



**AALBORG
UNIVERSITY**

TITLE PAGE FOR EXAMINATION PAPER

To be filled in by the student(s)

Subjects: (tick box)	Project	Synopsis	Portfolio	Thesis X	Written Assignment
----------------------	---------	----------	-----------	-----------------	--------------------

Study programme:	International Business	
Semester:	4 th semester	
Exam Title:	Master Thesis	
Name and student number of group member(s)	Name	Student number
	Emil Anker-Møller Wind	20183992
	Hanne Stenner Juhl	20183821
	Sofie Horsager	20182599
Hand in date:	1 st of June, 2023	
Project title /Synopsis Title/Thesis Title	Designing and Implementing Impactful Sustainability Strategy in Multinational Enterprises: Exploring the Effect on Competitive Advantage	
According to the study regulations, the maximum number of keystrokes of the paper is:	216.000 keystrokes	
Number of keystrokes (one standard page = 2400 keystrokes, including spaces) (table of contents, bibliography and appendix do not count)*	205.572 keystrokes	
Supervisor (project/synopsis/thesis):	Svetla Trifonova Marinova	

I/we hereby declare that the work submitted is my/our own work. I/we understand that plagiarism is defined as presenting someone else's work as one's own without crediting the original source. I/we are aware that plagiarism is a serious offense, and that anyone committing it is liable to academic sanctions.

Rules regarding Disciplinary Measures towards Students at Aalborg University (PDF):

<http://plagiat.aau.dk/GetAsset.action?contentId=4117331&assetId=4171389>

Signature(s):

Emil Anker-Møller Wind: *Emil Wind*

Hanne Stenner Juhl: *HJ*

Sofie Horsager: *Sofie Horsager*

* Please note that you are not allowed to hand in the paper if it exceeds the maximum number of keystrokes indicated in the study regulations. Handing in the paper means using an exam attempt.

Designing and Implementing Impactful Sustainability Strategy in Multinational Enterprises: Exploring the Effect on Competitive Advantage

By
Emil Anker-Møller Wind, Hanne Stenner Juhl &
Sofie Horsager

**MSc. in International Business
June 2023**



**AALBORG
UNIVERSITY**

0. Abstract

This master thesis investigates the design and implementation of sustainability strategy within an MNE and explores the effects on the competitive advantage that such strategy can give rise to. The thesis is motivated by the evermore increasing focus on sustainability within the field of international business and seeks to answer the problem formulation of how MNEs can design and implement a sustainability strategy that is impactful in both headquarters and subsidiaries and what its effect is on competitive advantage. This will be investigated in the context of the case firm, Trackunit. The methodological choices of this thesis are rooted in the philosophical approach to science, critical realism. This encompasses a case study approach that incorporates both qualitative and quantitative methods. The thesis has a starting point in primary qualitative data, in the form of semi-structured interviews, and triangulates the findings by the use of both primary and secondary survey questionnaires. The thesis develops an *á priori* framework rooted in extant literature and by use of the abductive method, this framework is redeveloped through the analysis and materializes as an *á posteriori* framework that is specific to the investigated case.

The thesis discusses differences and similarities between the two frameworks, where a main difference is the emphasis placed on the internal factor managerial decision-making and the significance of this factor will therefore be discussed. Additionally, methodological considerations will be debated as well as the thesis' contribution to existing literature. Lastly, the thesis concludes that in order for an MNE to successfully design and implement a sustainability strategy it must be aware of the complex conjunction of institutional contexts that it operates within as well as the lack of definition of the concept sustainability. It further concludes that an autonomous and empowered employee organizational structure with low levels of formal leadership creates both opportunities and challenges in the processes of designing and implementing a sustainability strategy. Lastly, the thesis concludes that MNEs can benefit from incorporating a proactive attitude towards sustainability as this places the MNE in an advantageous competitive position which can lead to competitive advantage. The findings of this master thesis can serve as a stepping-stone for further investigation of the topic of sustainability strategy.

Table of content

1. Introduction.....	1
1.1. Problem formulation	3
1.2. Research design	4
2. Literature review	5
2.1. Strategy in MNEs.....	5
2.2. Sustainability and the MNEs	6
2.3. The role of institutions	9
2.3.1. The regulative pillar	10
2.3.2. Cultural context.....	13
2.4. Industry context	14
2.5. The organization	15
2.5.1. Organizational structure.....	16
2.5.2. Organizational culture.....	16
2.5.3. Managerial decision-making.....	17
2.5.4. Level of subsidiary integration	18
2.6. Implementing change.....	19
2.7. Compilation of presented literature	20
2.8. Conceptualization	22
3. Methodology	25
3.1. Critical realism.....	25
3.2. Abduction.....	27
3.3. Case study	28
3.3.1. Presentation of case firm.....	29
3.4. Data collection	30
3.4.1. Triangulation.....	30
3.4.2. Interview and interview guide	31
3.4.3. Questionnaires.....	32
3.5. Analysis method.....	33
3.5.1. Descriptive statistics	33
3.5.2. Coding.....	34
3.6. Methodological discussion.....	36
3.6.1. Reliability.....	36
3.6.2. Validity	37
4. Analysis and findings.....	38

4.1. SWOT analysis of the case firm, Trackunit	38
4.1.1. Strengths	39
4.1.2. Weaknesses	39
4.1.3. Opportunities.....	40
4.1.4. Threats.....	40
4.2. Findings from Trackunit survey	41
4.3. Presentation of empirical findings	43
4.3.1. Mature traditional industry	43
4.3.2. Regulatory embeddedness	51
4.3.3. The ill-defined concept of sustainability.....	57
4.3.4. Autonomous organizational structure	65
4.3.5. Employee-driven organizational culture	73
4.3.6. Collaborative environment.....	81
5. Discussion.....	89
5.1. Á posteriori conceptualization	89
5.1.1. External factors	90
5.1.2. Impact of the ill-defined concept of sustainability	91
5.1.3. Internal factors	91
5.1.4. Impact on competitiveness.....	94
5.1.5. Presentation of the á posteriori framework	97
5.1.6. Significance of managerial decision-making	97
5.1.7. Methodological considerations	98
5.2. Contributions to existing literature	99
6. Conclusion	100
6.1. Managerial implications.....	102
6.2. Limitations	102
6.3. Agenda for future research.....	103
7. References	105

List of figures

Figure 1: Research design (Own creation).....	4
Figure 2: Á priori conceptual framework (Own creation)	24
Figure 3: The three domains of reality (Mingers, 2004, p. 94).....	26
Figure 4: Á posteriori conceptual framework (Own creation).....	97

List of tables

Table 1: Presentation of EPRG model (Own creation based on Drachal, 2014)	16
Table 2: Compilation of presented literature (Own creation)	22
Table 3: Interviews conducted (Own creation).....	32
Table 4: Coding frame template (Own creation)	35
Table 5: SWOT analysis of Trackunit (Trackunit, 2023b; Trackunit, 2023b; Appendix 1-7)	39
Table 6: Result from Trackunit survey questionnaire (Based on data provided by case firm)	42
Table 7: Mature traditional industry coding frame (Own creation based on interview data).....	47
Table 8: Regulatory embeddedness coding frame (Own creation based on interview data).....	53
Table 9: The ill-defined concept of sustainability coding frame (Own creation based on interview data).....	61
Table 10: Autonomous organizational structure coding frame (Own creation based on interview data).....	68
Table 11: Employee-driven organizational culture coding frame (Own creation based on interview data).....	77
Table 12: Collaborative environment coding frame (Own creation based on interview data)	84

1. Introduction

Throughout time, the focus of international business has evolved depending on the dynamics and events in the world. After the Second World War and the subsequent reestablishment of the world economy, an emphasis was placed on foreign direct investments and explaining the FDI flows. Through the 1970s, the focus shifted to attempting to grasp the Multinational Enterprise (MNE) and its strategies. Again in the mid-1980s, the focus took a turn toward explaining new forms of international business, such as joint ventures. All these shifts have been motivated by both a change in the dynamics of the global economy and by insufficient theoretical explanations of the phenomena observed by researchers (Buckley, 2002). It is evident that the field of international business studies has always been impacted by the shifting trends and public opinions that are predominant within both the academic environment as well as beyond. This causes shifts in both the dynamics of international businesses and in what is researched and published by international business researchers (Ntara, 2022).

Until this point in time, the field of international business has successfully explained a variety of empirical phenomena and many of the original theories still prove their relevance. Arguably, the alignment between empirical reality and research has led to this success. However, the research field has already addressed some of the biggest empirical questions and developed theories that have endured the strain of time. This leads to the question of how international business scholars can continue to contribute to the elaborate theoretical landscape with new and relevant knowledge (Buckley, 2002).

