolated– frameworks on SVC through the lens of ABV and MNC synergy in the lens of international business. This directly connects to the second aim of exploring and better understanding how Nordics-headquartered MNCs synergize their SVC activities across their developed and emerging markets, including the challenges and opportunities in managing them. With the changing empirical setting of increasing expectations and regulations on CSR for MNCs, this study aims to enhance sustainability practitioners' knowledge of the issue and hopefully enable them to optimize their SVC through synergizing their activities across all markets. For society, by helping MNCs deliver SVC not only in their developed markets but also in emerging ones, this thesis aims to overturn, or at least reduce, MNCs' negative impacts, especially in emerging countries.

Hence, the purpose of this thesis is to provide a deeper understanding of how Nordic MNCs could synergize their SVC activities across all their operating markets, alongside possible challenges and opportunities in doing so. To actualize this purpose, the following research question was constructed:

Research Question (RQ):

How are Nordic-headquartered companies synergizing SVC *across their developed and emerging markets?*

1.3. Scope and Delimitation of the Thesis

The scope of this study is to find a holistic understanding of how Nordics-headquartered MNCs synergize their SVC activities throughout their value chain across developed and emerging markets. This study will not delve into the debate over MNCs' CSR impacts in emerging countries and whether those impacts are positive or negative. Instead, this research will focus on the strategic management significance of how MNCs could synergize their SVC activities in their developed and emerging markets in a way that enables them to deliver sustainable impact and ensure profitability.

For the empirical delimitations, this study will only focus on MNCs. Our indicator for MNCs is companies who operate in seven or more markets with at least one market located in an emerging country. This study will only focus on product-based companies as opposed to service-based ones. The exploration of the research is narrowed to strategic management strategies within the scope of synergy strategies as opposed to technical aspects of the SVC of the activities themselves.

For the theory delimitation, the study will focus on SVC with a synthesis of ABV and value creation theories, contrary to RBV. The study will utilize several value creation logics– namely value chain, value shop, and package logic– that are most suitable to the RQ and the empirical focus. We acknowledge the existence of other value creation logic, particularly value network by Stabell & Fjeldstad (1998). That said, the three value creation logics were chosen due to the nature of our research scope and the case companies' industries being product-based. Finally, the exploration of value creation activities will focus on the corporate level and, therefore, connect closely to MNC synergy strategies and the GVC–and how these are cascaded regionally.

Furthermore, the study will not touch upon the technicalities and details of value creation activities within the business units, and thus will not discuss business-unit-based sustainable business model creations and innovations, and sustainable innovations.

1.4. Outline of the Thesis

Following the introduction detailing the background and purpose of this study, the literature review aims to provide a theoretical foundation for SVC activities synergies, through reviews of previous studies on ABV coupled with value creation logics. Subsequently, theories in the areas of corporate governance, GVC, MNCs, and SVC are synthesized to grasp revelant concepts relevant to this study's RQ. Following that, a framework covering important and relevant concepts from various interconnected literature viewpoints is showcased.

The third chapter covers the rationale behind methodology choices, design, case companies, and data collection, followed by the analysis that supports the research's effort in answering the RQ. The methodology chapter is concluded with validity and reliability, and ethical considerations.

The next chapter provides an overview of the case companies and empirical findings gathered from the data collection. The empirical findings fall within the themes of *the balance of decentralization and centralization*, *similarities and differences affecting SVC in developed and emerging markets,* as well as *the balancing act between sustainable initiatives and profitability*.

The fifth chapter presents a discussion between the identified relevant theoretical foundations and the empirical findings from the study.

The final chapter provides a conclusion explaining theoretical and practical implications alongside limitations and possible research areas to explore for future research opportunities.

2. Literature Review

This chapter covers previous literature on the research topic, which is paramount to developing an understanding of current theoretical and research aspects surrounding the research problem, which will, therefore, help to solve it (Bougie & Sekaran, 2020; Creswell & Creswell, 2023). The first exploration of this chapter is research on the value chain with a focus on ABV and value creation. Moreover, this literature review presents concepts regarding sustainability in the areas of corporate governance, corporate sustainability, and SVC. Lastly, it showcases an understanding of research in MNCs' sustainable development, SVC activities in emerging countries, and alignment of HQ's (headquarter) and subsidiaries' sustainability activities.

2.1. Value Chain

2.1.1. ABV (Activity-Based View)

ABV is a strategic framework developed by Porter in his analysis of firm competitive advantage. Porter argued that using activities as a unit of analysis is central to firm performance improvement as it provides an understanding of how customer value is created (Porter, 1985, 1990, 2008). The path dependencies of the framework itself are possibly derived from various economic and management concepts and research; the open-ended yet well-rounded characteristic makes it widely used as inspiration in academic literature and applied by business practitioners (Sheehan & Foss, 2009).

Porter (1985, 1990, 2008) asserted that value is not merely derived from the output produced by the firm but rather from the interdependent activities performed by the firm. He argued that the value is not only the margin of the cost of production and price of a product or service but also the margin of the costs of activities performed and its relationship to customers' willingness to pay in relation to said discreet firms' set of activities. Porter asserted that only by dissecting these activities can firms identify their potential sources of competitive advantage. Competitive advantage in this context is defined as what additional values can a certain firm offer compared to its competitors. ABV highlights that this competitive advantage can be achieved when firms can identify how each activity brings distinct advantages in different ways. Porter outlined this through *value chain*, a template of individual activities performed to create value for customers. He asserted that value chain strategy formulation hinges on either reducing costs in performing these activities or raising buying willingness by doing these activities, or both simultaneously. On top of understanding the cost-value relationship of each activity, it is also paramount for these activities to be carried out with a systemic view in mind, that is the value chain should optimize the firm instead of specific business units or functions.

Value-chain has been used as an inspiration for a myriad of strategy works. Barney & Hesterly (2015) introduced the VRIO (Value, Rarity, Imitability, and Organization), in their book Strategic Management and Competitive Advantage, as a decision-making framework as a guide to gaining and sustaining competitive advantage. The framework relies on core ideas, including value-chain analysis, and explores how value-chain analysis is linked to valuable resources and capabilities identification and thus helps identify potential sources of competitive advantage in a more granular way. Hitt et al. (2015) also asserted value chain is a crucial factor for firms to determine whether their core competencies are sources of competitive advantage. They further argue that resources are not inherently competitive advantages– they only become so when firms can utilize them to develop their capabilities. Some of these capabilities then become core competencies and potential sources of competitive advantage. They share the same sentiment as Penrose (1995) on the importance of resources to be utilized and viewed in combination with other resources, which Sheehan & Foss (2017) put into context as activity. Johnson et al. (2009) and Lynch (2006) highlight how organizations can achieve competitive advantage through creating value for customers by identifying activities that bring value and activities that do not. They further asserted that value chain analysis can help firms understand their strategic position relating to what role different activities play. A firm can be extremely good at an activity, for example, intensive sales and marketing, yet be less efficient with other activities such as operations– this might be intentional to the positioning, nonetheless, the most important thing is the ability to understand this.

2.1.2. Value Creation

Continuing on the discussion of ABV, Porter (1985) highlights how the value chain framework is helpful in identifying competitive strengths, and thus competitive advantage, within the lens of the value chain through firm-level value creation. His value chain framework divides the activities into primary and support. By determining how each activity contributes to creating value for customers, firms can identify the overall value-creation processes, and consequently build their competitive advantage based on them. Porter (1985, 1990) also asserts that the value creation derived from the value chain is applicable to all industries. The main difference lies upon which activities the firm deems important depending on its industry (Stabell & Fjeldstad, 1998).

ABV has been cited and used as a foundation for a myriad of strategic management value creation research (Amit & Zott, 2015; Johansson & Jonsson, 2012; Normann & Ramirez, 1993; Priem et al., 2013; Stabell & Fjeldstad, 1998; Zott & Amit, 2010). Amit & Zott (2015) and Zott & Amit (2010), for example, highlight how different activities involving human, physical, and/or capital resources are carried out to fulfill a particular purpose that supports the firm's overall objectives. They posit that these activities are done interdependently between one another, or in other words, in the *activity system.* Therefore, to achieve a competitive advantage, firms ought to create values for all stakeholders, or as described by the authors, "create value with its partners" (Zott & Amit, 2010, p.218) and "appropriate a share of the value created itself" (Zott & Amit, 2010, p.218).

Stabell & Fjeldstad (1998) utilize the Porterian value chain (Porter, 1985) as their key reference for their value configuration analysis. Stabell & Fjeldstad (1998) share the same sentiment as Normann & Ramirez (1993) that Porter's value chain is too narrow of a concept as it primarily focuses on the industrial economy (Johansson & Jonsson, 2012). They argue that contrary to Porter's assertion (Porter, 1985, 1990), the framework is not applicable to all industries, particularly service industries. Therefore, they suggest that the value chain is one of the three value configurations to build a competitive advantage, alongside the value shop and the value network. They propose that the value chain logic is correlated to Thompson's (1967) long-linked technology, where the creation of value hinges on the transformation of inputs into outputs-- this transformation is a medium to transfer the values to the firm's customers. The competitive positioning is predominantly based on cost leadership and improvement of flows involving buyers and suppliers within the value systems. The value shop, on the other hand, is connected to Thompson's (1967) intensive technology utilization in solving customers' problems (Stabell & Fjeldstad, 1998). Differing from the value chain model, the competitive advantage derives from the quality of solutions offered to customers and not so much from the low cost of the products.

Stabell & Fjeldstad (1998) stipulate the need to explore hybrid forms of value creation configurations. Stabell (2001) further emphasizes that value configuration is adopted at the strategic business unit level. As companies can have several strategic business units, two different business units could apply two or more value configurations. They do, however, share strong linkages due to two reasons. First, as strategic business units are connected through shared activities, the value configurations are also inherently linked. Second, the primary value configuration should always be a core consideration when developing other strategic business units' value configuration for the firm to be able to achieve strategic positioning. Furthermore, this is the rationale behind Stabell's (2001) assertion on how hybrid value configuration should be considered as a corporate-level analysis. Johansson & Jonsson (2012) addressed Stabell & Fjeldstad's (1998) call for exploring hybrid forms of value configuration by analyzing the interplays of the value chain and value shop logic, and how firms can simultaneously customize their products and services to solve customers' problems and exploit previous customization projects for other sets of customers through repetition and replication– a concept previously discussed by Rivkin (2001) and Winter & Szulanski (2001)– of underlying solutions i.e. pre-specified service and product solutions. This approach, therefore, connects to the Porterian traditional value chain activity driver logic (Porter, 1985) on scale benefits and offers an overview of the interplay of value chain and value shop logic established by Stabell & Fjeldstad (1998). The repetitive delivery of the previous customization project facilitates cost efficiency at a large scale. Hence, the problem-solving part of value shop logic is not limited to serving a specific customer but also a whole market that shares those same pain points. This is done through what Johansson & Jonsson (2012) proposed as *Package Logic,* which is the utilization of past knowledge in solving customers' problems to achieve scale advantages through replication of underlying solutions, and thus transformation. Although this logic inherently produces more generic solutions, customizations could still be performed in addition to the underlying solutions.

To summarize, the literature review showcases how the concepts of ABV and value creation have been widely used to aid studies in strategic management. Albeit the open-endedness of the framework, the literature shared a common understanding of ABV and value creation in the way that ABV is concerned with interdependent relationships between different activities in a firm and how they create values for stakeholders including but not limited to customers, suppliers, and shareholders (Amit & Zott, 2015; Porter, 1985, 1990, 2008; Zott & Amit, 2010). In connection to value creation, the Porterian value chain has been used to identify how each activity contributes to creating value for customers, how firms can identify the overall value-creation processes, and therefore build their competitive advantage based on these (Hitt et al., 2015; Johnson et al., 2009; Lynch, 2006; Porter, 1985, 1990, 2008). Moreover, the value chain's competitive advantage hinges on cost leadership by increasing the efficiency of activities within the value systems (Hitt et al., 2015; Johansson & Jonsson, 2012; Normann & Ramirez, 1993; Porter, 1985, 1990; Stabell & Fjeldstad, 1998). The value shop's competitive advantage derives from the quality of tailored solutions offered to specific customers (Johansson & Jonsson, 2012; Stabell & Fjeldstad, 1998). Package logic, on the other hand, connects the value chain and value shop logic in a way that the repetitive delivery of previous customization projects enables scale benefits of the value chain logic and problem-solving of the value shop logic (Johansson & Jonsson, 2012). This conceptualization of ABV and value creation will be used throughout this study as it incorporates significant and relevant cornerstones of the value chain in connection to our RQ.

2.2. Sustainability

2.2.1 Corporate Governance

The origins of corporate governance dated back 800 years ago in religious and social communities. Its elements of problem-solving materialized in corporate business in the early twenties (Clarke, 2022). The author states that from this time on, the purpose of corporate governance has been to maintain accountability, stability, and performance in the organization that answers to shareholders and multiple stakeholders. Tricker (2023) points out that effective corporate governance is crucial for firms to attain corporate performance success in the long term.

One of the imminent implications of globalization is how MNCs' activities are currently dispersed all around the globe. With more scope of operating markets, the activities within the organization across different markets– defined as GVC– become more complex. Therefore, it becomes even more paramount for MNCs to have a clear governance structure in place for them to be able to navigate this complexity (Bair & Palpacuer, 2015). Industrial governance is one of the prominent concepts that interlinks GVC and corporate governance. It is specifically concerned with the coordination of interrelated activities within the organization.

The relationship between governance, GVC, and value creation has received academic attention. Wang & Wei (2007), for example, asserts that the inter-firm governance system contributes to control, and collaboration can influence the gain from collaboration-specific capabilities, which leads to the competitive advantage of a supply chain. Wolters (2023) highlights various governance gaps in the GVC, namely social and climate difficulties coupled with financial performance, which negatively impact suppliers' power compared with buyers. The author also reiterates previous studies on the need for international corporations to integrate with multiple stakeholders to address the governance gaps.

With changing environments putting pressure on corporate leaders to act responsibly and meet the requirements for the survival of their firm (Cikaliuk et al., 2022), a new empirical setting of GVC governance and value creation has emerged. A current environmental change is the evolving shareholders' and stakeholders' expectations on meeting sustainability demands (Clarke, 2022). Correspondingly, the role of corporate governance in solving social and climate issues while ensuring profits has become more amplified (ed. Mulej et al., 2021; OECD, 2022). Researchers also urge further studies to synergize corporate governance and corporate sustainable responsibilities rather than viewing them as mutually exclusive functions (ed. Mulej et al., 2021).

2.2.2. Corporate Sustainable Development

The importance of sustainability for societies across the globe has been heightened following the rising concerns about environmental and social issues (Engert & Baumgartner, 2016). This implication makes it paramount for corporations to drive sustainable development in a prominent role (Wolters, 2023). Although sustainability is becoming increasingly prevalent, it is still a complex problem with varying definitions and views on solutions (Weber et al., 2021). One commonly used definition of sustainability development took hold with the 1987 Brundtland report, which states that "sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (United Nations, 1987, p. 41). Following this, the global agreement on Sustainable Development Goals (SDGs) was also established in 2012 (United Nations, 2012), which then transpired to the implementation of 17 SDGS in 2015 (United Nations, 2015b) as well as the Paris Agreement– a legally binding international treaty on climate change (United Nations, 2015a). Corporations are essential for reaching the SDGs and contributing meaningful progress to achieve a more sustainable world (United Nations, 2019). A ubiquitous framework to measure performance in corporate sustainable development is TPL (Triple Bottom Line), which emphasizes the three lines of sustainability which are socially-focused *People*, environmentally-focused *Planet,* and economic-focused *Profit* (Elkington, 1997; Księżak & Fischbach, 2017; Savitz, 2013).

Due to its complexity, it is challenging for corporations to properly enforce sustainable development, however, if strategic corporate sustainability activities are managed right, they could be a significant source of competitive advantage (Baumgartner, 2014). The author further urges of delivering sustainable initiatives that are both effective in improving environmental and social performance and aligned with economic success. Regarding competitive advantage, numerous research suggests that sustainable development initiatives also support financial and business progress for firms (Alshehhi et al., 2018; Ameer & Othman, 2012; Barnett & Salomon, 2006a; Chandler, 2020; Godfrey et al., 2009; Govindan et al., 2020; Kim et al., 2022; Tenuta, 2022; Waddock & Graves, 1997; Whelan & Fink, 2016). A higher level of sustainability initiatives correlates to a higher level of financial and business performance (Barnett & Salomon, 2006), and this could be reached by holistically considering all various institutional contexts the business presents (Tenuta, 2022). Govindan et al. (2020) and Nnadi & Mutyaba (2023) also highlight that sustainable business activities are most likely to make a positive difference in financial performance in the long term.

2.2.3. SVC (Sustainable Value Creation)

Corporate sustainability activities aim to generate sustainable value for companies, necessitating a shift in thinking and action compared to traditional business-centric value creation, to minimize environmental and social harm (Wolters, 2023). SVC is defined as:

> "the incorporation of a holistic CSR perspective within a firm's strategic planning and core operations so that the firm is managed in the interests of a broad set of stakeholders to optimize value over the medium to long term" (Chandler, 2020, p. 102).

Holistic corporate sustainability perspective

Wolters (2023) asserts companies need to consider broader perspectives on global ecological and social problems in connection to their business implications within the firms' strategic planning and decision-making. s. Evans et al. (2017) state that it is crucial for firms to be able to recognize themselves as part of a system to maximize the total SVC. Evans et al. (2017) define this as *system thinking* and explain that system thinking helps firms make sense of and navigate SVC within the firm's specific industry. Moreover, this approach could result in a synergy effect, as it enables solutions–in the form of business activities– that simultaneously solve multiple problems, thus creating sustainable value advantages for companies. Wolters (2023) demonstrates waste management in production activities and life-cycle analysis as methods to comprehend broader viewpoints of the value chain and to find synergies between market and environmental objectives. He also emphasizes that SVC will also be optimized when sustainable options are fully utilized in business activities.

Stakeholders

Numerous studies support Chandler's (2020) assertion on the importance of recognizing stakeholders' roles in creating SVC. These studies emphasize that the ability to manage stakeholders across various business activities is a critical determinant of the success of the company (Aronson & Henriques, 2023; Cuevas Lizama & Royo‐Vela, 2023; Donaldson, 2023; Evans et al., 2017; Freudenreich et al., 2020; Manninen et al., 2024; Nnadi & Mutyaba, 2023; Wolters, 2023). Freudenreich et al. (2020) enhanced previous SVC research by contributing an SVC framework with a specific focus on stakeholder approach. The authors highlight that stakeholder relationships and value exchanges associated with various business activities are fundamental elements of SVC. The stakeholders within this framework include societal stakeholders, financial stakeholders, customers, employees, and business partners. By adapting focal business activities to the needs and expectations of each stakeholder group, companies can achieve a more comprehensive understanding of how to integrate stakeholders into the process of creating SVC.

Medium to long-term

Several researchers within the field of SVC argue that a crucial factor for achieving sustainable business success through corporate sustainability initiatives is shifting from a short-term perspective to a medium to long-term view of business performance(Evans et al., 2017; Manninen et al., 2024; Nnadi & Mutyaba, 2023; Wolters, 2023). Despite the importance of embracing a medium to long-term perspective in value optimization according to Chandler (2020), it is still necessary for businesses to strike a balance between short-term and long-term thinking (Wolters, 2023). As highlighted by Wolters (2023), success can be attained when stakeholder requirements are met whilst also ensuring organizations' profitability, competitiveness, and resilience are also ensured. Therefore, short-term profitability is an important factor to consider in enabling long-term value creation and continuity. This balance could be achieved with sustainability-led business models.

Upgraded SVC approaches

Donaldson (2023) critiques the current literature on corporate SVC for its predominant reliance on a one-size-fits-all approach. He advocates for an improved model of value creation, where success in business sustainability activities is assessed through more nuanced metrics, thereby advancing theories related to stakeholders and overall corporate sustainability.

Manninen et al. (2024), through a review of 85 recent research articles on SVC, propose a framework comprising core elements of SVC. This framework includes a temporal view, which focuses on the timing of value creation, and a spatial view, which identifies the locations where value is created. Additionally, the framework also encompasses the management of tensions and conflicts in value creation. The authors argue that these holistic core elements can facilitate opportunities for SVC across various parts of the value network and help identify underlying factors that impede potential SVC.

Another concept introduced by Evans et al. (2017) touches upon failed value exchange in current business models, which could be a key source for discovering opportunities for SVC. The authors explain that new opportunities for value creation can emerge from recognizing and addressing forms of destroyed value or missed value within business activities. Moreover, by implementing strategies to search for value creation failures in the value chain involving multiple stakeholders, companies can enhance opportunities for SVC by reducing uncaptured value through changes in the value proposition.

2.3. MNC (Multinational Corporations)

2.3.1. The Role of MNCs in Sustainable Development

Over recent decades and centuries, multinational corporations (MNCs) have dramatically increased in number and influence, gaining substantial power to shape societies and impact both people and the environment (Fitzgerald, 2016; Scott et al., 2021).Numerous studies on the sustainability of MNCs indicate that these corporations now play a crucial role in societal development through their sustainability activities (Barkemeyer & Figge, 2014; Chandler, 2020; Chifan & Ipsalat, 2023; Elg & Hånell, 2023; Geissdoerfer et al., 2018; Husted & Allen, 2010; Ishak et al., 2017; Jamali et al., 2015; Nasta & Cundari, 2024). For instance, Chandler (2020) and Chifan & Ipsalat (2023) argue that MNCs are the most considerable type of firm because they have historically caused substantial environmental and social harm. However, this historical impact also positions MNCs as significant contributors to sustainable development, given their responsibility for the creation of these issues. Tarnovskaya (2023) emphasizes that due to their global influence, MNCs must transition from a purely competitive stance to a more cooperative approach to effect real change in industry sustainability. Elg & Hånell (2023) highlight that global enterprises can drive sustainable development in emerging economies through various activities rooted in market successes, thereby taking responsibility for fostering sustainability on a broader scale.

2.3.2. MNCs' SVC Activities in Emerging Countries and Their Challenges

The existing literature on the definitions of developed and emerging markets varies, yet certain common characteristics of these markets are frequently noted below:

> "Developed countries are characterized by high GDP per capita and low growth rates, whereas in emerging countries the opposite is found." (Dögl & Behnam, 2015, p. 584)

Contrary to the commonly used categorization of developed and emerging markets above, Strömbom (2010), Hu et al. (2021) and Cavusgil (2021) explain that emerging countries, particularly China and India, are experiencing significant economic growth. Therefore, it is essential to consider the economic development of emerging markets when examining specific countries' business contexts. On the other hand, although growth and GDP are increasing in these emerging economies, there is a simultaneous rise in inequality within these countries (OECD, 2011). Hart & Milstein, (1999) further distinguish emerging markets as countries where consumers have minimal purchasing power to meet their basic needs, while developed markets are characterized by consumers with sufficient purchasing power to afford a wide range of their desired needs and wants. Cavusgil (2021) also highlights that despite the substantial focus on GDP in emerging economies, future research should emphasize sustainability, which directly connects to the focus of this study.

MNCs can derive significant business value from sustainable activities in emerging markets, particularly by enhancing economic and human capital value (Abugre & Anlesinya, 2019). Jamali et al. (2019) further explain that MNCs' sustainability efforts in emerging countries, aligned with the SDGs (Sustainable Development Goals), could result in positive spillovers for their business operations. This approach can add value to host states, as suggested by Bremmer (2014), who outlined various strategies for MNCs to navigate governmental challenges in emerging markets. Dögl & Behnam (2015) also noted that sustainability activities have a more substantial positive impact in emerging markets compared to developed markets. This perspective aligns with Tarnovskaya (2023), who emphasized that global companies increasingly integrate global sustainability activities into their strategic planning, recognizing these activities as critical for maintaining competitive advantage.

MNCs face significant challenges in deciding whether to formulate uniform corporate sustainability strategies globally or adapt them to local factors. This complexity arises from the varying circumstances across their subsidiaries (Epstein & Roy, 2001). Husted & Allen (2010) further elucidate that MNCs encounter diverse expectations from governments worldwide, which adds to the pressure of generating sustainable value for societies. If these expectations are unmet, Bremmer (2014) and Dörrenbächer & Geppert (2017) argue that MNCs will face further strategic challenges due to protectionist policies by local governments in emerging countries. Chandler (2020) and Susnienė & Vanagas (2007) also emphasize the growing importance and difficulty of balancing stakeholder interests. Stakeholders include not only governments but also consumers and communities in emerging markets, who can significantly impact or be impacted by MNCs' activities (Freeman, 2010). One key challenge, as noted by Hart & Milstein (1999, p. 28), is that "sustainable development of the emerging economy will depend on firms' ability to meet rapidly growing demands without repeating wasteful, outdated practices". They further caution that successful sustainability initiatives in developed markets may not yield similar outcomes in emerging markets, underscoring the necessity for MNCs to tailor their global strategies to local demands. Current literature highlights the complexity of these challenges, noting that MNCs must consider numerous factors simultaneously in their corporate sustainability strategies to create value internationally in both the global south and north.

Bartlett & Ghoshal (1988) argued that a solution to successful strategic management in MNCs is to adopt a transnational approach, which combines global integration and local responsiveness. The study reveals an interesting finding on how European MNCs often struggle with global integration but excel in local responsiveness due to their decentralized subsidiaries. Conversely, Barkemeyer & Figge (2014) and Jamali et al. (2015) question the viability of the transnational approach for modern MNCs in addressing global sustainability challenges. They raise concerns about the increasing *headquartering effect,* which will be further elaborated in the next subsection.

2.3.3. MNCs' Alignment of HQ and Subsidiaries' Sustainability Activities

Current research indicates that while the increasing strategic prioritization of corporate sustainability activities yields positive effects, it also brings unintended challenges. On the relationship between HQs and subsidiaries specifically, the challenge lies in the possibility of imbalance in control and decision-making on sustainability initiatives (Barkemeyer & Figge, 2014; Jamali et al., 2015; Shah & Arjoon, 2015). This imbalance, referred to as the *headquartering effect* by Barkemeyer & Figge (2014) and Jamali et al. (2015), occurs when subsidiaries located outside of the HQ's home country develop sustainability initiatives with the HQ's strategic direction without taking responsiveness to local interests and the needs of local stakeholders into consideration. The increasing centralization of decision-making creates limitations in sustainability development within societies, as it leads to an imbalance in prioritization and an absence of local responsiveness. Specifically, Barkemeyer & Figge (2014) note that the *headquartering effect* encourages MNCs to prioritize strategies driven by a northern sustainability agenda, thereby failing to address the demands of stakeholders in emerging countries. In response to these challenges, Shah & Arjoon (2015) suggest that MNCs should manage international strategies in corporate sustainability initiatives by balancing the objectives of subsidiaries with the directives of the HQ. Additionally, Jamali et al. (2015) recommend that MNCs strategically integrate globally and locally responsive sustainability initiatives to simultaneously reduce costs and address market-specific social problems effectively.

Another perspective on the relationship between HQ and subsidiaries is highlighted by Ryan et al. (2022), who discuss how MNCs leverage GVC to organize business activities across multiple countries to gain location advantages and efficiency. The authors explain that these activities can be effectively managed by subsidiaries under the leadership of the HQ. However, they suggest that MNC HQs should not lead subsidiaries merely to control the GVC. Instead, to achieve successful utilization of subsidiaries within the GVC, it is recommended that MNC HQs continuously monitor and assess the development of their subsidiaries (Ryan et al. 2022). This support and evaluation enable subsidiaries to enhance their activities with more added value and efficiency within the GVC. This approach can help MNCs deliver significant contributions to sustainability development and secure advantages in foreign countries, including emerging markets.

2.4. Preliminary Framework

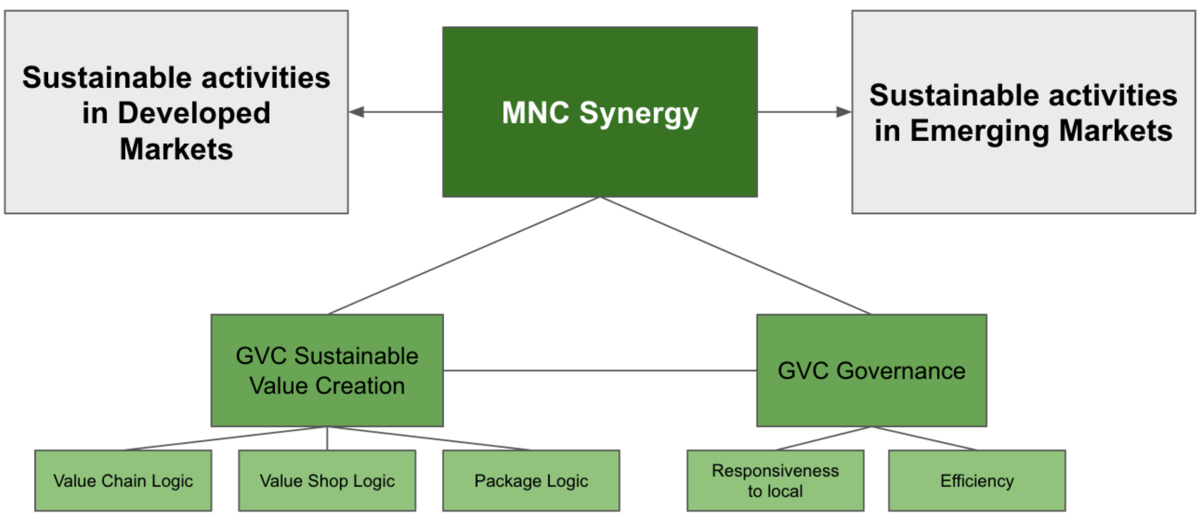

Figure 1: *Preliminary framework on how MNCs could utilize GVC SVC and governance to enhance sustainable activities synergy in developed and emerging markets (developed by the authors based on literature review)*

This preliminary framework is developed from the synthesization of existing theories explored in the previous subsections. At a broader level of value creation, the literature review, through the lens of ABV, suggests that a firm's activities are interdependent and should be viewed as a system. Understanding this interplay enables firms to identify ways to create value for their stakeholders. The literature on SVC has many facets, but the focus on the linkage between ABV and SVC in emerging markets highlights the importance of adopting a holistic approach to the market. This approach enables firms to navigate specific industries effectively. Our perspective incorporates the notion that navigation in emerging markets can either encompass entire industries or be an integral part of those industries.