Fortunately, the world is not static, which constantly brings new topics forward that can be addressed. Recently, this dynamic development has entailed an increasing focus on sustainability within the field of international business and firms operating on a global scale. However, sustainability is not a new concept, but over time the understanding of sustainability has changed. When the concept first gained attention in the 1960s, the main emphasis was placed on a need for regulation and a focus on environmental sustainability (Bergquist, 2017). In more recent times, sustainability is not defined solely by efforts toward reducing greenhouse gas emissions but also encompasses a social and governance dimension (Taliento, Favino & Netti, 2019). Furthermore, firms are asked to increasingly take responsibility for their actions by both consumers and

governments all over the world. A global survey conducted by Statista (2021) illustrates that 88% of consumers, as of February 2021, believe that sustainability practices should be a standard and 89% agree that firms should take more responsibility to reduce their carbon emissions and, thereby, a focus on especially the environmental side of sustainability is still present.

This development presents MNEs with a new and complex challenge when having to adhere to new legislation and transform their business models to be sustainable (Kolk & Van Tulder, 2010). However, considering the field of international business and the characteristics of MNEs, this is easier said than done. The issue of institutional plurality and dual embeddedness of MNEs entails an increasingly complex institutional environment for the MNE to navigate (George & Schillebeeckx, 2022). Moreover, the concept of sustainability has historically been ill-defined which presents additional challenges for MNEs when having to address the challenge in an international context where multiple understandings and meanings might be attached to the concept (Vos, 2007). Therefore, it is relevant for international business research to address these challenges presented to the MNE through the increased focus on sustainability in order to assist MNEs in navigating these challenges.

If the MNE wants to successfully deal with this increased focus on sustainability, it requires a different mindset toward sustainability where strategy can be used as a tool to obtain this mindset (Porter & Kramer, 2006). However, simply designing a new strategy is not sufficient as it also needs to be implemented successfully. As mentioned above, the MNE exists in multiple institutional contexts, which increases the complexity of strategizing. However, this is not only a challenge when dealing with the environment external to the MNE, but it also presents difficulties in managing the MNE internally. Due to the dual embeddedness of the MNE, ways of mitigating the differences that inevitably will exist between regions, countries, and cultures must be found in order to implement strategy effectively on a global scale (Ambos, Fuchs & Zimmermann, 2020). Since MNEs operate in multiple markets, this dual embeddedness must be considered when aligning their strategy between both headquarters (HQ) and subsidiaries. In this regard, a topic that is gaining increasing attention within the field of international business is HQ-subsidary relationships (Lunnan et al., 2019).

As argued by Rajasekar (2014) between 50% and 80% of the efforts toward implementing strategy fails. This underlines the complexity of strategy implementation as compared to the design of strategy. Even though strategy design can also be challenging when considering the many aspects and challenges that must be addressed, this is mostly a creative and analytical act. However, in the phase of implementation, the organization must motivate its employees to change their behaviors which is where the real challenge lies. Multiple factors impact the success of the implementation phase, and it is necessary to grasp these different factors and the interplay between them to reach successful strategy implementation (Rajasekar, 2014).

It can seem rather simple. The MNE needs to develop a sustainability strategy and implement it across HQ and subsidiaries. However, the above sections argue for a high degree of complexity in both the design and implementation phases considering the complexity in which the MNE operates. Therefore, it can be argued that there are still plenty of real challenges that the MNE encounters and, therefore, relevant contributions to be made by international business scholars. This thesis investigates if MNEs can navigate the aforementioned increasing complexity and employ strategy as a tool to grasp and utilize the conjunction of contexts in which it is embedded in order to create strategies that are impactful within both HQ and subsidiary contexts. The thesis further investigates the design and implementation of specifically sustainability strategy since it is a topic of increasing significance within international business literature and a topic that MNEs still have challenges overcoming.

1.1. Problem formulation

Based on the current state of the field of international business presented above, the following problem formulation is developed:

How can MNEs design and implement a sustainability strategy that is impactful in both headquarters and subsidiaries and what is its effect on competitive advantage?

This problem formulation can be addressed by answering the following four research questions:

- How do MNEs design sustainability strategy?
- How can MNEs implement sustainability strategy?

- How can MNEs align their sustainability strategy so that it is impactful for both HQ and subsidiaries?
- How does an aligned and implemented sustainability strategy affect the competitive advantage of MNEs?

1.2. Research design

The thesis is structured as follows:

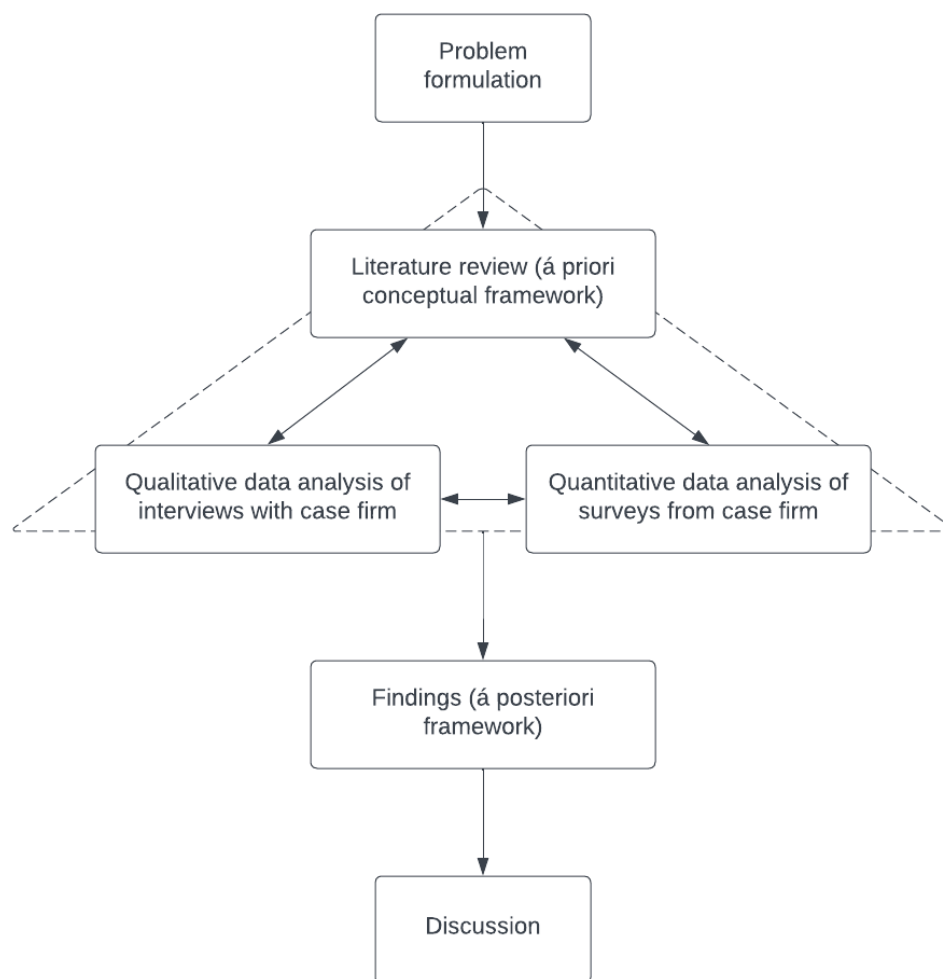


Figure 1: Research design (Own creation)

The research design presented above illustrates how the following thesis will answer the problem formulation. Chapter 2 of this thesis presents an overview of the existing literature on the topics

of strategy, sustainability, institutional context, MNEs as organizations, and implementation of change. Understanding what is already known about these topics will enable the identification of gaps in the literature where further research is needed and these gaps will be guiding for the thesis. At the end of this chapter, the *á priori* conceptual framework is presented which illuminates the connection between the different concepts based on existing literature. Chapter 3 explains the methodological choices made with a starting point in the paradigm critical realism and its ontological and epistemological assumptions. Furthermore, it is elaborated that the thesis is a case study, including both quantitative and qualitative data analysis, thereby, ensuring method triangulation. The chapter concludes with a discussion of the methodological choices and their impact on the quality of the research conducted. Chapter 4 presents the findings from the analysis and deconstructs the *á priori* conceptual framework to investigate each aspect thoroughly. Chapter 5 presents the *á posteriori* framework and discusses the findings of this thesis in relation to existing relevant international business literature and argues how the findings contribute to the existing knowledge. Lastly, chapter 6 presents the conclusion to the thesis as well as managerial implications, limitations, and an agenda for future research.

2. Literature review

The purpose of a literature review is to provide an understanding of what research has already been produced in the field of investigation and is critical for creating a foundation for topics for further investigation as well as illuminating the gaps in the current literature (Bryman, 2012). As this thesis examines sustainability strategy and the design and implementation of this in HQ and subsidiaries, the forthcoming literature review will explore subjects related to these points of study and culminate in an *á priori* conceptualization of the explored topics.

2.1. Strategy in MNEs

All firms are established with a certain purpose in mind and strategy can, therefore, be defined as means to reaching this purpose (Thompson, Scott & Martin, 2017). Additionally, Porter (1998) argues that strategy is used as a tool to direct the firm as a whole toward a purpose which is essential to identify where in the competitive landscape the firm can best position itself. Therefore, a strategy can be deemed successful when it enables the firm to reach its purpose and find the ideal position within the competitive landscape. However, identifying this position becomes

increasingly complex when a firm is operating in multiple markets, as MNEs do, and the forces of globalization have accentuated the importance of a coordinated global strategy (Ghoshal, 1987). In addition, Ghoshal (1987) argues that “competitive advantage is developed by taking strategic actions that optimize the firm’s achievement of these different and, at times, conflicting goals” (Ghoshal, 1987, p. 427) which highlights the complexity of designing and implementing strategy in MNEs because HQ and subsidiaries may experience conflicts in aligning their purpose, which will be elaborated throughout this literature review.

As argued by Thompson, Scott, and Martin (2017), strategy consists of the strategy itself and designing said strategy. Nonetheless, implementation and the ability to adapt to change are also crucial elements for success. Rajasekar (2014) further elaborates that even though it is commonly believed that designing a unique strategy will ensure success, the implementation of that strategy is just as, if not more, vital for achieving the desired benefits. The implementation is where the designed strategy is translated into organizational actions that enable the firm to reach its purpose (Isaboke, 2015). In other words, strategy is means to an end and implementation is where the means are translated into concrete actions of the firm. Nevertheless, strategy implementation can be even more difficult for firms than designing the strategy (Rajasekar, 2014), especially when operating on a global level, due to the complexity and additional contexts that must be considered.

2.2. Sustainability and the MNEs

In the field of international business, a broad spectrum of topics has been of interest as elaborated in the introduction. However, the concept of corporate social responsibility (CSR) has also increasingly attracted attention on an international level and now contains an array of theories and frameworks (Garriga & Mele, 2004). According to Turker (2009), CSR can aid organizations in structuring their use of corporate power and social involvement in a responsible way. Furthermore, Garriga and Mele (2004) state that the CSR theories are centered around the four purposes:

“(1) meeting objectives that produce long-term profits, (2) using business power in a responsible way, (3) integrating social demands and (4) contributing to a good society by doing what is ethically correct.” (Garriga & Mele, 2004, p. 65).

When reviewing these objectives, it becomes evident that they are still highly relevant and debated today. However, they are now used more often in relation to the concept of sustainability in

organizations, as this concept has become the prevailing way of discussing an organization's role in society (Aslaksen, Hildebrandt & Johnsen, 2021). CSR can therefore be viewed as a foundation for the development of the concept of sustainability.

Even though the concept of sustainability is also widely investigated by scholars in various fields, there is still a lack of consensus on the definitions of this concept (Bergquist, 2017; Vos, 2007; Christensen, Hail & Leuz, 2021). Vos (2007) argues that this lack of definition and potentially wrong definitions of sustainability can undermine the value that sustainability can bring. Additionally, Bergquist (2017) argues that due to the socially constructed nature of the concept and its ambiguity allows for unsustainable and contaminating industries and firms to declare themselves sustainable. Therefore, a requirement for guidelines of the concept of sustainability is necessary.

Various definitions of sustainability that share common elements exist (Vos, 2007) and these can contribute to the definition of sustainability that will be guiding this thesis. As argued by Vos (2007), most definitions concur that sustainability has an environmental, social, and economic component, that can be illustrated in a triangle or Venn diagram format to succinctly delineate the imbricate nature of the three components. Additionally, intergenerational equity is a predominant focus when defining sustainability as this can be considered a main driver for the need for sustainable development (Vos, 2007). Lastly, it is elucidated by Vos (2007) that the majority of sustainability definitions acknowledge the necessity of operating at a higher standard than what is required by regulations and law. Even with these common attributes of sustainability, it can still be difficult for MNEs to understand how to navigate it and what actions to take to become more sustainable, hence, it is essential to agree on a way firms can maneuver and measure their sustainability efforts.

The ESG framework, consisting of the environmental (E), social (S), and governance (G) dimension, provides firms with a way to evaluate the impact they make on each of the three dimensions (Singhania & Saini, 2021). It can therefore be beneficial for a firm to use these as identifiers for their sustainability performance. ESG is derived from the concept of CSR and is used collectively to provide a holistic view of sustainability (Singhania & Saini, 2021). According

to Haanaes & Olynec (2022), ESG is becoming pivotal to a greater extent across all industries and firms, which is supported by Christensen, Hail, and Leuz (2021) who argue that an increase in information about ESG action and policies is demanded. Based on these assertions, the ESG framework will be utilized as a measure of sustainability in this thesis.

As the guidelines for sustainability in this thesis are set, it becomes relevant to look into how these guidelines can be followed. Here, the social contract theory can aid in creating a foundation as it describes how different entities enter into an implicit contract that pertains goals of how to act morally and obtain a better life (Huntjens & Kemp, 2021). Social contract theory has its roots in political philosophy wherefore it can be viewed as an abstraction that helps individuals, but also firms like MNEs, understand how to operate in the social world (Huntjens & Kemp, 2021). When discussing sustainability in relation to MNEs, it is evident that increased focus is placed upon the concept wherefore firms are taking a more proactive approach toward creating strategies where sustainability is incorporated (Bergquist, 2017). This can be caused by a shift in the social contract the MNE has entered into, as the expectation from other entities of the contract is now increasingly focused on creating sustainable change.

Additionally, firms are also placing greater emphasis on sustainability in their strategy due to increases in regulations combined with changes in consumer behavior and awareness (Ottenstein et al., 2022). Porter and van der Linde (1995) argue that incorporating sustainability into the strategy can lead to competitive advantage, but Porter and Kramer (2006) state that “the prevailing approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society.” (Porter & Kramer, 2006, p. 3). In continuation, Porter and Kramer (2006) argue that if firms view sustainability through a strategic lens, it can enable innovation and benefit the firm as well as society which highlights its relevance when considering MNE strategy. MNEs can, thereby, create value for their social contract by incorporating sustainability to a larger degree when designing and implementing their strategies.

From the sections above, it is evident that there is a gap in the literature in relation to MNE strategy and sustainability. The importance of integrating sustainability is emphasized by multiple scholars

but the significant issue of how to design and implement a sustainability strategy in MNEs is not addressed thoroughly. Furthermore, the lack of common consensus on the topic of sustainability makes it even more challenging to draw conclusions from the existing literature. In order to further comprehend the environment MNEs have to design and implement their sustainability strategy in, the institutional context and, thereby, the role of institutions will now be discussed.

2.3. The role of institutions

When designing and implementing strategy, it is crucial to acknowledge that firms exist in dynamic contexts that impact the possibilities of the firm (Thompson, Scott & Martin, 2017). Because MNEs operate in multiple institutional contexts, they are forced to design and implement a sustainability strategy that is appropriate for all the institutional contexts the MNE is embedded within. Peng, Wang, and Jiang (2008) present a critical perspective on strategy and argue that the institutional context must be addressed if firms want to reap the benefits of their strategy. Even though institutions' impact on firms has been researched previously, Kostova, Roth, and Dacin (2008) highlight fundamental gaps in the aforementioned research due to the central differences between domestic firms and MNEs. It can, thereby, be challenging for MNEs to strategically locate themselves and adapt to the variety of institutional contexts that a firm faces when operating in multiple countries (Jackson & Deeg, 2008). Furthermore, Greenwood et al. (2011) elaborate that MNEs all face institutional complexity but to different degrees. Though scholars have accentuated the importance of institutions, especially in relation to MNEs, the prevailing theories in international business seem to turn a blind eye to context and its impact on firms (Michailova, 2011). The dominating view is that institutions are constraints to MNEs (Scott, 2014) but this view neglects to understand the opportunities that are also presented by institutions (Regner & Edman, 2013).

To fully grasp how institutions impact MNE strategy, especially in regard to sustainability, it is essential to properly define what is meant by this term. Institutions are defined as “regulative, normative, and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life” (Scott, 2014, p. 56). By examining this definition, it becomes increasingly evident that institutions are essential for understanding how firms act in their environment and whether or not their strategies can succeed.

It must be acknowledged that the three elements in the definition, also known as pillars, affect MNEs differently and it is, thereby, relevant to understand how. The regulative pillar refers to what may or may not be done according to the rules and laws of a certain country or state. The impact of this pillar is directly observable as firms can encounter legal sanctions if not complying. Secondly, the normative pillar refers to the social obligations faced in a certain context, therefore emphasizing the values and norms that are shared in a community or society. Not complying with these values and norms can result in negative associations and potentially a weakened competitive position. To navigate within this pillar, firms must rely on their own moral compass. Lastly, the cultural-cognitive pillar refers to the subconscious shared understanding of reality and can be difficult to understand for an outsider which presents a challenge to MNEs when entering new markets. This pillar exists on an individual level and manifests through the individual's perceptions, but it is constructed through an internalization of the individual's environment, thereby creating a shared understanding within a community or society. Considering the definitions of the pillars, it is evident that national culture impacts both the normative and cultural-cognitive pillars. In relation to MNE strategy, it can be challenging to distinguish clearly between these two informal institutions as they are both closely related to the cultural context wherefore, they will be investigated in unison. In conclusion, the MNE needs to consider the informal institutions in terms of culture and the formal regulative institutions in the relevant contexts (Scott, 2014).