When MNCs effectively navigate GVCs within both emerging and developed markets, they enhance their ability to create sustainable value activities. This holistic and strategic approach is crucial for maximizing the potential of their sustainability initiatives across diverse market contexts.

Considering the synergy of MNCs' sustainability practices, the literature review highlights the importance of balancing decision-making and responsibilities between MNCs' HQ and their subsidiaries within sustainable activities. A better balance in decision-making and responsibilities between MNCs' headquarters and subsidiaries leads to better governance of the GVC, thereby increasing SVC as MNCs become more responsive to the specific needs of their different markets. Moreover, integrating multiple stakeholders helps to fill governance gaps within the GVC, thereby improving social, climate, and financial performance. The horizontal relationship between GVC Governance and GVC SVC also transpires in how GVC SVC influences GVC Governance. Depending on the MNC-specific factors, different MNCs adopt one or more value creation logics, as highlighted in the literature review. The chosen value creation logic(s) will ultimately bring implications in the MNC's strategy formulation in the governance, including but not limited to the extent of centralization and decentralization of the MNC structure and business units' autonomy.

To summarize, when MNCs coordinate their sustainability efforts effectively across the dimensions mentioned above, MNCs can synergize their SVC activities in both developed and emerging markets, despite the challenges posed by varying market contexts.

3. Methodology

This chapter outlines and describes the methodology used to answer the RQ. It begins with a discussion of the methodological choices, evaluating whether a qualitative, quantitative, or mixed research method was most suitable. The following section details the research design and data collection strategy, cases selection, and data collection primarily through semi-structured interviews. Following this, the chapter explains the procedure for analyzing the collected data. The final sections address the validity, reliability, and ethical considerations of the study's methodology.

3.1. Research Design

Research design is defined as the plan that guides how to collect useful data and utilize it to answer the RQ (Bougie & Sekaran, 2020). The most common research designs are quantitative, qualitative, or mixed-method approaches (Bell et al., 2022; Creswell & Creswell, 2023; Ghauri et al., 2020; Patten, 2017). These authors further explain that the main difference between these methods is that quantitative research emphasizes numbers and measurements, while qualitative research focuses on words and conversations. The mixed-method approach combines both quantitative and qualitative elements. It is paramount to recognize that no research method is inherently superior to another; the choice should hinge on which method answers the research problem and the study's purpose best (Ghauri et al., 2020).

3.1.1. Qualitative Research Method

A qualitative research method was chosen to answer the RQ: *How are Nordic-headquartered companies synergizing SVC across their developed and emerging markets?* for several reasons. Firstly, it allows for the exploration of relevant factors and variables related to SVC activities and synergies between developed and emerging markets within the context of Nordic MNCs. Unlike a quantitative approach, which is more suited to validating the effects of known variables and factors over an outcome, the qualitative method facilitates the identification of new factors and a deeper understanding of the existing ones (Creswell & Creswell, 2023). Secondly, given that the research problem has not been holistically addressed in previous studies, the qualitative method provides the necessary flexibility to contextualize previously discovered factors within current empirical settings and uncover new ones. This approach enables this as it focuses on understanding the phenomenon of synergizing SVC activities globally based on practical experiences rather than strictly interpreting existing limited frameworks (Creswell & Creswell, 2023). Lastly, the qualitative method aligns with the study's purpose of synthesizing several theoretical frameworks, namely ABV-based value creation logic, SVC, and MNC synergy. A quantitative method, which emphasizes measuring concepts (Ghauri et al., 2020), would not have been appropriate for this particular purpose.

According to Bell et al. (2022), the approach to building a new theory is usually either inductive or deductive. The inductive method focuses on making conclusions and building new theories based on empirical data (Ghauri et al., 2020). However, Ghauri et al. (2020) note that this method can limit the reliability of the conclusions, as they are derived solely from empirical observations. For this reason, the study was not solely conducted based on an inductive approach. Conversely, the deductive approach is grounded in testing hypotheses based on existing literature (Bell et al., 2022). This approach would restrict the study to the relevance of qualitative data, as its conclusions are formed by literature logic rather than empirical observations (Ghauri et al., 2020). Based on these reasons, an abductive research approach was chosen, as it addresses the limitations of both deductive and inductive methods by combining elements of both in an iterative process (Bell et al., 2022). This iterative process of moving back and forth between existing theory and empirical data enables the generation of new theories (Tracy, 2019).

3.1.2. Multiple Case Studies Method

We concluded that the multiple case studies approach is most appropriate to answer our RQ. Although qualitative research design varies, our research problem aligns with the conditions for a case study design as proposed by Yin (2018). Firstly, the exploratory nature of our research question, which focuses on "how", is more concerned with "the tracing of operational processes overtime" in the synergy of SVC activities, rather than just the "mere frequencies or incidence" of these synergies (Yin, 2018, p.10). Secondly, our research phenomenon is progressing empirically and therefore considered a contemporary event that cannot be manipulated by researchers, making the case study approach suitable for examining these real-world contexts.

The multiple exploratory representative case studies approach was chosen as it exemplifies phenomena experienced by organizations, enabling a nuanced, empirically rich, and holistic overview (Bell et al., 2022). This approach offers significant advantages in answering our RQ. It makes a distinctive contribution to theory building in academic areas that are still unexplored in terms of theory and/or empirical substantiation, as argued by Eisenhardt (2021). The multiple case studies approach allows for the exploration of different perspectives, which is particularly helpful in building on existing theories that may not provide clear answers to newly evolved empirical settings, such as our research problem. Furthermore, by allowing for the identification of similarities and differences, this approach enriches the exploration of alternative explanations, thereby improving generalizability. This advantage substantially outweighs the limitations of single case studies, which often yield “more complicated and over-determined theories" (Eisenhardt, 2021, p.148). Additionally, multiple case studies address the boundary condition issues inherent in single case studies, such as the specificity of industry and geography.

To support the multiple case studies approach, replication logic elaborated by Yin (2018) is followed. The first step included theory development and followed by case selection as well as the disclosure of measurements used in the study. Following this logic, the focus of the study results should embody both each individual case study and multiple case studies findings. This approach also ensured consistency as all case study was studied in the same method to allow the findings to be compared accurately.

3.2. Case Selection

This section aims to elaborate on the choice of this study’s case companies and how it fulfills our research aim. For the vetting process, we approached corporate sustainability managers of Nordics-headquartered MNCs within product-based industries through our professional connections and online channels. The companies that participated in this study are two Sweden-headquartered MNCs and one Norway-headquartered MNC.

The chosen case companies were carefully selected as they hold high relevance to our RQ based on several reasons. First, all our case companies operate globally in seven or more operating markets with at least one operating market in emerging countries, and explicitly communicate their commitment to sustainability. These characteristics belonging to our case companies fit the empirical context of this research. Second, we chose MNCs that operate in product-based industries from different company sizes. This allows for holistic and generalizable perspectives that are still comparable with each other, which is crucial for the theory contribution building upon the identified research gap of previously siloed sustainability value creation and internationalization studies.

The respondents from all our case companies were sustainability managers and practitioners who possess in-depth knowledge of the sustainability activities within their MNCs. The scope of the knowledge depends on the respondent's role; however, we ensured holistic perspectives covering developed and emerging markets as well as different sustainability activities by having at least one respondent from the leadership level to get full end-to-end knowledge of the MNC's sustainability activities and governance on a corporate level on all MNC markets.

Case Company	**HQ-Country**	**Amount of Global Operational Markets**
Case 1	Norway	60
Case 2	Sweden	7
Case 3	Sweden	70

Table 1: *List of Case Companies*

3.3. Data Collection

The methodological choice of how to collect data is important to answer research questions in studies (Bell et al., 2022; Ghauri et al., 2020). In this study, the data collection consisted of eight semi-structured interviews with corporate professionals, predominantly from the field of sustainability, from three different case companies. Details on the case companies' offerings and value propositions were also obtained from the companies' websites. The following paragraphs will motivate the choices of conducting semi-structured interviews as a data collection method, coupled with the strengths and usage of an interview guide. Furthermore, this section discusses how we conducted our interviews alongside the potential strengths and weaknesses of the approach.

As part of the data collection, we began our process by contacting potential companies with criteria– explained in 3.3– suitable to answer our RQ. Utilizing our network of contacts, we had the opportunity to invite Case 2 company to participate in our study and generate additional contacts from the company. However, due to circumstances, only one additional interviewee was able to participate. Aside from this case company, the two other case companies were contacted individually. We were only able to interview one employee from Case 1 company; this was due to time constraints and limitations concerning confidentiality and compliance. The interviewee, however, holds a leadership position where he has visibility across all different sustainability divisions in all regions, thus the findings were nevertheless highly relevant and holistic to be used as part of the multiple case studies. We had the opportunity to interview the greatest number of employees from Case 3 company. The interviewees come from various organizational levels, sustainability divisions, and regions. Case 3 arguably offers the most holistic perspectives compared to the other two cases. However, to reiterate, the leadership position of the Case 1 participant and the size of Case 2 company– the fact that it is relatively smaller compared to the other two cases– still allowed us to get a detailed yet holistic picture of the MNCs' SVC activities synergy in diverse contexts, including but not limited to divisions and regions.

Interviews were chosen as the qualitative method for data collection, specifically semi-structured interviews, which are widely appreciated for their effectiveness (Ghauri et al., 2020). One reason for using this method is its suitability for exploring a specific topic (Bell et al., 2022). Semi-structured interviews are also recommended for ensuring cross-case comparability when studying multiple cases (Bell et al., 2022). Another advantage of semi-structured interviews is their flexibility, allowing the interviewer to ask well-timed questions and the participants to provide detailed responses (Bell et al., 2022), as this approach does not rely strictly on a predefined list of questions but instead uses open-ended questions to facilitate in-depth conversations. This flexibility helps achieve a deeper understanding of how participants perceive their company's efforts to synergize SVC activities across developed and emerging markets between their HQ and subsidiaries (Bell et al., 2022). Additionally, the semi-structured format helps maintain control over the questioning process (Creswell & Creswell, 2023).

Prior to conducting the semi-structured interviews, we prepared an interview guide to ensure that the questions were strongly linked to the research problem, thereby maximizing the potential for obtaining relevant and valid data (Ghauri et al., 2020). Following recommendations from Bell et al. (2022), we formulated suitable questions focusing on corporate governance in GVC, developed and emerging markets, and SVC, as these areas are critical to answering our RQ. The questions were designed to be open-ended rather than closed, maximizing the opportunity to understand the participants' individual worldviews. To delve deeper or clarify responses, follow-up questions were asked as needed. The interview guide was sent to participants one week prior to the scheduled interview date, which helped strengthen dependability (Bell et al., 2022). To test the interview guide, we had two exploratory interviews with sustainability experts from two case companies. This preliminary step ensured that the questions facilitated meaningful conversations and yielded relevant qualitative data. After these initial interviews, we refined the interview guide to enhance its effectiveness for in-depth interviews with the rest of the interviewees (Ghauri et al., 2020). Adjustments were made to alleviate any confusion and to merge repetitive questions. Utilizing the replication approach by Yin (2018), we incorporated a feedback loop to reduce biases and improve the interview process iteratively. This approach allowed us to refine our questions continuously, ensuring that they effectively addressed the RQ.

Before starting each interview, we ensured familiarity with the case company and the participant. This preparation helped us understand the terminologies and language used during the interview (Bell et al., 2022). We began each interview with an introductory question as a warm-up before transitioning to questions directly connected to the research problem. During the interviews, one of us asked the main questions while the other came up with supporting questions, following the suggestions by Kvale as referenced by Bell et al. (2022). This approach allowed the main interviewer to maintain our focus throughout the conversation while the other person simultaneously noted down supportive questions to elicit more qualitative responses. Additionally, we obtained consent to use voice recordings, which enabled us to concentrate fully on the interview without the distraction of manual note-taking, thereby enhancing our responsiveness and presence (Bell et al., 2022). After each interview, we asked the participants about their experiences. These reflections supported our learning and improvement for subsequent interviews.

Although interviews as a data collection method offer strengths such as deeper understanding and flexibility, they can also introduce biases due to the presence of the researcher and the awareness of being recorded (Bougie & Sekaran, 2020; Creswell & Creswell, 2023). Despite this, semi-structured interviews help mitigate these biases compared to more structured interview forms, providing a balance that supports the collection of more reliable and unbiased data (Ghauri et al., 2020).

Code Name	Case Company	Title	Interview Format	Interview Date	Interview Time
Phoenix	Case 1	Sustainability Director	Teams	11.04.2024	50 min
Phil	Case 2	Market Manager	Teams	12.04.2024	55 min
Aslan	Case 2	Sustainability Manager	On site	02.05.2024	48 min
Katya	Case 3	EMEIA Sustainability Manager	Teams	29.04.2024	53 min
Geralt	Case 3	Sustainability President	Teams	02.05.2024	54 min
Trixie	Case 3	Sustainability Director	Teams	03.05.2024	26 min
Cam	Case 3	Compliance and Sustainability Manager	Teams	07.05.2024	45 min
Dylan	Case 3	Global Sustainability Manager	Teams	08.05.2024	58 min

Table 2: *List of Case Participants*

3.4. Data Analysis

Before analyzing the case study data, it is recommended to develop a suitable and general analytic strategy (Yin, 2018). Rennstam & Wästerfors (2018) and Bell et al. (2022) highlight that contrary to quantitative studies, qualitative research can utilize several possible analysis approaches or general analytic strategies. As this study followed an iterative process, the analysis began after several interviews; subsequently, more focused data from subsequent interviews were compiled and analyzed (Bell et al., 2022). This study followed the *sorting, reducing, and arguing* approach suggested by Rennstam & Wästerfors (2018), coupled with the analytical technique of cross-case synthesis recommended for multiple-case studies by Yin (2018). This combined approach allowed us to make sense of the qualitative data with a clear and structured methodology.