2.3.1. The regulative pillar

The regulative institutions can affect the possibilities and limitations of MNEs on a wide spectrum. Skjærseth & Wettstad (2009) elaborates on how certain regulatory institutions such as the United Nations (UN), North American Free Trade Agreement (NAFTA), and the European Union (EU) impact MNEs, and it is evident that firms encounter political and legal pressure to be more sustainable. Considering, for example, the EU's environmental legislation, there is a clear upwards trend in the number of directives and regulations. Where in 1990 there was only one directive or regulation related to the environment adopted by the EU Commission, a total of 30 directives or regulations were adopted in 2018 (Deters, 2019, figure 2, p. 321). This indicates an evolution of sustainability from voluntary CSR efforts toward mandatory sustainability practices.

The increasingly mandatory nature of sustainability establishes the regulatory environment as a crucial external factor when developing a sustainability strategy. As sustainability has an impact on a global level, it is necessary to tackle these issues internationally. In this regard, the UN is an important actor in the development of international sustainability treaties and is argued to be the foundation of modern international environmental laws (Perrez, 2020). An example of one of the initiatives developed by the UN is the Kyoto Protocol from 1997 which commits industrialized countries to reduce their emission of greenhouse gasses (UNFCCC, 2023). However, the Kyoto Protocol does not specify how this should be done but simply requests that countries implement necessary policies in order to reduce emissions (UNFCCC, 2023).

To live up to the commitment to the Kyoto Protocol, the EU implemented an emission trading system to ensure reduced emission of greenhouse gasses (Kara et al., 2006). Succinctly, the system functions by an allocation of trade allowances that firms have to purchase, and the number of allowances is reduced each year to ensure an overall reduction of greenhouse gas emissions within the EU (Skjærseth & Wettstad, 2009). The emission trading system provides an example of how the initiatives by the UN manifests as defined laws by another entity, such as the EU. Furthermore, the EU has developed several other directives, which are not directly related to the Kyoto Protocol, such as the Corporate Sustainability Reporting Directive which requires firms to disclose information related to their sustainability efforts (Council of EU, 2023).

On a national level, member states of the EU are obligated to meet the goals of a certain directive, however, it is up to the individual country to develop their own laws in order to meet the goals of the directive (European Union, 2023). Thereby, even if an MNE is operating within the EU, the legislation can be different from country to country as they might implement EU directives differently. The connection between the international entities and country-level legislation underlines the complexity of the legal environment in terms of sustainability which can present a challenge for MNEs when developing a sustainability strategy that must live up to the relevant legislation in their multiple countries of operation. Even though this challenge can be impactful for MNEs, the existing literature does not thoroughly address this challenge.

The impact of the formal regulatory institutions is further amplified by Porter and van der Linde (1995) who intriguingly investigate how aforementioned institutions can shape the activities within their environment either positively or negatively depending on their regulatory actions. As they state: “Just as bad regulation can damage competitiveness, good regulation can enhance it.” (Porter & van der Linde, 1995, p. 129). The article clearly makes a distinction between good and bad regulations, and additionally argues that good regulations are more informative directives that aid the firms in adhering to the regulations, whereas bad regulations leave the firm with a harder regulatory challenge to overcome with no aid. Moreover, they argue that good environmental regulations can be a source of innovation that may lead to competitive advantages over time (Porter & van der Linde, 1995). These conclusions have subsequently been evaluated by other researchers where Joltreau and Sommerfeld (2019) argue that regulations can negatively impact firm competitiveness if not designed correctly. For instance, it can increase costs for the firm and decrease competitiveness in comparison to non-regulated firms (Dechezlepretre, Nachtigall & Venmans, 2022). Nonetheless, the EU trade emission system is highlighted as a regulation enabling innovation and increasing competitiveness due to its flexible nature (Joltreau & Sommerfeld, 2019; Dechezlepretre, Nachtigall & Venmans, 2022).

The aforementioned investigation of the formal regulatory institutions and their impact on MNEs can be both positive or negative depending on the nature of the regulations. Nevertheless, this points to the necessity for MNEs to assume a proactive attitude toward sustainability and incorporate it into their overall competitive strategy. By doing so, MNEs are able to address the regulations imposed by the institutional environment in a way that can provide them with a competitive advantage rather than incur a negative impact on the firm (Porter & Kramer, 2006). Studies have shown that MNEs are more likely to manage sustainability according to institutional pressures rather than assuming a proactive attitude and seeing sustainability through a strategic lens (Husted & Allen, 2006). Even though the literature emphasizes that a proactive attitude toward sustainability can be determining for the success of sustainability initiatives, there is sparse research investigating how firms can utilize strategy as a tool to create strategic opportunities within the regulatory environment.

2.3.2. Cultural context

As previously mentioned, the normative pillar and cultural-cognitive pillar are both concerned with the culture within a society and for MNEs, this will often manifest as the cultural context of their host countries and home country. Ringov and Zollo (2007) argue that the cultural context a firm operates within will impact to which degree the firm will concern itself with socially responsible behavior and, thereby, how they will design their sustainability strategy. Their research is based on Hofstede's six cultural dimensions and concludes that power distance and masculinity negatively affect the E and S measurements of ESG, while other dimensions have no significant effect. This implies that MNEs should be conscious of countries with these attributes as it can impact the perception and implementation process of their sustainability strategy. Nonetheless, Rana and Morgan (2019) claim that Hofstede's dimensions, and similar frameworks, can be too one-dimensional and that viewing societies through this lens will merely provide a stagnant glimpse and does not consider how fluctuating societies can be. The question then arises whether Hofstede's dimensions can be beneficial as stand-alone indicators of a society or if additional support from other frameworks or theories is necessary in order to gain a more holistic view of how the cultural context affects the sustainability strategy of an MNE.

When discussing the possible fluctuation of societies and their cultural contexts, Leung et al. (2005) present cultural convergence as the way cultures is becoming increasingly similar, especially in the Western part of the world. They argue that technological development has made it easy for people to learn about other cultures and slowly internalize parts of these cultures into their own, creating a melting pot where different cultural contexts can ooze into one common context. From this point of view, it can be beneficial for MNEs to design and implement one common sustainability strategy, because there is a common foundation to build on. Nevertheless, it must be remembered that cultural convergence does not imply that all national cultures will subside, as many elements of culture can coexist, and communication technology can also be utilized to keep cultures and traditions alive (Leung et al., 2005). To further investigate this, it must also be considered if the design and implementation of the strategy should be modified depending on the host countries the MNE subsidiaries are located in. According to Griffin et al. (2017), the cultural context of a firm causes variations in corporate governance, which in turn creates a need for adapting the strategy to the different host countries of the MNE.

MNEs should therefore not disregard the impact of cultural context on the operations and strategy of their firm, due to the differences that may exist impacting the way a strategy can be perceived. Furthermore, MNEs need to navigate the cultural context of their different subsidiary host countries before designing a sustainability strategy that is to be implemented in the firm. In conjunction with the regulatory context, this cultural context is part of the institutional context of the MNE. As explained by Rana (2015), the HQ of an MNE is placed within the institutional context of the home country, however, the subsidiaries are situated in different institutional contexts in their respective host countries, while still being impacted by the MNE home country contexts and they thereby experience dual embeddedness. MNEs therefore need to navigate the home country and host countries' institutional contexts. The subsidiaries are thereby embedded in both the home and host country institutional contexts, however the literature fails to address how MNEs should navigate this dual contextual embeddedness.

2.4. Industry context

The institutional context is not the only external aspect to consider when investigating factors that impact the design of an MNEs sustainability strategy and the subsequential implementation. It is also pivotal to consider the industry context and the possibilities and limitations that it presents the MNE with (Porter, 1980). The industry context of an MNE is a dynamic system that is evolving over time due to the mutual impacts of all the involved entities. Firms are constantly changing their strategies and operations in order to gain competitive advantages over their direct rivals in the industry. Moreover, they are leveraging influence with governments and other institutions regulating the industry, creating a sea of competitive forces for the MNE to navigate. Therefore, to have a successful strategy and utilize the possibilities that are presented within the industry, they must be on the forefront of the development and anticipate the development of the industry context. As Porter (1980) proclaims: "the success of a company's competitive strategy depends on how it relates to its environment" (Porter, 1980, p. 30). This quote signifies the importance of being conscious of the development within the industry context, as well as institutional context, and for the MNE this implies a need for knowledge about local industry specifics that impact each of their subsidiaries in different ways. The goal for the MNE when developing a competitive strategy can,

therefore, be synthesized to be: “to find a position in its industry where these competitive forces will do it the most good or the least harm” (Porter, 1980, p. 30).

The industry context is highly relevant when discussing sustainability as different industries pollute to different degrees. A breakdown of global emissions by sector from 2019 (Statista, 2023) indicates that the three sectors electricity and heat, transportation, and manufacturing are responsible for 62% of the global greenhouse gas emissions. The same conclusion is also drawn by the European Environment Agency (2016) where the same industries in 2014 were responsible for approximately 68% of the global greenhouse gas emissions. These numbers highlight the difference between the industries as some are responsible for more pollution and it can therefore be argued that a greenhouse gas reduction is called for in the industries with the highest emissions. However, certain industry characteristics can also make a reduction challenging. Unfortunately, the literature neglects to address how these industry characteristics impact sustainability strategy.

2.5. The organization

Even though it has been established how crucial the external context surrounding the MNE is for the development and implementation of strategy, it is not by any means only the external factors that impact the success of the strategy. The internal environment within the organization also has a pivotal role to play when designing and implementing strategies (Rajasekar, 2014). As this thesis specifically investigates MNEs, it is essential to thoroughly define what is meant by this term. In accordance with Sundaram and Black (1992), an MNE is defined as: “an entity which, viewed from the “home” (parent) perspective, sells and/or produces in at least one other sovereign “host” (subsidiary) country” (Sundaram & Black, 1992, p. 733).

Within the internal context of the MNE, multiple factors have the power to impact whether or not the strategy will be successful. Rajasekar (2014) accentuates how leadership, organizational culture, organizational structure, and information systems are internal factors that to a large degree shape the playing field for the design and implementation of strategies within an organization. Furthermore, this notion is backed up by other scholars who highlight similar factors as instrumental for the success of the MNE strategy (Mwanthi, 2018; Hambrick & Cannella, 1989).

The internal factors deemed most relevant for this thesis will be elaborated in the following sections.

2.5.1. Organizational structure

The structure of an organization, especially MNEs, can be gauged in multiple ways (Harzing, 2000). For this thesis, the EPRG model will be utilized to provide a foundation for understanding how MNEs structure their operations in their HQ and subsidiaries as well as its global orientation. The EPRG model contains the ethnocentric-, polycentric-, regiocentric- and geocentric orientations, which all present ways of how an MNE can approach its international markets auspiciously (Drachal, 2014). Each orientation has different characteristics, which is elucidated in the table below:

Criteria	Ethnocentric orientation	Polycentric orientation	Regiocentric orientation	Geocentric orientation
Market focus	Home market	Local markets	Regional markets	Global market
Management Approach	Centralized control from HQ	Decentralized control by subsidiary management	Mix of central and local control	Global standardization and coordination
Subsidiary integration	Low level - subsidiaries are extensions of HQ	Low level - subsidiaries operate independently	Medium level - subsidiaries collaborate on regional level	High level - collaboration between HQ and subsidiaries
Control	HQ standards for all	Locally determined standards	Regional and local determined standards	Universally determined standards

Table 1: Presentation of EPRG model (Own creation based on Drachal, 2014)

2.5.2. Organizational culture

Organizational culture can be deemed a determining factor for the success of an organization (Isaboke, 2015), and is therefore relevant to discuss when investigating the strategy of an MNE. According to Thompson, Scott, and Martin (2017), organizational culture can be viewed as how

organizations choose to perform their tasks and Rajasekar (2014) argues that it offers the members of an organization a guideline for how to act. However, the organization itself is not the only determinator of how the organizational culture is formed, as it is also influenced by the industry context that was previously discussed (Isaboke, 2015). Organizational culture can thereby be viewed as an internal factor that is formed by both internal and external components.

The organizational culture influences strategy implementation, and it is, therefore, important to know the culture of the firm when implementing strategy. This strategy will then impact the organizational culture because the culture of an organization is impacted by the organization's goals and objectives and the strategy is reflected in these goals and objectives. This relation can be viewed as a continuous loop of mutual impact that will inescapably affect the MNE, therefore, awareness of this is essential for the successful implementation of strategies. One aspect of organizational culture that must not be dismissed when investigating MNEs is the fact that subsidiaries might have differences in their organizational culture, caused by the differences in contexts and national cultures, which can create issues when implementing the strategy if these differences are not addressed. MNEs must, therefore, keep their subsidiaries in mind when designing as well as implementing their sustainability strategy (Isaboke, 2015).

2.5.3. Managerial decision-making

As was highlighted by Rajasekar (2014) and Mwanthi (2018), leadership is a factor that affects how successful a strategy may become. More specifically managerial decision-making has the power to both positively and negatively impact the development and implementation processes of strategy. Moreover, it is accentuated by Rajasekar (2014) that the process of formulating a strategy can be done solely by management, whereas the success of the implementation process is relying on the buy-in from the rest of the organization. Thereby, it is heavily relying on the management's capabilities when it comes to understanding and acknowledging the organization, and each subsidiary's contribution and impact on the organization (Rajasekar, 2014).

The argument made by Rajasekar (2014) relates to Ambos, Fuchs, and Zimmermann's (2020) findings which express how differences between subsidiaries in terms of context can produce tensions within the organization which must be acknowledged and addressed by management

when it comes to strategy implementation. Furthermore, the impact of managerial decision-making was elaborated by Porter and Kramer (2006) who explained how a proactive attitude toward the institutional environment, and the regulations that emanate from it, may lead to a competitive advantage. In continuation, Thompson, Scott, and Martin (2017) argue that management can be socially responsible, and thereby proactive, or socially responsive, and thereby reactive. This point accentuates the importance of managerial decision-making and how the choices made at the top of the MNE have the power to impact the success of a sustainability strategy both negatively and positively.

Furthermore, Hamdoun (2020) investigates the effects of managers on the success of sustainability strategies and arrives at the conclusion that managers are a significant factor that can both negatively and positively impact the design and implementation of sustainability strategies. The point is further broadened by Isaboke (2015) who concludes that management has an essential influence on the culture of an organization. Leading back to previous arguments it becomes evident that managerial decision-making has the power to influence the culture of an MNE in a sustainable direction, and that the success of a sustainability strategy is, therefore, heavily reliant on the active sponsorship of management. Nonetheless, the aforementioned proactive attitude from management has not been elaborated to a great extent in the existing literature, and an investigation of if proactive managerial decision-making has an impact on the success of an MNEs sustainability strategy may therefore procure new knowledge to the field.

2.5.4. Level of subsidiary integration

An additional layer to the discussion of how the internal context of the MNE impacts strategy development and implementation is the level of subsidiary integration. Subsidiary integration refers to the degree to which the subsidiaries and their perspectives and contexts are integrated into the processes and decisions of the firm (Ambos, Fuchs & Zimmermann, 2020).

Ambos, Fuchs, and Zimmermann (2020) illuminate how the level of subsidiary integration is essential in the management of MNEs. They argue that tensions arise in the MNE due to paradoxical contexts and situations between subsidiaries within the MNE and HQ. As previously elaborated, the institutional context impacts the subsidiaries which can cause these paradoxical

contexts and situations, and aligning the purpose of both HQ and subsidiaries can, thereby, become burdensome. Furthermore, it is suggested that MNEs must, therefore, integrate subsidiaries into their processes and strategies in order to address these tensions and turn them into fuel that can fire up the strategy of the MNE instead of constraints that limit the MNE in their ability to be competitive in each of the local contexts (Ambos, Fuchs & Zimmermann, 2020).

The significance of the HQ-subsidiary relationship in relation to the success of a strategy within an MNE is further elaborated by Nohria and Ghoshal (1994). They derive similar conclusions to Ambos, Fuchs, and Zimmermann (2020), however, they further elaborate on how the paradoxical tensions can be addressed by either incorporating a differentiated fit or a shared values strategy. The differentiated fit strategy should be used when it is determined that the contexts of subsidiaries, in which the strategy is implemented, are significantly different, and that the strategy must therefore be adapted to be successful within each context (Nohria & Ghoshal, 1994). On the other hand, the shared values strategy is to be used when it is determined that the contexts between HQ and subsidiaries are similar to a degree where the same strategy can successfully be implemented across the contexts (Nohria & Ghoshal, 1994). They further accentuate that within an MNE context, the two strategies of differentiated fit and shared values can be used in unison, in order to reach the best strategic fit for the MNE.

The points made by Ambos, Fuchs, and Zimmermann (2020) and Nohria and Ghoshal (1994) highlight how it is both internal and external factors that are important to address when attempting to create successful strategies in MNEs. Therefore, it is paramount for the MNE that the management and the decision-makers are taking all the aforementioned factors into account. The extant literature does regrettably not elaborate on how in practice MNEs can go about addressing the issue of balancing internal and external factors affecting the success of their strategies in general and thereby inevitably affecting their sustainability strategy as well.

2.6. Implementing change

When implementing new strategies, the organization will somewhat undergo a process of change. Depending on how different the new strategies are, the change process can be more or less transformational. In terms of sustainability strategy, the behavior of the organization needs to be

changed to fit with more sustainable practices. Therefore, it can be relevant to briefly look at change management literature in order to grasp how organizations can deal with such change processes.