Utilizing this method, we synthesized interview data from different perspectives to find differences and similarities between the case companies, which offered a better understanding of possible synergies of global sustainability activities and distinct sustainability initiatives specifically tailored for emerging markets for the MNCs. The cross-case synthesis technique was particularly helpful in contributing additional insights into the individual cases' differences and similarities through the entire analysis process.

Following the transcription of interview data, the qualitative material from different cases appeared scattered and thus required a sorting process (Rennstam & Wästerfors 2018). As suggested by the authors, the disordered empirical material was initially sorted into different themes, enhancing the data's orderliness and manageability. Subsequently, the data was re-sorted into categories, allowing us to spend time with the material to gain a familiarized view, which helped avoid cliché categorization. Rennstam & Wästerfors (2018) point out that sorting in qualitative research also comes with the risk of favoring certain approaches, which can weaken the quality of categorization. Therefore, we were carefully aware of our biases during sorting to strengthen differentiated sorting approaches, ensuring a rich understanding of the empirical data. The second step after sorting the qualitative material into themes, concepts, and categories was to reduce the data. By iteratively focusing on three key categories from the sorted themes—the *balance of decentralization and centralization, similarities and differences affecting SVC in developed and emerging markets, and the balancing act between sustainable initiatives and profitability*—the complexity of managing the material was simultaneously reduced (Rennstam & Wästerfors, 2018). The final part involved contending our empirical findings against previous research within the chosen categories to build a theorized argumentation. As described in the research design section, the interplay between theoretical aspects and empirical data within the analysis argumentation plays a key role in possibly establishing a theory (Rennstam & Wästerfors, 2018).

3.5. Validity and Reliability

3.5.1. Validity and Reliability

It is paramount to ensure validity and reliability for any research design (Creswell & Creswell, 2023). Although it is a common understanding that these concepts are foremost, the diverse nuances of different research designs determine the definition of validity and reliability of that corresponding research design (Bell et al., 2022). Taking this into consideration, this section of the thesis will focus on the validity and reliability of the case study research method. To assess this, Yin’s (2018) case studies' validity and reliability criteria were used. The criteria include construct validity, internal validity, external validity, and reliability. As the internal validity concern primarily belongs to explanatory case studies, this section will focus on the three other categories.

Construct validity is concerned with the definition of specific concepts regarding the research objection. The clarity of this definition is crucial to help readers understand the rationale behind the identified setting of the phenomena as well as the operational measures used to answer the research objective. For this study, the construct validity relates to the key framework of ABV, SVC, and MNC synergy strategies elaborated in the literature review section. Additionally, to increase the validity, we utilized multiple sources of evidence and had the case study draft reviewed by our interviewees as suggested by Yin (2018).

External validity is concerned with the generalizability of the study’s conclusion outside the context of the immediate research (Yin, 2018). The question of how profound the generalizability of the research is depending on the nature and intention of the research objective itself (Bell et al., 2022). As our research aim focuses on exploring a holistic understanding of the synergy of SVC activities in Nordics-headquartered MNCs across their developed and emerging markets, we assert generalizability as an important aspect of our research validity and reliability. We argue that our research design holds a considerable degree of theoretical generalizability due to the utilization of the replication logic in multiple case studies recommended by (Yin, 2018), which allows us to identify literal and theoretical replication across different industries and company sizes. Additionally, we will also utilize multiple data sources to improve our data validity (Creswell & Creswell, 2023). Our multiple data sources, different case companies, and various respondents' job titles align with Creswell & Creswell's (2023) data triangulation strategy to preempt biases and improve validity. We are aware that since we only had one interviewee from Case 1, we could not perform the triangulation strategy within the case. However, as aforementioned, our respondent holds a leadership position, which allows us to gain a vast perspective of group and divisional-level sustainability activities within the case company.

Reliability is concerned with whether the same research procedures will result in consistent findings. Reliability is primarily a concern of quantitative research (Bell et al., 2022) as replication of case studies research is uncommon (Yin, 2018). Nevertheless, we attempted to preempt this concern by providing an explicit disclosure of our research procedures covered in the previous section to ensure that the results can be expected to be consistent in a hypothetical scenario where the research is being repeated.

3.5.2. Research Design Limitations

Despite the strengths of multiple case studies highlighted in the previous section, we acknowledged that qualitative case study research design also carries limitations. First, the possible risk of the conclusion's limited generalizability when applied outside immediate study contexts (Yin, 2018). As we have two industries for three different cases, we recognize that some findings might not be as holistic and entirely applicable to all industries for different company sizes. While we are aware of this limitation, we consider our open-ended research question sufficient in bringing holistic perspectives on SVC synergy, as it does not focus on the technical and practical aspects of sustainable business innovations on business-unit levels, which are more niche and company-specific.

Another limitation falls into the practicalities of this design. Yin (2018) and Miles (1979) highlight that case studies could potentially result in abundant yet less relevant data and findings. We consider this concern as our caveat. As we rely on exploratory research, we anticipated and welcomed the rich set of data, as it helped us discover both the connection of theoretical concepts and empirical results, as well as new insights that have not been covered in the existing literature. To preempt this issue, we have decided to solely include empirical findings discussed by at least two interviewees (except for Case 1, since only one interviewee participated from this case company).

3.6. Ethical Considerations

Since this study involves data collected from interviews with individuals, it was crucial to anticipate and address potential ethical issues properly (Creswell & Creswell, 2023). We meticulously followed the ethical principles outlined by Bell et al. (2022) to avoid harm, ensure informed consent, and protect the privacy of the participants in this study.

First, we offered the option for both the participants and their firms to remain anonymous to avoid harming research participants' confidentiality, which could negatively impact their professional careers or cause stress. This anonymity was maintained with great care, as qualitative research design could otherwise pose difficulties (Bell et al., 2022).

Second, by ensuring informed consent from the participants, we truthfully explained the purpose of our study, their role in it, and the interview technicalities, such as the recording tools, both before and during the interview. This transparency ensured that the participants had all the necessary information to decide whether they wanted to participate in the study. It was also made clear to them that they had the option to withdraw from the interview or study at any time. To protect their privacy, each respondent was individually treated to accommodate any unexpected personal sensitivities. Additionally, all research participants were informed of their right to refuse to answer any questions that might be too sensitive. This approach ensured that participants felt safe and respected throughout the research process.

4. Empirical Findings

The following chapter presents and analyzes the multiple case data collected from eight semi-structured interviews with three different Nordic-headquartered MNCs. First, the introduction of each case company provides an organizational and operational context, which aids in a better overview of its connection to the nature of the SVC activities and synergies. Thereafter, the findings of the interviews are presented in themes identified from the data analysis. The three main categories on how the case companies are synergizing their SVC activities include *the balance of decentralization and centralization*, *similarities and differences affecting SVC in developed and emerging markets,* and *the balancing act between sustainability and profitability.* These identified main categories help to highlight the similarities as well as differences between the case companies' synergy strategies. As seen, the findings are extended beyond the established categories, this is done to allow a more specific overview of the synergy strategies. It is to be noted that this chapter focuses on the presentation of the gathered data-- the discussion of the connection between the findings and our literature framework will be covered in the discussion chapter.

4.1. Case Descriptions

The following section provides a brief description of the case companies. The information for the descriptions was gathered from the interviews alongside publicly disclosed information from the company websites. As the case companies are anonymous, these descriptions will provide contexts and background information for the findings. The descriptions include each case company's headcount size, number of operating markets and regional coverage, HQ locations, as well as their type of product offerings.

Case 1 is a chemical company headquartered in Norway with 60 operating markets spanning across Europe, the Americas, Asia, Oceania, and Africa. In general, Case 1 company offers uniform chemical products across its markets. Case 2 is another chemical company belonging to a different sub-sector headquartered in Sweden with 7 operating markets spanning across Europe, the Americas, and Asia. Like Case 1, Case 2 also offers uniform chemical products in both its developed and emerging markets. As additional information, Case 2 was recently acquired by a state-owned enterprise in an emerging market and is currently undergoing a governance transformation. Case 3 is headquartered in Sweden with 70 operating markets spanning across Europe, the Americas, Asia, Oceania, and Africa. Case 3 company offers access and safety products and services, an entirely different set of offerings compared to Case 1 and Case 2. Opposite of Case 2, Case 3 relies on acquisitions as part of its financial and growth strategy.

As this research focuses on SVC activities, despite the differences in their synergy approaches and strategies, all case companies enclose sustainability commitments encompassing their activities throughout their GVC in developed and emerging markets.

4.2. The Balance of Decentralization and Centralization

The following category includes findings within the area of governance, specifically the balance of centralization and decentralization. To get a holistic view of the interplay between centralization and decentralization, insights from different employees from different organization levels– group-level and divisional-level, were leveraged. Additionally, influencing contextual factors specific to each case company, such as acquisitions and types of industries, were also discussed. The findings were then synthesized to reveal similarities and differences.

4.2.1. HQ’s Roles

All interviewees expressed the role of HQs in establishing governance across different levels of the organization. This is ensured through the HQs’ dual role as both controller and facilitator.

HQs’ role as controller

> *I think we obviously are one of the biggest looters in Norway at least. So obviously that's a key effect that is being addressed.* - Phoenix, Case 1

We have sustainability as a strategic objective for our company. - Aslan, Case 2

Sustainability is important because it's the right thing to do for a manufacturer of our size. - Trixie, Case 3

Aside from explicitly embedding sustainability as a key importance of corporate strategy, HQs hold two crucial roles as controllers. First, HQs set the tone for the company's sustainability priorities and directives. This is done through measures such as materiality assessment, which is an exercise aimed at identifying the specific importance of ESG (Environmental, Sustainability, and Governance) and sustainability issues to the organization. Once priorities have been identified, they are then cascaded throughout all levels of the organization.

Second, HQs monitor sustainability activities and progress and ensure consistent compliance on all organizational levels. Several measures are put in place to enable this function, namely standardized processes on key activities, standardized sustainability metrics and reporting framework, as well as an organizational structure that allows for feasibility on all operating markets.

We try to have centralized processes that can serve the different markets, because that also ensures quality over the information that is reported. - Phoenix, Case 1

…the regions have a direct own representative, that there is an executive vice president for Europe, there is one for the Americans, and there's one for Africa and Asia. So they have their own representative at the Group Executive Board. - Phoenix, Case 1

…within our operations, our supply chain, and within our HR function, we have a sustainability reporting framework and systems to follow up on a monthly basis or a quarterly basis to see how we're performing towards our targets and goals, and that is split up per division. - Geralt, Case 3

We always need to make sure that if you're part of this Case 3 team and family, you need to be at the minimum standard when it comes to sustainability, like we are investing a lot in our operations. - Katya, Case 3

HQs' role as facilitator

The role of HQs as facilitators is just as profound as their role as controllers. The findings from all case companies reveal that rather than enforcing control through micro-management measures, the roles of HQs are much more towards enabling all operating markets to perform sustainability activities in accordance with corporate compliance standards while keeping the closeness to the market in mind. This balance is achieved through organizational structures that facilitate this synergy. Case 1 does this by placing Executive Vice Presidents in each region to ensure that all regions are represented at the Group Executive Board level. Case 3, on the other hand, pursues the adoption of both centralized and decentralized matrix structures. Whereas Case 2 is currently transitioning to a more decentralized structure following the change of company ownership.

And the key thing here for (us) is that we truly believe in embedding sustainability in the different functions. So we don't have one big central sustainability department running a lot of things. We want the different functions, we make sure to make sure that there is ownership in different functions for different sustainability topics. And we support them in driving it and then we have some key things that we do here centrally. It's for example, sustainability reporting, that's the key corporate thing. - Aslan, Case 2

…(we have) these kind of global processes for each division follow. But we are also kind of decentralized, that there is a freedom to– nobody limits this kind of freedom (to) find something innovative to create value - Cam, Case 3

The findings also reveal how all case companies facilitate shared tools and platforms to enable the sharing of good practices of SVC activities across different markets. A key thing to highlight in the HQ's role as the knowledge-sharing avenue provider, particularly for Case 3, is their part in ensuring that the information is indeed not only easily accessible but also comprehensible to every member of the organization with consideration of language barriers. Case 3 has several standardized shared tools accessible to all employees, which makes sense for a company of its size and the number of acquired companies that it owns. How these tools and platforms are leveraged to improve the synergy of sustainable activities will be discussed in subsection 4.1.3. HQs also aid in the enablement of SVC activities in all markets by actively supporting, influencing, and educating employees in different markets to alleviate the knowledge gap.

> *…we are from a central perspective setting up process ways of working with these things that we want them to apply to work with, then we work in supporting them and making sure to get the resources and knowledge available to them that they might need help with, sort of that we can support them with.* - Aslan, Case 2

> *I'm more have to encourage and influence, almost kind of give a sales pitch as to why they should focus on these things, My responsibility is to teach them, to educate them, to enable and coach them, to help find the right talent for people in the right place, to connect people– I know someone who has the same problem and they figured it out' and to connect those, and to accelerate the progress.* - Geralt, Case 3

> *…the group acts like the coordinator and the platform exchange to share these views and at the same time make the overall strategy stronger and stronger. So I would say it's a very good balance* - Katya, Case 3

4.2.2. Subsidiaries' Roles

Continuing the findings of the balance of decentralization and centralization, this section showcases how the case companies' subsidiaries are playing their role in helping their MNC to synergize SVC in the GVC.

Closeness to the market

When the interviewees were asked about how their company is balancing decision-making between their HQ and Subsidiaries, all of them answered that they are decentralized as mentioned above, and that the role of subsidiaries is to make sure that the local demands are being met properly.

> *…we couldn't have a single approach and say 'okay, everybody do this one thing', because then obviously you don't know your market, you don't know your customer and you don't know how to get to your customer. So it is important to be decentralized. All of that, I think, are the advantages of decentralization.* - Geralt, Case 3

> *…you need to be decentralized so you can have fast decision making, be agile, make you know change, be closer to the customer.* - Geralt, Case 3

As Geralt from Case 3 mentioned, it is important to be close to the customer and understand the market rather than applying a uniform approach everywhere. A standardized approach could lead to a mismatch between the sustainable activities and their respective locations. He highlighted that the role of subsidiaries is to ensure that the MNC understands the local market and its customers. Geralt and his colleagues explained that this is the rationale behind subsidiaries having their own responsibilities and decision-making authority in meeting the expectations set by the HQ.