One of the most acknowledged theories within change management is the eight steps presented by Kotter (1995). According to his findings, based on years of observing organizations trying to implement change, eight crucial steps must be followed in chronological order to obtain an implementation of change. The first step is to establish a sense of urgency within the organization to ensure that the change seems relevant to the employees. The second step is to form a group of individuals who are committed to the change, so they can act as ambassadors for the rest of the organization. The third step is creating a clear vision that can direct the process of change implementation. The fourth step is communicating this vision in such a way that the organization can achieve buy-in from its employees. The fifth step is empowering the employees to take action toward the change which, for example, means removing processes that might be disabling for change. The sixth step is planning short-term wins, so the motivation can be maintained at a high level by experiencing wins in the short-term. The seventh step is to utilize these short-term wins to create additional buy-in and, thereby, increasing levels of change. The eighth and last step is to ensure that the change is being incorporated into the whole organization as new processes and systems (Kotter, 1995).

These eight steps can be guidelines for MNEs when trying to implement sustainability strategies in their organization alongside the other aspects highlighted in this literature review. It must be acknowledged that implementing new strategies is a change process and therefore should be treated as such to obtain the best results for the MNEs.

2.7. Compilation of presented literature

In order to provide a succinct overview of the literature used in this thesis, the following table presents the main concepts uncovered and their separate relevant references.

Concept	References
---------	------------

Strategy in MNEs	Thompson, Scott & Martin (2017) Porter (1998) Ghoshal (1987) Rajasekar (2014) Isaboke (2015)
Sustainability and the MNE	Garriga & Mele (2004) Aslaksen, Hildebrandt & Johnson (2021) Bergquist (2017) Vos (2007) Christensen, Hail & Leuz (2021) Singhania & Saini (2021) Haanaes & Olynec (2022) Huntjens & Kemp (2021) Ottenstein et al. (2022) Porter & van der Linde (1995) Porter & Kramer (2006)
The role of institutions	Thompson, Scott & Martin (2017) Peng, Wang & Jiang (2008) Kostova, Darcin & Roth (2008) Jackson & Deeg (2008) Greenwood et al. (2011) Michailova (2011) Scott (2014) Reinar & Edman (2013)
The regulatory pillar	Skjærseth & Wetttestad (2009) Deters (2019) Perrez (2020) Kara et al. (2006) Porter & van der Linde (1995) Joltreau & Sommerfeld (2019) Dechezlepretre, Nachtigall & Venmans (2022) Porter & Kramer (2006) Husted & Allen (2006)
Cultural context	Ringov & Zollo (2007) Rana & Morgan (2019) Leung et al. (2005) Griffin et al. (2017) Rana (2015)
Industry context	Porter (1980)
The organization	Rajasekar (2014) Sundaran & Black (1992)

Organizational structure	Harzing (2000) Drachal (2014)
Organizational culture	Isaboke (2015) Thompson, Scott & Martin (2017) Rajasekar (2014)
Managerial decision-making	Rajasekar (2014) Mwanthi (2018) Ambos, Fuchs & Zimmermann (2020) Porter & Kramer (2006) Thompson, Scott & Martin (2017) Hamdoun (2020) Isaboke (2015)
Level of subsidiary integration	Ambos, Fuchs & Zimmermann (2020) Nohria & Ghoshal (1994)
Implementing change	Kotter (1995)

Table 2: Compilation of presented literature (Own creation)

2.8. Conceptualization

Throughout the literature review the multifaceted aspects of the investigated topic has been rigorously examined and discussed in relation to the problem formulation. Moreover, the literature review has functioned as a synthesis of the relevant concepts which can, therefore, be operationalized in the forthcoming section.

As argued in the literature review, strategy can be utilized in the fight for competitive advantage, and the strategic actions of an MNE must be considered in both the design and implementation phases of strategy development. Here, the crucial impact of implementation on the success of a sustainability strategy should be emphasized. Furthermore, it is illuminated how sustainability increasingly becomes a trend that MNEs can tap into in order to achieve the aforementioned competitive advantage. Moreover, sustainability is under intense focus from regulatory institutions, especially in developed economies, which is a part of the institutional context. MNEs are impacted by the institutional context from various sides and with complex and multifaceted outcomes. As the institutional context consists of both a regulative and a cultural aspect, a complex

environment surrounds the MNE. This is caused by the MNE being embedded in institutional complexity that requires constant adaptation for a sustainability strategy to be successful.

The regulative institutions can act as constraints for MNEs, but they also create opportunities, and, especially in terms of sustainability, they are relevant due to the increasing number of laws and regulations. Therefore, MNEs should assume a proactive attitude and incorporate it into their overall strategy to sustain a competitive advantage. On the contrary, the cultural institutions are concerned with how the sustainability strategy of the MNE is perceived in the cultural context it is part of. As an MNE, multiple cultural contexts are relevant to consider as the HQ and subsidiaries operate in different cultural contexts which may impact how the sustainability strategy is perceived. MNE subsidiaries are, therefore, embedded in the institutional contexts of both home and host country and this dual embeddedness complicates the implementation process of a sustainability strategy. Besides the institutional context, the MNE is also embedded in an industry context. As argued previously, it is essential to navigate this industry context in order to find the ideal position within the competitive landscape. Not to mention, the urgency of sustainability efforts can differ from industry to industry including the approach to tackle sustainability issues. Thereby, the MNE is situated in an industry context that is embedded in an institutional context, even multiple when considering their subsidiaries.

This complex situation requires a substantial focus on the internal factors of the MNE as well. The structure of an MNE can be explained by the EPRG model which employs the four orientations: ethnocentric, polycentric, regiocentric, and geocentric. These orientations provide an overview of how MNEs approach their markets and structure their organization based on these markets. Furthermore, the organizational culture impacts both the design and implementation of strategy, as it can be viewed as the way in which an organization performs its tasks. As organizational culture is impacted by national culture as well, the MNE needs to consider how the organizational culture differs from subsidiary to subsidiary in order to reach successful strategy implementation. To navigate this complexity, a necessity is a strong management within the MNE who are able to fully understand its subsidiaries and the possibilities and limitations that they may impose on the design and implementation of the overall strategy. In this regard, the level of subsidiary integration is an important managerial tool that needs consideration when a sustainability strategy is

inaugurated. The connection and relation between these concepts are illustrated in the conceptual framework below.

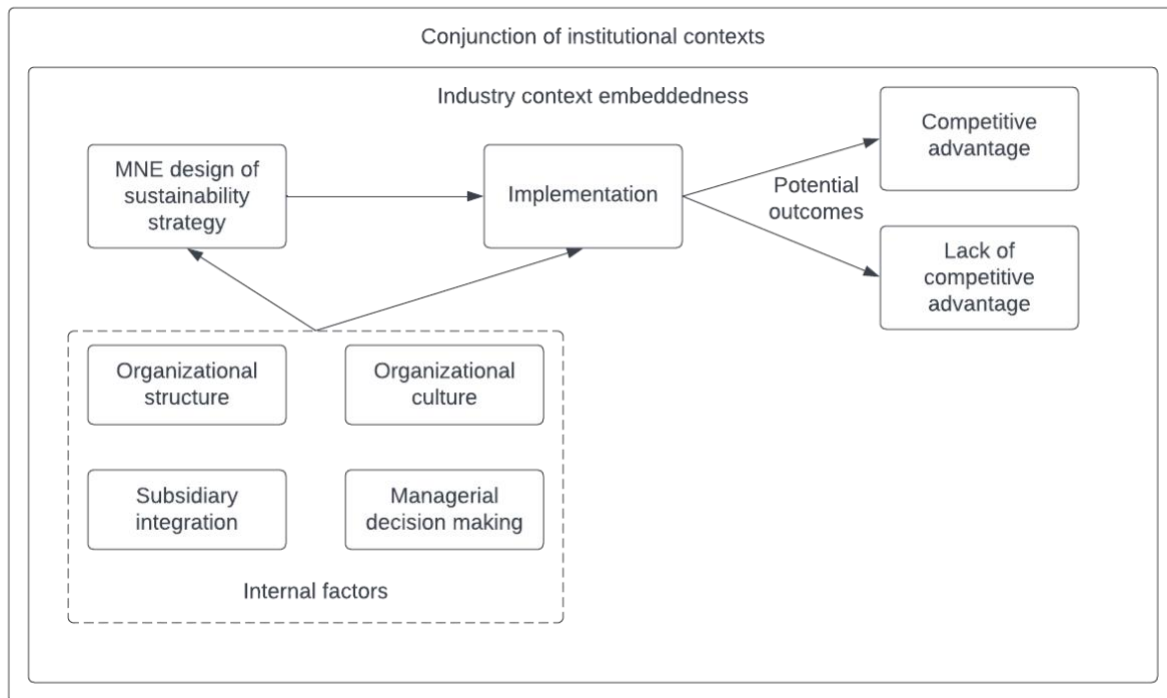


Figure 2: Á priori conceptual framework (Own creation)

Through the review of the existing literature above, it becomes evident that certain gaps in the literature must be addressed. It is established that internal factors incur a degree of impact on the success of both the design and implementation of a sustainability strategy. To contribute to this field of knowledge, it can be relevant to further investigate to which degree this is the case and how it is observable in MNEs as the existing literature does not provide sufficient elaboration of these aspects. Furthermore, it is not addressed how the MNE optimally navigates the design and implementation considering the complexity implicit in the HQ and subsidiaries relation. This urges questions such as to which degree the subsidiaries should be integrated, and which organizational orientation is most appropriate in different situations.

It is apparent from the existing literature that if a strategy is successfully implemented, it can provide the MNE with a competitive advantage. Conjunctionally, the literature highlights that sustainability is an aspect that MNEs should incorporate into their strategy, preferably in a

proactive manner, in order to sustain or achieve competitive advantage. Nonetheless, there is a lack of research regarding how the MNE should go about this task, especially considering the complexity of the conjunction of institutional contexts and industry context embeddedness they are facing. Therefore, a significant gap is present, and a need arises for further investigation of how both the institutional and industry context impacts the limitations and possibilities of the MNE and how the MNE should behave in correspondence to grasp most opportunities.

3. Methodology

This methodology section will firstly present the philosophy of science of the thesis being critical realism, and secondly, a section on the logical reasoning abduction can be found. Subsequently, the case study approach of this thesis will be clarified followed by passages on the topic of data collection in the form of method triangulation, interviews, and questionnaires. Afterwards, the analysis methods will be elucidated where both a quantitative and qualitative approach is taken into account. Lastly, the methodological choices of this thesis will be discussed in relation to the concepts of reliability and validity. In order to contribute to the existing literature and adhere to the critical realist approach to research, this thesis will include new empirical data in both qualitative and quantitative forms. By conducting a case study that encompasses structured survey questionnaires and semi-structured interviews, it becomes possible to identify patterns and correlations as well as to gain a deeper understanding of the underlying causal mechanisms. By including both qualitative and quantitative data, methodological triangulation is ensured to increase the reliability and validity of the findings (Bryman, 2012).

3.1. Critical realism

This thesis will utilize the philosophical approach to science, critical realism, which originated from the book “A realist theory of Science” by Roy Bhaskar in 1975. When using critical realism as the guiding paradigm, it is essential to grasp its ontological assumptions, being the concept of the three overlapping domains of reality that exist within the paradigm (Mingers, 2004). Mingers (2004) describes the three overlapping domains of reality as the real, the actual and the empirical domains of reality. These realities differ in terms of observability and depth, and it is only the empirical reality that is actually observable and experienced. The relation between the three domains of reality can be visualized as follows:

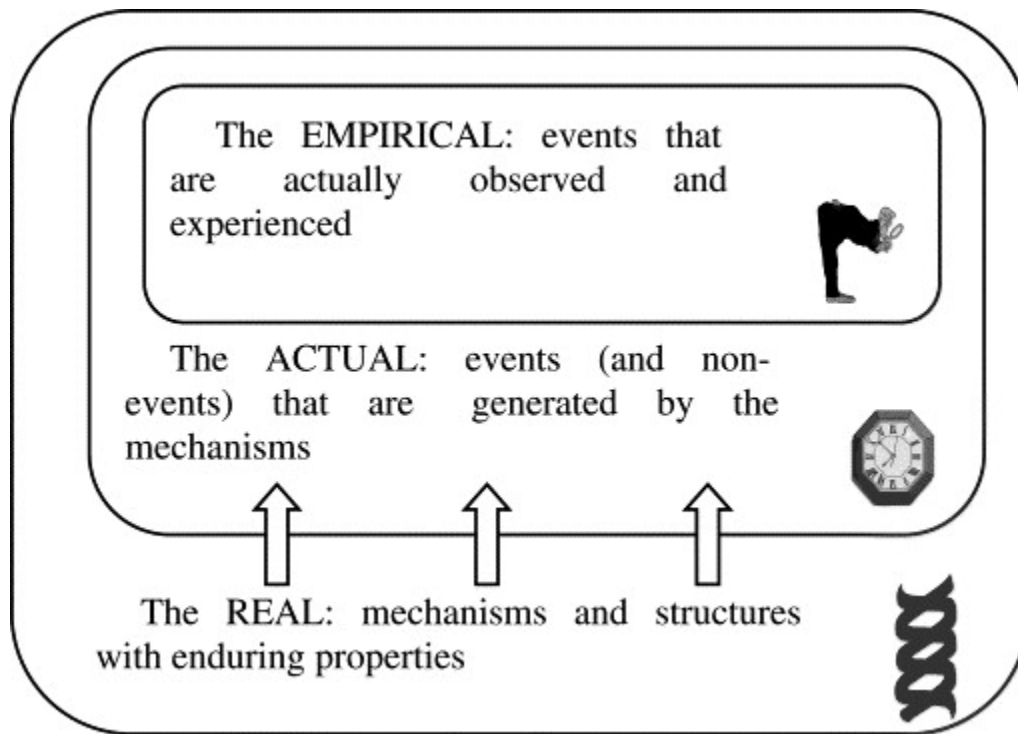


Figure 3: The three domains of reality (Mingers, 2004, p. 94)

When questioning how it is possible to obtain knowledge about reality, critical realism underlines the importance of both empirical research and theoretical analysis. This is caused by knowledge being constructed through peoples' interpretations of events in the empirical domain of reality and knowledge can thereby never be completely objective within this paradigm as it will always be mediated by preconceptions. As it is described in the figure above, the real domain of reality is impacting the actual and the empirical domains. The underlying mechanisms in the real domain that impact the actual and empirical domains are concepts such as culture. In relation to this thesis, it is, therefore, crucial to examine the empirical reality of the employees of the case firm with the mindset that their observations and experiences are the effects of mechanisms and structures emanating from the real domain of reality. Relating specifically to the design and implementation of strategy, it can thereby be said that the experienced and observed effects of a strategy in the empirical domain are the effect of mechanisms within the real domain causing events within the actual domain (Mingers, 2004; Bhaskar, 1975).

The critical realist's approach is concerned with uncovering and explaining how particular phenomena are caused by underlying mechanisms within the domain of reality in which they appear. It posits that social reality is structured by causal mechanisms that are independent of our beliefs or perceptions. Therefore, a critical realist approach to investigating sustainability strategy and how it should be translated between HQ and subsidiary in an optimal manner can provide insights into the underlying causal mechanisms that affect the success of sustainability strategies. In order to grasp these underlying mechanisms, the investigated concepts are organizational culture, organizational structure, subsidiary integration and managerial decision-making. The thesis will investigate how these specific aspects of a given reality can cause a sustainability strategy to be beneficial for the firm. Moreover, the thesis will aim to uncover the transcendental reality between contexts as described by Bhaskar (1975) and identify if such reality is strong enough to base a shared values strategy upon, that can transcend multiple contexts and be beneficial in both HQ and subsidiaries of an MNE (Bhaskar, 1975; Mingers, 2004).

Critical realism proposes that there is a reality independent of our perceptions, and that reality is structured by causal mechanisms. Therefore, a critical realist approach to investigating sustainability strategy would assume that there are underlying causal mechanisms that determine how sustainability strategies should be designed and implemented. Critical realism also infers that our knowledge of reality is imperfect and mediated by our perceptions. Therefore, a critical realist approach to investigating sustainability strategy would seek to identify the limitations of our knowledge and the ways in which our perceptions might distort our understanding of reality. This could involve exploring how the perspectives of employees in both HQ and subsidiaries might shape our understanding of sustainability strategy (Bhaskar, 1975; Mingers, 2004).

3.2. Abduction

Most commonly, researchers distinguish between two types of logical reasoning, namely inductive and deductive. Inductive reasoning describes the process of developing theory based purely on empirical observations whereas deductive reasoning refers to the process of testing and further developing already existing theory by taking a starting point in the existing literature and testing it with empirical observations. However, the notion of "pure" induction or deduction has been questioned by researchers and, especially, critiqued from a critical realist perspective. In critical

realism, it is acknowledged that there is a reality independent of our own perceptions but at the same time, our comprehension of said reality is subjective. This dualism grounded in the paradigm leads to abductive reasoning. Essentially, abduction is the combination of induction and deduction, and the starting point of abduction is a potential conflict between empirical observation and an existing theory which, thereby, leads to a reconceptualization of the investigated phenomena. In contrast to induction, abduction acknowledges the existing theories but when compared to deduction, the process of abduction is less theory-driven and, thereby, it is possible to generate new data-driven knowledge (Flick, Metzler & Scott, 2014; Welch et al., 2011).

Abduction is occupied with searching for phenomena that seem poorly explained or perhaps even misunderstood by previous literature (Flick, Metzler & Scott, 2014). Correspondingly, the thesis takes a starting point from the existing literature, identifying where there seems to be a gap considering the complexity of the investigated phenomena. As highlighted in the literature review and the conceptual framework, some of the connections are already established in the existing literature. However, there is a lack of research regarding how the MNE should go about designing and implementing a sustainability strategy, especially considering the institutional complexity they are facing. After the analysis, this thesis will present an *á posteriori* framework derived abductively based on the *á priori* conceptual framework and the empirical findings. It has been argued by Halinen (1997) that by building an explicit framework first, it is possible to obtain better results. However, the researchers must still keep an open mindset toward the empirical investigation and, thereby, not let the conceptual framework steer this investigation (Halinen, 1997).