> *…instead of everything being managed from headquarters in Oslo, we have and are closer to regional and local markets and we can see the different dynamics that are happening there. And then the line or the reporting line up to the very top of the organization is quite short and that I think is a good thing* - Phoenix, Case 1

As seen in Case 1, it is evident that their subsidiaries play a role similar to those in Case 3. Specifically, they enable closeness to regional and local markets. This autonomy allows subsidiaries to understand and respond to the different market dynamics effectively. Cam from Case 1 highlights that this freedom allows subsidiaries to create sustainable value in their respective markets through tailored sustainable activities, which are more suited to local conditions and needs.

…they know the market best and they know we need to listen and get feedback from our regional teams and then just try to be proactive about these customer needs - Phil, Case 2

As highlighted by Phil from Case 2, their subsidiaries understand their market best. Having a feedback loop that enables insights from subsidiaries to be transferred to HQ as well as decentralized power within the company's regional divisions allows HQ and subsidiaries to perform SVC activities that proactively fit market-specific customer needs.

Regional sustainability agents

The strategy to ensure the right implementation of sustainability initiatives at the subsidiaries' locations hinges on maintaining closeness to the different markets. Another primary role of the subsidiaries is to report back to the group or HQ, which enhances shared knowledge and improves strategic management across the entire GVC. The specifics of this reporting process vary between the case companies. For example, Case 1 stated that:

…we are also now creating, for now they're called sustainability liaison officers. At least it's meant to have like a contact person in each region that can sort of make that link between HQ and the regions on sustainability topics. So that's very new. We haven't tried it before. - Phoenix, Case 1

Hence, the sustainability liaison officers in Case 1 facilitate a stronger connection between the subsidiaries and the HQ through their roles as regional agents. They ensure that regional agendas are highlighted and prioritized in corporate meetings and strategy discussions. These roles enhance the balance between the company's HQ and regional subsidiaries, leading to a more synergized decision-making process for their sustainable activities. Consequently, value creation within the GVC of Case 1 becomes more streamlined. As Phoenix articulated in the interview:

One thing we've been working with is something called a superuser concept that we use. The sustainability superuser is in all the different regions and different parts of the organization. So they have a much better view into their local markets and their local regulations that we would from sitting here in Sweden. So it's allowed for a much quicker

> *pickup of the different initiatives that need to be looked at and the different, yeah, basically boxes that need to be checked. And so instead of sitting in someone's inbox in Sweden and it can be handled there really quickly by these superusers and if there's something they can't handle, then they have the whole team goes to that one person and that person can then bring it back to my manager again.* - Phil, Case 2

Based on the empirical data outlined above, similarities emerge between Case 2's superusers and Case 1's sustainability liaison officers, as both serve as connectors between subsidiaries and the HQ. This role enables Case 2 to gain a better understanding and achieve faster market adoption of their SVC activities in their specific regions, enhanced by the closeness to the market, as discussed earlier. Additionally, the linkage between the superusers and the HQ allows for collaborative problem-solving on regional issues that subsidiaries may struggle to resolve independently. In contrast, Case 3 differs from the other two companies in its lesser reliance on regional sustainability agents. Despite this distinction, similarities exist in the recognition of the importance of establishing connections between top regional, divisional, and group management, as noted below:

> *I think when it comes to the top management of developed and emerging markets , they are most of the time located at the regional level. If it's Africa then there is a leader for this region. Of course what we try to do is, as I said, collaborate, make sure that our divisional top management also pushes this aspect of sustainability at the top management discussions to make sure that it's quite high on the agenda.* - Katya, Case 3

Katya highlights that the linkage between their subsidiaries and HQ ensures collaboration on the company's sustainability agenda throughout divisional and regional levels. In the interview, Katya also emphasized how HQ and subsidiaries are simultaneously supporting each other's sustainability agenda. In other words, this linkage or collaboration is one way for Nordic MNCs to synergize their SVC activities in developed and emerging countries.

4.2.3. Regional Collaboration

The synergy between HQs and subsidiaries is further emphasized by the intensive regional collaborations between different functions in different operating markets. As aforementioned, one of the enablers of this collaboration is the shared tools and knowledge-sharing infrastructures. Particularly in Case 2 and Case 3, the shared tools act as basic know-how of previously discovered good practices. Other divisions from different markets can then leverage this information to replicate the previously developed solutions according to the contexts of their market needs and demands. Additionally, Geralt from Case 3 highlighted that collaborations are enhanced due to the disclosure of the responsible person of the project as this promotes opportunities for employees to reach out and learn from each other.

> *…even though some of our production sites produce the same products, they're all chemical production facilities in different ways. So there are certain standard best practices that we can reuse sort of different concepts that we can apply at that site as well to analyze how we can make it more efficient. So definitely a possibility to best use best practise between different sites.* - Aslan, Case 2

> *…we have this very good, I would say, organization at the group level where we exchange and we offer the strong points from one division to the other. So that creates a very nice level playing field and a very good collaboration between the divisions.* - Katya, Case 3

> *Chances are somebody has figured out the problem, we just got to find out who it is, what silo they're in. Pull them out of that into that standardized one-pager. That's we have the contact details of the person responsible for the project at the bottom. So, lots of opportunities to knowledge share within the organisation.* - Geralt, Case 3

As the sustainability regulatory framework is more established in Europe, all case companies also leverage on replicating the solutions previously employed in Europe to their emerging operating markets that are currently, and swiftly, developing their regulatory framework. However, Phoenix from Case 1 stressed the caveat of this strategy, which is the importance of considering market contexts, as not all technologies bring the same value across the globe. Dylan from Case 3 also echoed this with an example of differences in energy prices and how they affect SVC activities. Interestingly, Phil from Case 2 pointed out that with the current context of the rapid pace of environment regulation adoption in emerging countries, the replications also now take some inspiration from their emerging markets.

> *But that also means that it's quite well regulated in the countries where we originate, so it's not so difficult to bring those good practices to the developing markets and where we are without a lot of bureaucracy because we are a private company.*
>
> *…it's also to be fit for purpose for farmer is very important, so I'm not sure if that's if the same. I don't think the same technology would work necessarily very well for a big industrial farmer in in the US and a small holder in in Ghana or or Zambia. Yeah. So I think it's very context-dependent.* - Phoenix, Case 1

> *Due to the crisis in Europe which effected with the significant energy cost increases has made the investment in onsite renewable, i.e. PV plants, more beneficial. On the other hand, it has positive impact on sustainability as we decrease our carbon footprint and generate green energy for own consumption but also increase our capabilities regarding energy independency. However, compared to i.e. America such projects are more challenging to be implemented as the general energy cost is much lower, electricity, gas etc., and the payback/ROI is not that favourable.* - Dylan, Case 3

4.3. Similarities and Differences in Different Markets Concerning SVC

This section delves into the similarities and differences of the case companies' perspectives on global customer dynamics, regulations, and suppliers. It aims to elucidate how these companies navigate variations within these dimensions between their developed and emerging markets, which could bring implications to their global SVC.

4.3.1. Customer Dynamics

In the context of customer dynamics, Case 2 and Case 3 share similarities in their perspectives. Interviewees from both companies noted a consistent trend of heightened expectations regarding sustainable development activities and related sustainability aspects, particularly in Europe. Additionally, they observed a higher willingness to pay for sustainable products or services among European customers compared to those in emerging markets.

> *…there are some countries that are very mature in the context of sustainability, like it's very common that we see a bigger demand in the Nordic countries that they have quite high on their agenda in the topic of environment and corporate responsibility. Even so, they have much bigger expectations than other countries like in yeah, Asia or or Africa that they are still focusing on growing. And yeah, we see of course more increasing consciousness also there, but not the same level as Europe. I would say overall.* - Katya, Case 3

It was discovered that while European markets exhibit higher demands and willingness to pay for corporate sustainability initiatives, emerging markets, particularly in Asia, are also witnessing a surge in customer demands for sustainability. Despite this growth, a predominant focus on economic growth remains in these regions. However, Dylan from Case 3 highlighted that his company follows a global approach to sustainability, ensuring the delivery of sustainable development impact across all their markets. In contrast, Case 2 interviewees emphasized the rapid pace of growing sustainability demands in emerging markets compared to the slower growth observed in Europe.

> *…with Europe, it's a much more long gradual progression towards sustainability. It's always been on the agenda, but sort of slow to get there, whereas it feels like with China specifically and all of Asia really at large, they're moving much faster towards it, maybe starting a little later, but a lot faster in their actual action to it.* - Phil, Case 2

Another aspect of the differences between the markets mentioned by Phil is the difference in customer expectations between developed and emerging markets. Specifically, emerging markets expect greater social sustainability development contributions from MNCs than developed markets. In contrast, European markets expect their governments to take the lead in driving the sustainability agenda forward. This insight suggests that Nordic MNCs, like those in Case 2, must adapt their strategies to the specific dynamics of each market to effectively create sustainable value.

Contrary to Case 2 and Case 3, Case 1 company does not identify any fundamental difference in customer dynamics between the different global markets. Rather, this company predominantly sees similarities across all their markets.

> *Not that much of a challenge, maybe. At least when you, when I think of the market dynamics. Our customers are farmers or agents that sell fertilizers to farmers. At least in the fertilizer segment, partnerships with farmers are not that different? I would say it's trust. It's about mutual benefits. And I think that's quite universal. Affordability is maybe a thing that is more of an issue in emerging markets, but it's not fundamentally different. Most farmers aren't super well off in developed markets either. So it's not hat big of a difference* - Phoenix, Case 1

Although affordability may be a factor that differentiates the markets. Contrary to the other case companies, Case 1 does not seem to face challenges in synergizing their SVC activities across their GVC. This could perhaps be explained by the universal values expected from their stakeholders due to the nature of their industry.

4.3.2. Regulation

Just like the customer expectations on sustainability, the regulatory development surrounding corporate sustainability is also more prominent in Europe. In emerging markets, the regulatory frameworks and policies are also progressing in a swift manner, particularly in larger countries such as China. Two quotes that highlight this mostly are stated below:

> *In terms of regulatory context, I think the developed markets are more maybe at the forefront, but there are also some of the big developing countries are also doing a lot of the same because they they see that it has value which I think is good. I mentioned I think*

Brazil, Colombia, China are also working on their climate reporting standard and they're moving very fast and in that regard India as well. And even the states in India where we are based, which I think is Uttar Pradesh is also developing its own regulation at at state level. So there's a lot of things happening also in, at least, larger developing countries. - Phoenix, Case 1

…the local legislation is just, you know, a bit more advanced typically in Europe. So that's a huge driver for it. But we've noticed that especially China and all of Asia has really had a big boom recently in catching up really quickly with that, so we actually recently certified the warehouses in Shanghai and in Japan for IC plus certification. - Phil, Case 2

All case companies mentioned how they put their best effort into streamlining a uniform compliance framework within their GVC. This is done to ensure more synergies and coherent compliance of SVC from the legal perspective.

When it comes to our principles and policies those are applicable for the whole company which we consider as minimum requirement that must be followed by all the entities around the globe. It is clearly stated and described i.e. in the Code of Conduct that is a guide not only for your employees but also suppliers. If the local law is stricter than our internal regulation or the opposite, we follow the stricter one. We strongly believe that the effective adaptation/integration, training process and onsite visits are great support for all to make the compliance easier. At the end we all need to follow the same standards and believes. - Dylan, Case 3

As highlighted above, Case 3 chooses to use the strictest regulations and policies as their guideline throughout their GVC irrespective of the possibility of emerging markets having lesser restrictions on sustainability compared to Europe. However, the trends suggest that more major emerging countries are swiftly developing their regulation on corporate sustainability. Case 2 also follows a similar approach by following the European regulations for their sites abroad.

> *It will have a ripple effect on the global value chain in the end. Like the EU, CSRD is only relevant for EU companies in the beginning. Yeah, but since we are an international company, we need to make sure that we're complying with CSRD through our owner, our production sites in China, India, US also need to report these requirements. So it does have a ripple effect in the end* - Aslan, Case 2

Compared to Case 3, Case 2 company does not implement an entirely uniform regulatory framework across all markets. They focus on identifying similarities between Europe's and emerging markets' regulatory frameworks, and therefore, synergizing their compliance through this. However, the fact that Europe is at the forefront usually enables the company to apply the regulatory framework in their other markets. Case 1 company also drives to develop uniform corporate regulatory and compliance frameworks that can serve all their markets. However, this company puts more emphasis on the importance of catering to differences between the market-specific regulations.

> *I think it's a bit of like a case by case. We try to have centralized processes that can serve the different markets, because that also ensures quality over the information that is reported. There's always going to be a certain dynamic to it. It depends on how well-aligned the regulations are with what we already have.* - Phoenix, Case 1

Phoenix from Case 1 also mentioned the benefits of having a synergized and global approach to corporate regulatory and compliance frameworks. However, the utility of the uniform strategy depends on how well-connected certain regulations dynamics are between the developed and emerging countries. The better linked they are, the easier it is to have synergized regulatory and compliance frameworks across the globe for the MNC.

4.3.3. Maturity

Another prominent difference between different markets is their level of sustainability maturity between different markets. The level of maturity applies to and impacts various aspects. Aslan from Case 2 highlighted how varying levels of technological infrastructure in different countries could act as a barrier to compliance. Whereas Cam from 3 mentioned how the issue is a prevalent phenomenon for suppliers irrespective of their geographical locations.

> *…in one way it's a challenge because we have different maturity levels on how to work, how to manage this data, the level of IT infrastructure might differ from different countries sort of when compliance hasn't been that fully restricted, you've been able to get on without an IT system, for example.* - Aslan, Case 2

> *…there is this maturity level difference always, no matter where the suppliers are.* - Cam, Case 3

Cam and Dylan mentioned a few approaches used by Case 3 company to mitigate differences in maturity, namely using best practices with the strictest legal framework as the rule of thumb to ensure coherence in standard and compliance, as well as performing capacity building for suppliers with lower maturity levels. Phoenix from case 1 also echoed education as part of the strategy to create additional value for their stakeholders.

> *And as I said, always, we need to guarantee that the compliance, legal compliance, related to regulations, and we used very much the European legislation as a reference. If we think about the regulation for environmental substances, substance restrictions, we follow the European, which are on a good level.* - Cam, Case 3

> *And part of the supplier development, if we talk about the supplier, meeting (the) practices and just just formal audits is to capacity building to get the understanding about the regulation to ensure that all our suppliers understand the regulation requirements and they have processes to follow up and of course also communicate if there are any deviations.* - Cam, Case 3

> *And what we can bring to the table which is also linked to sustainability, I think is further knowledge about soil and soil quality, what the soil needs and how to effectively apply the products that you are using and that is of course that's also dependent on a lot of factors like weather patterns and how much precipitation you're going to get, and several things.*

So that is constantly evolving and I guess shows how we we tried to create value for the farmer. - Phoenix, Case 1

4.4. The Balancing Act between Sustainable Activities and Profitability

4.4.1. Sustainability Embeddedness in Core Operations

In terms of priorities, all case companies agreed upon the importance of balancing SVC with profitability. Phoenix from Case 1 asserted that ensuring balance is part of for-profit companies' responsibility as they need to deliver financial returns to their shareholders. Furthermore, Aslan from Case 2 and Geralt from Case 3 highlighted that keeping this balance as a priority is also paramount as it ensures resilience as well as competitiveness and allows for opportunities for MNCs to make their continuous sustainable impacts.

> *…if you are a for profit company then you need to make the financial go together, otherwise you won't have a company tomorrow. But most people that you meet say sustainability is the way forward. But yeah, it needs to be financially balanced.* - Aslan, Case 2

> *We need to get that fine balance of making sure that we're reducing our footprint enough to mitigate climate change but not reducing it too fast that we end up spending too much money. Because what it means is that if a portion of our company closes down because they're not financially sustainable, it means that a competitor will fill that void and take that market and who knows what their climate impact is is going to be?* - Geralt, Case 3

The focus of ensuring sustainability and financial performance balance, however, is multifaceted. On one hand, it could be the decision-making factors of activities, including but not limited to investment and commercialization of certain products in a particular market, as mentioned by Geralt and Trixie from Case 3. Phil from Case 2, on the other hand, highlighted that the expectation of the return on investment should also be treated differently compared to traditional investments-- sustainability-focused investment should be expected as a long-term return rather than an immediate one. It is, therefore, important to also communicate this explicitly to the shareholders.

> *(If) there's less of a pull from our customers, our business management has to be conscious– we can't just do a sweeping and paint everything green and there's no business return on it.* - Geralt, Case 3

> *But when you look at it from a closer, more a divisional or local level, like what we're doing here is still strategic, but it also kind of ebbs and flows based on what the industry is telling us is important.* - Trixie, Case 3

> *We're investing for the future here and therefore you have to think of it for the future. You can't say that you want the same ROI or the same turn around as other projects because maybe you only do see the payoff in 50 years and you have to have that with all patients at the shareholder can do that which is, which is tough and it's non traditional. And if we truly want to see a global change, shareholders also need to see that. And I think the shareholders that we have, we've been quite fortunate to be able to dialogue with them and make them understand right that this is strategic. If you want to go into this, you can't just have any shareholder, you need to have the right ones in the room.* - Phil, Case 2

On the other hand, all case companies believe that the balance of sustainability and finance could also act as an opportunity to create tangible values for MNCs and their stakeholders. Understanding the inherent possibility for both sustainability and profitability allows for innovations that focus on, for example, energy efficiency, which naturally results in lower costs and thus higher profitability. This is the common denominator that ties their different stakeholders, including but not limited to employees and shareholders, irrespective of their geographical locations or belief in sustainability as a priority.

> *We have many successful examples that by embracing sustainability, we also have positive contributions when it comes to costs. And that is the best argument that you can use to, let's say, people that are in these types of countries, not only in developed and*

emerging markets but I would say overall, no matter whether you where you are, if sustainability has a direct link with cost then well cost reduction especially then they will always be happy to to do it. - Katya, Case 3

The way we navigate around that is whether you are a complete climate denier or you're a climate activist, if I can show you how you can reduce the amount of materials that you use, if you can reduce the scrap that you're generating, that you can improve the profitability of your product– that's ultimately what we're all benchmarked on, it's the financials. So it's communicating that in an unequivocal way, these are real financial savings, it's carbon savings, it's energy savings, and the customer is willing to pay for that. - Geralt, Case 3

4.4.2. Competitive Advantage

The responses regarding whether corporate sustainability activities create a competitive advantage revealed both similarities and differences among the three case companies. However, Case 3's responses were particularly noteworthy. Beginning with the similarities observed across the cases:

Yeah, I think it creates a competitive advantage. But it is again a balancing act, it's not like "everything that's green is great, so let's do it". We also have shareholders to think about to finance this company. And so the financial sustainability of it all is also very much at play here. So striking that balance between what is environmentally and socially sustainable and financially sustainable, is very key here - Phoenix, Case 1

The other employees from the different case companies echoed Phoenix's sentiments, emphasizing the delicate balance between environmental and social initiatives and their financial implications. Additionally, all the case companies identified advantages in being pioneers or early adopters of sustainability practices in their respective markets. However, they also stressed the importance of timing in responding to sustainability demands. Phil from Case 2 and Geralt from Case 3 highlighted that being too early or too late in the sustainability journey could bring negative impacts on SVC.

> *…in general, in the society in the market, a lot of people want to live a more sustainable life and make sustainable choices. But it always come back to the balance between sustainability and finance, because sustainable products are usually a bit more expensive and when and then we can see in society right now what's happening with the economy going down a bit, sort of it's a bit unstable sort of people are bit bit more risk averse like oh maybe I should save a bit more money than spending it* - Aslan, Case 2

As Aslan pointed out, there's a delicate balance between sustainability initiatives and financial considerations when aiming to gain a competitive advantage. This balancing act is inherent to the core purpose of MNCs, which is to generate profits and facilitate corporate growth. However, the companies we interviewed also expressed a desire to make a positive and sustainable impact on the world while driving progress within their industries with the right timing.

> *The actions we are taking regarding sustainability are the same for all entities spread around the globe, we do not divide environmental actions for mature or emerging markets as those are applicable for all to follow. One of the difference factors can be the implementation time but sooner or later we will be on the same level and that's what we believe in (i.e. solution is not available/developed on the local market). We are sure that by investing into sustainable development we increase our competitiveness and in some cases, we can be far ahead of our competitors.* - Dylan, Case 3

While Case 3 acknowledges the importance of timing their sustainability actions appropriately, Dylan indicates that they implement the same sustainability standards globally, regardless of the competitiveness and expectations in emerging markets. However, given the increasing demand for sustainability in emerging markets, as highlighted in previous sections, this approach may present an opportunity for Case 3 to capitalize on the growing market trend. Trixie emphasizes the value of sustainability activities as a competitive differentiator for Case 3, creating a market advantage. However, Geralt and Katya note that in Europe, compliance with sustainability regulations in Europe might no longer be the source of competitive advantage in Europe.

> *Maybe in some just or in some areas, yes, but I wouldn't say that it is the case in Europe because in Europe we have this regulatory environment that it's kind of like almost the license to operate to have a sustainability strategy and make sure that you do things. I would say in Europe, no, not anymore. It used to be the case, but not anymore.* - Katya, Case 3

> *I think maybe five years ago there's probably more competitive advantage if we take Western Europe for example. Now, to some degree, it still can, but our competitors are moving quite quickly in this space as well, so the opportunity for that advantage is getting smaller and smaller.* - Geralt, Case 3

Katya and Geralt highlight that not only are regulations becoming stricter in Europe, but competition in corporate sustainability is also intensifying. This makes it increasingly challenging to create competitive advantages from corporate sustainable activities in the European market. However, Geralt noted that the growing regulations help Case 3 to fend off some of its competitors, as companies producing low-quality products would likely struggle to meet the required sustainability compliance standards.

5. Discussion

This chapter discusses the empirical findings in the context of the theories highlighted in the literature review to enhance the understanding of how Nordic MNCs synergize their SVC in both developed and emerging markets. The discussion is anchored around the updated framework (Figure 2), which bridges the gap between empirical data and theoretical perspectives.

The analysis of the empirical data revealed insights into how MNCs create SVCs within their GVCs, how they manage governance within these GVCs, and the interdependence between GVC SVC and GVC governance-- these findings are summarized in Figure 2. The updated framework, which was originally developed based on the literature review, was modified in light of the empirical findings. Specifically, the update to the framework shows how MNCs are gradually shifting more towards package logic as their strategy for synergizing SVC activities, shown by the darker color of *package logic* in the framework. The discussion on the roles of other value creation logics within SVC activities will be elaborated in the next section.

The GVC governance side has also been updated to include the roles of *Controller, Facilitator, and Stakeholder Integrator*, both *internally* and *externally*. As the data suggests, although these roles are predominantly performed by HQs, the subsidiaries also play parts as a facilitator.

The updated framework guides the thematic structure of this chapter, which first focuses on how the MNCs manage their SVCs alongside primary activities across markets. The second section discusses how sustainability impacts MNCs' value creation. The final part of this chapter addresses the governance of MNCs within the GVC. This structured approach aims to enhance the general understanding and provide a comprehensive answer to the RQ and the overall purpose of this study.

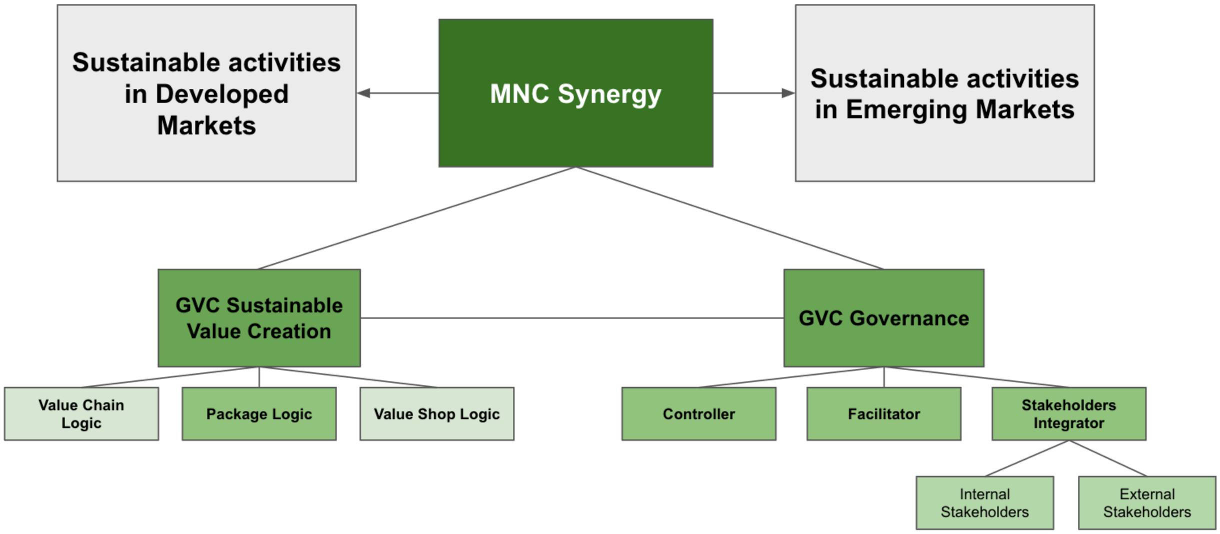

Figure 2: *Updated framework on how MNCs could utilize GVC governance and* SVC activities *to enable sustainable activities synergy in developed and emerging markets. (Developed by the authors based on the empirical findings)*

5.1. Managing SVC alongside Primary Activities Across Markets

5.1.1. Value Creation

To grasp the discussion on SVC activities synergies within MNCs, it is paramount to first establish an understanding of MNCs' existing primary value creation logic. As showcased in the case description section 4.1, all case companies are product-based MNCs with some extent of service offerings made to complement their main product offerings. Due to the product-based nature of the case companies, comprehensive primary value chains from inbound logistics to services, and supporting activities have been established. The value creation logic used by each MNC, however, differs depending on their specific offerings.

As Case 1 sells uniformed chemical products across its markets, the group-level corporate function acts as the economic actor to establish operational activities to produce products that fulfill customer needs and goals. The focus heavily revolves on the logical structure in identifying the process by which inputs are transformed into outputs, and how those processes could be optimized to maximize profitability. Therefore, it can be concluded that Case 1 primarily follows the Porterian value chain logic (Porter, 1985, 1990, 2008). Case 2 also sells uniformed chemical products in its developed and emerging markets. Like Case 1, when it comes to the value chain, the emphasis is to ensure efficient production to meet the commercial demand volumes. Therefore, Case 2 also predominantly adopts the value chain logic (Porter, 1985, 1990, 2008).

Case 3, on the other hand, offers access and security products as its main offerings as well as security solution services complementary to its main product-based offerings. In this case, it is made apparent that they adopt a hybrid of value creation logic. The value chain logic (Porter, 1985, 1990, 2008) is applied in its product-based value chain, and the value shop logic (Stabell & Fjeldstad, 1998) is applied in its solution-services value chain. Particularly in Case 3, the company's hybrid value creation logic adoption aligns with Stabell's (2001) emphasis on how value configuration– the extended value creation logic introduced in his previous paper (Stabell & Fjeldstad, 1998)– is used at the level of strategic business unit and that companies can have more than one strategic business unit, which could have one or more value configuration. The linkages between Case 3 product-based value chain and service-based value chain also connect with Stabell's (2001) assertion on how two different strategic business units with two different value creation logics are closely connected due to the shared activities. Furthermore, how the service-based value chain is anchored on the product-based value chain also aligns with Stabell's (2001) point on seeing the hybrid value configuration as part of the corporate analysis to ensure that each strategic business unit stays close to the primary value creation– that is the product-based value creation for Case 3– to ensure strategic positioning.

As seen from the case examples, on primary value creation logics, it was found that MNCs adopt one or more value creation logics, particularly value chain (Porter, 1985, 1990, 2008) and value shop (Stabell & Fjeldstad, 1998). Further discussion on how sustainability changes the dynamic of the value creation of MNCs' activities will be elaborated in section 5.2. Furthermore, an analysis of how the emerging dynamic of value creation, in the light of SVC, affects governance will be elaborated in section 5.3.

5.1.2. Market and MNC-specific Factors

Central to the discussion of managing activities, especially those that are SVC-related, is also the complex nature of the strategy formulation due to various market differences especially between developed and emerging markets (Hart & Milstein, 1999). Weber et al. (2021) also highlighted how the varying definitions of sustainability also result in the formulation of different solutions. A similar assertion was also made by (Epstein & Roy, 2001) on how these differences pose challenges to MNCs when it comes to decisions on global standardization or local adaptations. This is also supported by Donaldson (2023), who highlighted that SVC formulation should not be a one-size-fits-all approach. That being said, it was made apparent during the empirical analysis that managing SVC activities in different markets is inherently complex as managing different strategic business units in different countries requires thorough consideration of value creation logic decisions on a corporate-level Stabell (2001); adding sustainability into this convolution adds another level of complexity.

The empirical findings echo the previous theories. All interviewees from Case 2 and Case 3 mentioned that managing SVC activities across different markets is indeed a challenging task that requires an iterative process of continuously adapting to new and different market-specific contexts. Case 1, however, believes in the need to be close to the markets whilst also asserting that market contexts do possess some similarities on some occasions. These examples of the differences align with the theory on two levels. First, they exemplify how SVC synergy strategies vary between MNCs, despite two cases being in the same industry despite the differences in the sub-sectors. Second, they put into the picture how SVC strategies also could vary within the MNC depending on the market-specific context. Although the previous theories were helpful in aiding the understanding of differences in the empirical findings, the gaps in the fine details of understanding how different factors impact the SVC synergy formulation result in some inconsistencies. Therefore, this subsection aims to provide a contribution to previous research assertion of the complexities of managing SVC in different markets by identifying how different interrelated factors affect the complexities of managing SVC activities and synergy across these different markets. The findings state the main differences and similarities between developed and emerging markets in the areas of regulations, customer dynamics, competitive advantage, and maturity. In correlation to Epstein & Roy (2001), these factors indeed create a complex challenge for Nordic MNCs to make successful sustainability strategies.

Regulation

On regulation, as previously discussed in the literature chapters, governments worldwide are increasingly pressuring MNCs to create sustainable value for their societies (Husted & Allen, 2010), especially in emerging markets (Bremmer, 2014; Dörrenbächer & Geppert, 2017). This trend is corroborated by empirical findings from the case companies, which indicate that governments in emerging countries are rapidly elevating their regulatory expectations for MNCs as observed in Case 2 and Case 1. Consequently, MNCs must adhere to compliance standards not only in Europe but also in emerging markets, aligning with the theoretical perspective of global pressure on MNCs to create sustainable value.

Despite this increase in regulatory expectations from governments in emerging markets, Case 3 demonstrates that it is possible to implement a more synergized regulatory strategy by adhering to the stringent EU laws, which can also be applied in emerging markets. This suggests that the global regulatory environment might not be as challenging for MNCs as previously indicated in the literature. However, as highlighted by Case 1, a uniform regulatory framework would be ideal for MNCs. While EU law often sets a precedent, differences in expectations and compliance requirements between developed and emerging markets necessitate careful consideration. Thus, while it is feasible for Nordic MNCs to adopt a synergized regulatory framework, they must remain vigilant to the fast-evolving regulatory landscapes and ensure they meet the specific demands of each market.

Customer dynamics

The empirical data on customer dynamics aligns with Chandler (2020) and Susnienė & Vanagas (2007) regarding the increasing importance and challenges of balancing stakeholder interests. For instance, Case 2 observed that, compared to developed countries, customers in emerging markets have greater expectations for MNCs to drive societal sustainable development. This exemplifies the complexity of international strategic management that Epstein & Roy (2001) argues for. As Case 2 highlights, this continuous increase in customer expectations on sustainability, which varies by country context, could further complicate strategic management.

Moreover, despite the growing emphasis on sustainability, Case 3 notes that customer demands in emerging markets still primarily focus on growth. This observation is consistent with Hart & Milstein (1999), as well as Dylan and Geralt's remarks that Case 3 endeavors to meet these demands in a manner that supports sustainable development, even if the current emphasis remains on growth rather than sustainability. This scenario underscores the need for MNCs to navigate and balance diverse and evolving stakeholder expectations across different markets effectively.

As highlighted in the empirical findings, Case 1 does not perceive significant customer differentiation between developed and emerging markets. Despite having customers on all continents, they observe similar dynamics across these markets, which contrasts with the differentiation noted by the other cases and previous theories regarding customer complexity in MNCs' markets. This anomaly may be attributed to their industry focus, which is more oriented towards agriculture and farming. The empirical data suggest that this sector experiences fewer differences among global customers compared to the access industry and building industry, which are the primary targets of the other case companies. This insight highlights the potential influence of industry type on customer dynamics and market complexity for MNCs.

Competitive advantage

Aligned with Tarnovskaya (2023), all case companies perceive sustainability activities as crucial for their competitive advantage, as they contribute to creating differentiation elements. However, according to Geralt, Katya, and Cam from Case 3, sustainability activities tend to become more of a compliance necessity in Europe. Yet, since regulations and customer expectations are not as stringent in emerging markets, this condition could present opportunities for MNCs to bolster their competitive advantages. Furthermore, as highlighted by Case 2 and Case 3, MNCs could strategically manage this as early movers, capitalizing on the right timing. This data thus confirms the findings of Abugre & Anlesinya (2019), suggesting that MNCs can find SVC opportunities in emerging markets, with being a well-timed early mover being one strategy. Case

3 particularly aligns with the perspectives of Elg & Hånell (2023), as both the company and the authors emphasize that driving sustainable development in emerging markets leads to long-term market advantages. Case 3's aim to be truly global with its multiple sustainable activities, is also in line with Tarnovskaya's (2023) assertion on how this could be a source of competitive advantage. Moreover, Case 3's actions are also linked to the findings of Abugre & Anlesinya (2019), as their synergized global sustainability strategy enhances value for both the company and the societies in emerging markets.

In the context of competitive advantage, however, interviewees presented varying perspectives on whether adopting the highest sustainability standards across different markets yields a competitive edge. Some interviewees argued that embracing the highest sustainability standards as a corporate-level strategy fosters positive branding and distinct differentiation, which ultimately aids in warding off competition and thus enhances competitive advantage. Conversely, others contended that it serves more as a baseline requirement in emerging countries, where the absence of sustainability commitment is perceived as a trade barrier. In emerging markets, however, SVC could serve as a distinguishing factor depending on the market's sustainability maturity and the level of demand.

Maturity

Previous studies emphasize the importance of recognizing the role of stakeholders in the success of SVC and in turn the success of the firms (Aronson & Henriques, 2023; Chandler, 2020; Cuevas Lizama & Royo‐Vela, 2023; Donaldson, 2023; Evans et al., 2017; Freudenreich et al., 2020; Manninen et al., 2024; Nnadi & Mutyaba, 2023; Wolters, 2023). The findings align with this assertion, as the interviewees highlight how the process of finding the right stakeholders and managing stakeholders with different maturity levels aids in the complexity of synergizing SVC activities across different markets. Furthermore, different stakeholders were also identified in the findings, which corresponded to Freudenreich et al. (2020) stakeholder framework and its relations with firms' focal business activities.

One of the examples of how varying levels of maturity affect the complexity of GVC synergy could be seen from the supplier and vendor side. Cam and Dylan from Case 3 shared different insights under this umbrella and highlighted how the different maturity levels of suppliers could become a challenge especially when it comes to an MNC of their size. Their MNC's focus on ensuring the best standard of practice across the whole GVC sometimes faces the barriers of lack of vendors in certain countries that could carry sustainable practices according to their standards as well as suppliers with lower-level standards of compliance. Another example mentioned by Dylan is the different levels of sustainability knowledge of their operation personnel in different countries. This asserts that even when MNCs recognize the importance of integrating best practices across GVC, different markets inherently bring some level of potential lack of access, infrastructure, or tools to actualize those best practices. However, there is a silver lining– as Wolters (2023) asserted MNCs could still navigate these governance gaps by fostering collaborations with their suppliers, this is reflected in Case 3 not only through their supplier development program but also through their group-level sustainability division's visits to their different operation and production facilities, both of these activities aim to educate the stakeholders and enable them to meet the MNC's standard of practices.

To recapitulate, the preceding theories regarding the intricacies of MNC SVC activities' synergy in developed and emerging countries resonate with certain points raised by the interviewees, particularly concerning the varied solutions adopted by different firms based on their unique contextual factors, which corroborates the importance to avoid a one-size-fits-all approach in formulating SVC strategies. However, previous literature may lack depth in elucidating how these synergy strategies are heavily influenced by numerous MNC-specific factors. This could be attributed to previous studies' pursuit of generalizability. Additionally, given that SVC is still an evolving phenomenon, factors currently in development such as regulatory frameworks and technological advancements, might also explain the current absence of a more detailed yet holistic understanding of navigating the complexity of sustainable SVC synergy in MNC. This finding underscores the exploratory nature of this study and highlights its contribution. While the literature has provided valuable guidance for analysis, the findings have shed light on additional factors that impact SVC activities' synergy in MNCs, complementing the "rules of thumb" offered by previous literature.

5.2. Sustainability's Impact on Value Creation

As aforementioned, it is paramount to understand that even though an MNC can have more than one strategic business unit that employs one or more than one value creation logic, the primary value creation logic should not only be linked but also be the basis of other activities' value creation configuration (Stabell, 2001). In light of sustainability, SVC should also anchor on the primary value creation of the company and therefore should be aligned with economic success in mind (Alshehhi et al., 2018; Ameer & Othman, 2012; Barnett & Salomon, 2006b; Chandler, 2020; Godfrey et al., 2009; Govindan et al., 2020; Kim et al., 2022; Tenuta, 2022; Waddock & Graves, 1997; Whelan & Fink, 2016). The empirical findings confirm this assertion as interviewees from all case companies stressed on the importance of balancing sustainability and profitability when it comes to SVC. This is exemplified by how the case companies develop and produce their offerings through the lens of energy and material efficiency; sustainability in this case acts as an enabler to amplify value creation within the value chain, which ultimately leads to lower costs and higher profitability. It also translates to how the case companies make their "greener" product commercialization timelines and strategy decisions for their emerging markets based on the market maturity and demand; this connects to the very principle of the value chain, which is to operationalize activities to transform the inputs to outputs to offer products that answer to customers' goals.

Having said that, the empirical findings show that the pressure of applying sustainability– coming from different stakeholders including but not limited to regulators and customers– throughout the MNCs' business activities affects the MNC value creation logic. This pressure pushes MNCs to reconsider ways to engrain sustainability within their already established value chains as discussed in 5.1.1. Our analysis revealed that, in terms of synergizing SVC activities across developed and emerging markets, it could be seen that all case companies are slightly shifting their value creation to more dependency on Johansson & Jonsson's (2012) package logic. This is exemplified by how the case companies leverage the replication of previously adopted solutions coupled with sustainability best practices from their developed market into their emerging markets. The level of replication– how closely similar the products and technologies are in their developed and emerging markets– however, depends on the factors previously elaborated in the previous subsection 5.1.2. For example, as in Case 1, customers' demands and behaviors in developed and emerging markets are similar, they prioritize the uniformity of practices, and therefore replication of practices that they already have in developed markets, across the markets whilst also keeping in mind market-specific contexts for certain activities. Case 3, on the other hand, is also experiencing a slight shift in its value creation as it utilizes both past solutions as well as provides tools to share these successful solutions and best practices to enable efficiency in problem-solving and product development in different markets albeit it has a decentralized organizational structure. A key thing to highlight, as sustainability-conscious-proclaimed MNCs, all case companies adopted the best regulatory framework and standards as their baseline for at least some of their replications. Therefore, although the return-on-investment timeline varies across markets and is typically slower in emerging markets, the pace of regulatory framework progression in those markets justifies the early adoption of these best standards and practices. Another key thing to highlight is that the primary value creation logics are still very much at play. Connecting to Stabell's (2001) value configuration hybrid assertion, the direction towards more adoption of package logic on the corporate level was prevalent as a response to the pressure of performing their sustainability responsibilities.

In relation to ABV, the empirical findings also showcased how the SVC-engrained value chain also follows Porter's (Porter, 1985, 1990, 2008) system-based view, that is, activities are in fact interdependent with one another and should be considered as a system. An example of this is how energy-efficient-focused product development and production creates value by reducing MNC's energy usage in productions and operations thus lowering costs and improving profitability. Simultaneously, this value can also be utilized in the sales and commercialization activity. Using the same example, the energy-efficient operations could be communicated as one of the MNC's delivery sustainability commitments, improving its branding. At the same time, the energy-efficient feature of the product could also act as a value proposition for customers. This brings the third point of how the interdependence of these activities and how it should be leveraged is market-context-dependence, a new perspective aiding the two points asserted in the Porterian ABV. Utilizing the previous example, the energy-efficient value could be used differently within sales activities in different markets. In developed markets, environmental benefits and low cost are both strong values that could be marketed to customers. Whereas in emerging markets where sustainability is not much of an expectation compared to customers in developed countries–at least in the status quo– sales activities might focus more on marketing the low-cost value proposition of the product.

To summarize, as previous international studies, including within the developing stream of SVC, predominantly focused on RBV, this study attempted to fill the missing gaps of the underexplored synthesis of ABV and SVC. The focus of this research has enabled not only the discussion of this synthesis but also how sustainability affects the dynamic of MNC value creation through the lens of ABV and value configuration, which has not been addressed in previous studies.

5.3. The Role of Governance in GVC SVC

As mentioned in the subsection above, the pressure of performing sustainability has changed the dynamics of value creation to more dependence on package logic on top of the established primary value creation logics. This slight change in direction also brings some impacts on corporate governance. This could be explained by the nature of hybrid value configuration being the basis of analysis at the corporate level as established by Stabell (2001). This connects to this study's assertion on the horizontal relationship between GVC SVC and GVC governance, which will be exemplified in the discussion below. Furthermore, this section brings out a discussion on how the case companies are integrating with internal and external stakeholders and what impact that has on SVC.

5.3.1. Synergized Balance Between HQ and Subsidiaries

The empirical findings underscore the efficacy of integrating centralized and decentralized approaches within the GVC governance of all case companies to allow effective utilization of SVC in both developed and emerging markets. This challenges the observations made by Bartlett & Ghoshal's (1988), who suggested that European MNCs struggle to synergize their global activities while remaining closely connected to local markets through subsidiaries. The case companies demonstrate a transnational approach to sustainability activities, achieving a balance that contradicts the concerns raised by Barkemeyer & Figge (2014) and Jamali et al. (2015) regarding *headquartering effect.* Moreover, the Nordic MNCs illustrate that transnationalism can indeed be conducive to sustainable development when appropriately balanced.

Furthermore, this balancing act allows each case company to effectively address both global and local sustainability development and stakeholder demands while maintaining profitability. By holistically meeting stakeholder demands, as facilitated by the MNC governance strategy of the case companies, sustainable value is created, aligning with the assertions of Chandler (2020). The empirical findings reveal that the HQs of the three case companies play dual roles as controllers and facilitators over their subsidiaries within the MNCs.

HQ as Controller

The effective management of subsidiaries, as evidenced in the cases, aligns with the suggestions from Shah & Arjoon (2015), who advocate for a balanced approach to international sustainability activities that considers both subsidiary objectives and HQ directives. Case 3, for instance, establishes standards, policies, guidelines, and targets for sustainability activities across its subsidiaries or divisions, ensuring consistency throughout the GVC. However, subsidiaries retain decision-making autonomy while bearing responsibility for implementing sustainability initiatives locally in line with HQ directives. This balanced control mechanism reflects the integration of global and local responsive sustainability initiatives, as advocated by Jamali et al. (2015), enabling the companies to maintain proximity to all markets within their GVC. Moreover, the emphasis on sustainability initiatives in emerging markets, aimed at long-term energy cost savings for both the corporation and its customers, underscores the strategic foresight of the HQs in promoting sustainable practices across diverse market contexts.

This approach also resonates with Stabell's (2001) concept of value configuration strategy, wherein a hybrid of value creation logic should be seen as a corporate-level analysis to ensure alignment with the firm's primary value creation logic. The HQ's role in aligning their strategic business units' alignment–in this case business units at the regional level– ensures subsidiaries adhere to consistent global corporate standards to foster synergized sustainable value creation. Without robust HQ control, achieving strategic synergy positioning would be considerably more challenging, as the value configuration across business units would lack coherence and alignment.

HQ and Subsidiaries as facilitators

HQ's role in facilitating the subsidiaries within the GVC could be seen from how the case companies leverage tools, platforms, and site visits to ensure support and knowledge sharing. This approach aligns with Ryan et al. (2022), highlighting that a supportive and coordinated HQ can enable effective utilization of their subsidiaries within the GVC. Additionally, the empirical findings reveal that subsidiaries also act as facilitators towards the HQ. For instance, the roles of sustainability liaison officers in Case 1 and superusers in Case 2 not only harness the potential capabilities of their subsidiaries but also contribute to the more synergized understanding of the markets within their GVC through continuous feedback loops between subsidiaries and HQs. This dual facilitative role—HQ supporting subsidiaries and subsidiaries facilitating HQ—enables the case companies to better understand and navigate the complexities of both developed and emerging markets. This synergized balancing act enhances the circumstances for creating sustainable value both globally and locally. Connecting to Stabell (2001), the facilitator role can also be viewed as a mechanism for developing a cohesive value configuration strategy. This strategy ensures that sustainability initiatives are consistently implemented across various market contexts, thereby reinforcing the overall sustainability strategy of the MNC.

5.3.2. Stakeholder Integration

Managing internal stakeholders to achieve SVC

This subsection of GVC governance examines how the case companies are integrating stakeholders internally to create sustainable value through their activities. The regional collaboration within the different case companies aligns with Freudenreich et al (2020), who highlight that stakeholder relationships and value exchanges are integral to SVC. This approach can also address governance gaps identified by Wolters (2023) with multiple internal stakeholders actively collaborating as demonstrated by Case 2 and Case 3's utilization of shared tools for employees in different locations to share knowledge and foster internal stakeholder relationships within the MNC. Such knowledge and value exchanges among employees provide significant opportunities for developing best practices that enhance the business success of the case companies.

Furthermore, internal stakeholder collaboration can facilitate the transfer of successful project practices from one market to another, connecting to the discussion of package logic (Johansson & Jonsson, 2012) in the previous subsection, as the case companies demonstrate how previously successful solutions made for a set of customers can be adapted to solve another set of customers' problems. However, while the empirical findings affirm the potential for best practices to be applied throughout the GVC, they also underscore the necessity for caution. For example, Phoenix from Case 1 notes that the same technology effective in the United States might not work as well in Ghana or Zambia. Thus, even though knowledge and value exchanges within the MNC's GVC can promote best practices and create sustainable value, these exchanges must be carefully managed to account for the complex differences between various countries.

Managing external stakeholders to achieve sustainable development

A final point to discuss within this subsection is the prioritization of managing different stakeholders as part of enabling an MNC's role in contributing to sustainable development. Elg & Hånell's (2023) assertion that MNCs could drive sustainable development, particularly in emerging markets, through various activities that contribute to market success is exemplified in some of the interviewees' responses. Phoenix from Case 1 and Geralt from Case 3 highlighted that when formulating strategies to drive sustainable development, it is crucial to weigh which sustainability topics to prioritize based on their materiality to the MNC. This means focusing on sustainability topics that significantly impact both to environmental sustainability and financial sustainability of the company. In relation to external stakeholders, materiality influences how MNCs prioritize activities with external stakeholders, especially as balancing stakeholders' interests becomes increasingly crucial and complex (Chandler, 2020; Susnienė & Vanagas, 2007). This sentiment is echoed by Phil from Case 2, who emphasized the importance of considering the bigger picture with business significance in mind when managing different stakeholders' interests. This connects to Wolters' (2023) call for companies to adopt broader perspectives in sustainability strategic planning and its business implications, as well as to Porter's (1985, 1990, 2008) system-based view focus in ABV SVC discussed in subsection 5.2. In summary, the empirical findings suggest the possibility of synthesizing theories on stakeholder management and the ABV system-based view within a holistic strategic planning framework for SVC.

6. Conclusion

The purpose of this study is to synthesize existing and previously isolated frameworks on SVC through the lens of ABV and MNC synergy in the lens of international business. Moreover, this study also aims to explore and provide a better understanding of how Nordics-headquartered MNCs synergize their SVC activities across their developed and emerging markets. To achieve the twofold purpose, the following RQ was formulated:

> *How are Nordics-headquartered companies synergizing sustainable value creation across their developed and emerging markets?*

Utilizing a multiple case studies approach, this study attempted to address the RQ by exploring how the case companies synergize their SVC activities through the lens of ABV SVC activities and governance within their GVC. Empirical results gathered from the data collection led to a framework that further elaborates, first, the types of value creation logics utilized by MNC, namely value chain logic, value shop logic, and package logic; and second, the roles of HQ within the governance scope, namely controller, facilitator, and stakeholder integrator.

The findings suggest that MNCs leverage the package logic to synergize their SVC activities across markets through different tools in the likes of shared tools and best-practice sharing forums. The finding also suggests that collaborations between HQ and subsidiaries are paramount for the SVC activities synergy across developed and emerging markets. HQ, however, holds a triple role of controller, facilitator, and stakeholder integrator to ensure collaborations, priority setting, and coherent compliance across all markets.

Another crucial aspect to highlight is the horizontal relationship between GVC SVC and GVC Governance and how both should not be considered as individual and separate elements, but rather as interdependent. For the synergy to be optimized, the framework should be considered and applied holistically as a system whilst also keeping the MNC-specific context in mind– as highlighted in 5.1. These varying complexities, thus, do not allow for a one-size-fits-all approach. Furthermore, the strategy formulation on GVC SVC and GVC governance should also be an iterative process, considering context and path dependencies such as the progression of regulatory frameworks, or changes in organizational structure and ownership.

Having said that, the holistic nature of the study allows for analytical generalization. Our findings are likely relevant to Nordics-headquartered product-based B2B MNCs with operations and sales market coverage in both developed and emerging markets, especially those undergoing sustainability regulatory development and growth in sustainability-focused demand.

6.1. Theoretical Implications

The findings of this study contribute to several theoretical implications for the academic literature. This thesis aims to address threefold research gaps identified in previous studies. First, our empirical findings contribute to the call for synthesizing research in international business and sustainability-based activities as emphasized by Jamali, (2010), Liou & Rao-Nicholson (2021), Rygh et al. (2022) and Van Zanten & Van Tulder (2021). This is demonstrated through our proposed framework (see Figure 2), which integrates MNC synergy within the context of SVC by combining GVC SVC and GVC Governance. The findings highlight the linkages between different literature focused on ABV, SVC, and Governance, thus extending the existing theories. The framework's contribution also includes the twofold stakeholder integration internally and externally as part of the SVC activities synergy strategy. This extension of the previous theory of stakeholder engagement in SVC emphasizes both internal and external stakeholders rather than focusing predominantly on the latter. Furthermore, the findings of this study directly connect the contexts of developed and emerging markets instead of treating them as separate entities, which addresses the synthesis gap where literature generally exists in silos concerning MNCs' SVC activities strategies between developed and emerging countries.

Second, as indicated in the problematization section, current studies within the international business research stream predominantly operate within the lens of the RBV (Dörrenbächer & Geppert, 2017), which leaves a gap in understanding the strategic management of SVC synergy due to the tacit nature of resource and capabilities management in RBV (Johnson et al., 2009;

Priem et al., 2013; Priem & Butler, 2001). This study addresses this gap by concentrating on the ABV and its integration within SVC and governance. Specifically, this study expands the ABV research stream within international business, facilitating a deeper understanding of international strategic management within MNC GVCs and how the synergies of the SVC activities correlate to competitive advantage.

Third, this study addresses a gap in the research on SVC within the context of Nordic MNCs. Existing literature predominantly examines SVC within Nordic markets. This study extends the current research by exploring how Nordic-headquartered MNCs generate SVC in emerging markets and how they synergize their SVC activities across developed and emerging markets. This expansion provides a more comprehensive understanding of the strategies and practices that Nordic MNCs employ to create sustainable value globally, thereby enriching the discourse on SVC in the Nordic MNC context.

6.2. Practical Implications

In addition to the theoretical implications, this study offers practical insights for sustainability managers at both the group/HQ and regional levels. The findings highlight the potential for MNCs to adopt shared solutions across various markets instead of developing entirely different strategies for each market. As discussed in the discussion section, implementing uniform solutions and practices, with necessary adaptations to fit specific market contexts, can be both feasible and advantageous. This approach can enhance the efficiency and coherence of SVC within MNCs. However, to fully leverage this opportunity, it is crucial for managers to foster collaboration within the organization by utilizing various collaboration tools and platforms. This internal collaboration is essential for tailoring and replicating successful practices across different markets, ultimately contributing to a more integrated and effective SVC strategy.

A strategic management proposal for Nordic MNCs is to use the strictest regulatory framework and best practices as the baseline of corporate-wide practices across all markets, including emerging markets when appropriate, with the caveat of consistently being close to the market to assess which practices and technologies work in different ones. Although it may seem counterintuitive, as following the strictest regulatory framework requires a great effort, this will ultimately allow both efficiency and consistent corporate sustainability governance throughout the GVC.

From a managerial point of view, the key to utilizing this strategy boils down to striking the balance of SVC and profitability within all core activities involving both internal and external stakeholders. This allows MNCs to be resilient, through meeting the current sustainability demands, and competitive as this perspective also ensures financial sustainability. On an internal level, the SVC and profitability dual-focus motivates energy and material-efficient production, operations, and product developments. As the focus heavily emphasizes cost-efficiency as a goal, thus profitability, this also enables managers to develop a sharable organizational culture that can be cascaded to all employees across different organizational levels and markets, irrespective of their magnitude of drive in sustainability. On the external level, educating and communicating how sustainability acts as a tailwind also enables managers to attract and engage effectively with shareholders and for-profit customers.

The findings of this study further contribute to the governance strategy for Nordic MNCs in the context of strengthening the linkage between HQ and Subsidiaries and its positive impacts on SVC globally and locally. The successful strategic management that enhances synergy for the creation of sustainable value is that HQ should embrace the two roles of controller and facilitator over the subsidiaries of the MNCs. The subsidiaries should also embrace roles as facilitators for the HQ. For instance, regional agents can serve as the primary contact between the HQ and subsidiaries worldwide, ensuring continuous dialogue and alignment between the two parts of the organization. The controlling role of the HQ ensures that subsidiaries adhere to the MNC's global sustainability standards and policies. This dual-role approach fosters a balance between global standardization and local adaptation, thereby enhancing the overall effectiveness and coherence of the MNC's SVC strategy.

6.3. Limitations and Future Research

6.3.1. Limitations

It is important to acknowledge the limitations of this study. The first limitation pertains to the interviewees. Although the interviewee from Case 1 provided both holistic and granular insights on the SVC synergy of the MNC, given his position with visibility across all levels and regions of the organization, the absence of multiple participants from Case 1 limits the ability to triangulate within the case. A similar limitation applies to Case 2, where the participation of only two interviewees, still leaves room for improved triangulation and richer perspectives. Including more interviewees from different sustainability divisions and regions would mitigate this risk. Interviews with sustainability liaison officers and super users would also be beneficial to understand how the presence of a "bridge" between developed and emerging markets aids in the synergy of SVC. Moreover, all interviewees from the case companies belong to the corporate level, which introduces another limitation. The data reflects a top-down perspective on SVC, where corporate-level employees focus on creating SVC synergy strategies that can be applied across various markets. This perspective, however, may not fully capture the nuances of value creation at the local level. Thus, the perspectives and experiences of regional employees in emerging markets are underrepresented. Including interviewees from local levels in emerging markets could provide better triangulation and a more comprehensive understanding of the effectiveness and areas for improvement in the shared tools, collaboration, and synergy initiatives set by the HQs. These additional perspectives would offer a more holistic and richer exploration of how Nordic MNCs create sustainable value through synergy.

Second, the generalizability of the study results is limited by industry and geographical constraints. As two of the case companies belong to the same industry and two of the MNCs are headquartered in the same country, the findings may not fully encapsulate the broader scope of the RQ. This homogeneity could lead to an industry-specific or country-specific bias, thereby restricting the applicability of the conclusions to other contexts.

Lastly, due to the theoretical nature of this study, its impact may be limited compared to more extensive, established research. While the practical implications provide valuable insights for

MNCs, the study's contribution requires further research to solidify its findings and applicability across diverse contexts. More extensive studies are necessary to validate and expand upon the results presented here to ensure a more robust foundation for practical application.

6.3.2. Future Research

Despite the limitations, this study opens several avenues for future research within the context of how MNCs are synergizing SVC activities in developed and emerging markets. A promising research area that emerged during the data collection is the implication of the SVC context for companies that acquire other companies versus those that are being acquired. This distinction could reveal different strategic approaches and challenges in creating sustainable value.

Furthermore, since this study focuses on B2B MNCs, opportunities to explore SVC activities synergy for B2C MNCs could also be explored as B2B MNCs may face different sustainability challenges and opportunities due to their direct consumer interactions and varying consumer expectations in developed and emerging markets.

Additionally, given the rapid growth of emerging market economies, future research could investigate how MNCs from emerging markets create sustainable value in both developed and emerging markets. This perspective could provide insights into the reverse dynamics of sustainability strategies and their global impact.

The study's reliance on three case companies also highlights the potential benefits of incorporating more cases to enhance the understanding of MNC synergy. A broader sample could provide more diverse insights and strengthen the generalizability of the findings.

Finally, while this study employs a qualitative methodology to explore multiple cases, future research could adopt a quantitative approach to provide further theoretical and practical contributions. Quantitative studies could validate and expand upon the qualitative findings, offering a more comprehensive understanding of SVC activities and their impact on MNCs' strategic management and competitive advantage.

7. References

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8. Appendix

Appendix A - Interview Guide

Introduction

1. Could you describe your role and responsibilities in your company?

2. What role do you think your company has in sustainable development?

Corporate governance of the value chain

3. How does corporate governance look like at your company when it comes to the global value chain?

4. How are responsibilities and decision-making balanced between your HQ and Subsidiaries globally?

5. What are the priorities when it comes to global value chain corporate governance?

Developed and developing markets

6. How does sustainable value chain/creation differ between developed and emerging market operations?

7. How does your company mitigate the differences in contexts between developed and emerging operating markets' sustainable value creation/value chain?

8. How do your company's Headquarter, and Nordic/European & developing operating markets work together when it comes to sustainable value chains?

Sustainable value creation

9. What are the priorities when it comes to your company's sustainable value creation activities?

10. Who are the actors that play a part in your company's sustainable value creation and how do you balance their different demands?

11. Are corporate sustainability activities creating competitive advantage? - If not, why?