3.3. Case study

The paradigm of this thesis, critical realism, is not bound toward one particular way of doing research (Easton, 2010) which allows the phenomena of interest, being the design and implementation of sustainability strategy and HQ-subsidary relations, to guide the methodological research strategy. For critical realism, the case study approach is pertinent when investigating inter-organizational relationships (Easton, 2010) and is, thereby, applicable when examining HQ-subsidary relations. According to Bryman (2012), a case study can be defined as a type of research design where a case is analyzed in great detail. Furthermore, Eisenhardt (1989) emphasizes how a case study aims to comprehend the different dynamics within a setting. Case study has been found

to be one of the most popular research strategies in qualitative research within the international business field due to its ability to produce pioneering theoretical insights (Welch et al. 2011). Nevertheless, a mix of both qualitative and quantitative data can be utilized in a case study (Eisenhardt, 1989). Furthermore, the abductive approach where the theoretical and empirical perspectives are combined enables the researchers to increase the external validity of the case study (Yin, 1984). The aim of a case study can either be to provide description, test theory or generate theory (Eisenhardt, 1989), where the aim for this thesis is to utilize a case study to generate theory regarding how an MNE designs and implements a sustainability strategy in their HQ and subsidiaries. The section below provides a brief description of the case firm. As mentioned, both qualitative and quantitative data can be employed within a case study, and how this data is collected will be illuminated in the succeeding sections.

3.3.1. Presentation of case firm

The firm that will be the focal point of the case study is Trackunit A/S. The firm is an MNE originating from, and still with HQ in, Aalborg in Northern Denmark. The firm is producing Internet of Things (IoT) hardware and software solutions for the construction industry and has during recent years perfected its offerings to become market leading. Trackunit operates with the purpose of eliminating downtime which alludes to the value proposition of its offering, namely giving companies insights into their equipment, machines, and people to eliminate idleness and predict maintenance. Over the last decade, the firm has experienced rapid growth which has entailed different ownership structures, new subsidiaries, and a constant inflow of new employees. Trackunit has not only grown in terms of the number of employees, but they have also, in the last fiscal year, reported revenue of approximately 1 billion DKK. At present, Trackunit A/S has approximately 450 employees located in 17 foreign subsidiaries around the world and in their HQ (Trackunit, 2023a).

Trackunit operates in two industries, being the construction industry and the software industry. Their role in the construction industry is as a supplier of digital solutions to the construction firms. Therefore, Trackunit is not a construction firm but should rather be viewed as a component supplier that enables construction firms to digitally track their equipment. However, the employees in the

firm view construction as the industry they operate in because they need to consider and make their offerings suitable to this specific context (Trackunit, 2023b; Appendix 1-7).

3.4. Data collection

In this thesis, different types of data will be collected. In terms of primary data, both quantitative and qualitative data are collected. The quantitative data is in the form of structured survey questionnaires and the qualitative data is in the form of semi-structured interviews. Furthermore, the case firm has conducted their own questionnaire related to sustainability which will be used as secondary data. The following sections will explain how the method triangulation is executed as well as the data collection processes, highlighting the advantages and disadvantages of the different methods.

3.4.1. Triangulation

Bryman (2012) defines triangulation as “the use of more than one method or source of data in the study of a social phenomenon so that findings may be cross-checked.” (Bryman, 2012, p. 717). Thurmond (2001) adds to this definition by stating that triangulation can also be obtained by including two or more investigators or theoretical perspectives, thereby constructing multiple types of triangulation depending on which approach is utilized. According to Deacon, Bryman, and Fenton (1998), triangulation is the most frequently used way of combining qualitative and quantitative research and can be beneficial for reviewing the findings of the utilized methods. Furthermore, Thurmond (2001) specifies that triangulation can aid in raising the confidence in the data and establish unique findings and understandings of the investigated phenomena and, additionally, methodological triangulation can boost the validity while mitigating bias created by the investigator(s).

This thesis will exercise triangulation in the form of methodological triangulation where both qualitative and quantitative data collection methods will be employed. The case firm has produced a survey questionnaire regarding which sustainability practices are significant for their employees and the researchers will conduct interviews concerning the aspects present in the conceptual framework. Furthermore, the researchers will conduct their own follow-up survey questionnaire in order to further investigate the attitudes from the interviews. This methodological triangulation

allows for strengthened confidence in the obtained results and can help provide new connections and understandings of the investigated phenomena (Thurmond, 2001). Because the data collection and data analysis process are conducted by three researchers, investigator triangulation will also take place as a larger degree of internal reliability is present if the researchers do not discuss their coding process until after the initial coding phase is complete. This allows for the individual researcher's interpretation initially, and these findings can hereafter be cross-checked with the other researchers, reducing the potential for bias in the process (Thurmond, 2001). Lastly, because methodological triangulation can potentially bring to life similarities or differences that may not have been detected using only one data collection method (Thurmond, 2001) it is deemed to help provide propitious results for this thesis.

3.4.2. Interview and interview guide

In this thesis, the primary data collected will be semi-structured interviews. These types of interviews are prevailing in case study research, as it is a profoundly adaptable data collection method (Easton, 2010). As argued by Kvale and Brinkmann (2015), the semi-structured interview allows the researchers to gain insight into the individual interpretation of the investigated phenomena. When investigating ill-defined concepts such as sustainability and strategy, it is essential to engage in a dialogue with the interviewees to obtain a thorough understanding of their interpretation of these concepts. As argued in the literature review, a general consensus on the definition of sustainability is lacking wherefore the dialogue becomes even more crucial. Furthermore, this thesis aims to understand strategy design and implementation and the processes related to it. Here, the semi-structured interview allows for in-depth data collection on current processes, opinions, etc. (Kvale and Brinkmann, 2015).

Kvale and Brinkmann (2015) describe the semi-structured interview as a conversation between the interviewer and interviewee based on an interview guide. It should be noted that the interview guide is not followed strictly but merely serves as a guide for the conversation to ensure sufficient coverage of the investigated concepts. As the interview is not firmly steered by an interview guide, the role of the interviewer becomes more active. The knowledge emerging in such an interview is a result of the interaction between interviewer and interviewee, and, therefore, the interviewer is involved in the knowledge creation. This impacts the objectivity of the findings, however, it is

arguably not achievable that the interviewer remains completely separated from the knowledge creation process (Kvale and Brinkmann, 2015).

In this thesis a total of seven interviews are conducted, divided between HQ and subsidiaries. Among these, one pilot interview is conducted with a strategy designer. The table below presents details about the interviewees. There is a distinction between employees and managers where slightly different interview guides are used and in appendices 8 and 9, the interview guides can be found.

Interviewee	Position	Location	Date interviewed
H	Strategy designer	DK HQ	01/03/2023
O	Employee	DK subsidiary	14/04/2023
I	Employee	DK subsidiary	14/04/2023
M	Employee	CA subsidiary	18/04/2023
L	Employee	DK HQ	19/04/2023
G	Manager	DK HQ	20/04/2023
K	Manager	DK HQ	21/04/2023

Table 3: Interviews conducted (Own creation)

3.4.3. Questionnaires

Survey research can be conducted by questionnaires which enables the researchers to gather quantifiable data about a certain topic and thereby be able to detect patterns between different variables. Questionnaires can be an advantageous supplement to interviews as all respondents will receive the questions with exactly the same formulation allowing for a larger degree of comparison of the data. Furthermore, it offers greater flexibility for the respondents and researchers as it is less time-consuming and can be answered at any point in time (Bryman, 2012).

Two types of survey data will be utilized in this thesis. Firstly, the case firm has conducted a survey questionnaire regarding the importance of different aspects of sustainability for their employees.

This secondary data will be used to enhance the understanding of how the employees think of sustainability. Furthermore, a structured follow-up survey questionnaire will be sent to the interviewees as this enables the triangulation of the interview data and serves as primary data for this thesis. The questions in this survey questionnaire are inspired by the interview guide and, thereby, also the literature review. The respondents are asked to answer on a Likert scale with the options strongly disagree, disagree, neutral, agree, and strongly agree. For researching attitudes, the Likert scale is widely used as it enables respondents to communicate their degree of agreement with a certain statement. Furthermore, this scale makes the subsequent analysis of the data more manageable. The questions created for the follow-up questionnaire can be found in appendix 11 (Bryman, 2012).

Primary and secondary questionnaire data can complement each other because it can provide different types of insights for the researchers wherefore it can create a more comprehensive picture of the topic of investigation. Because the secondary questionnaire data will help the researchers understand how the employees think of sustainability on an overall level, the primary questionnaire data can be utilized to collect data on a more specific level and ask questions the researchers consider not thoroughly addressed in the survey questionnaire constructed by the case firm (Bryman, 2012).

3.5. Analysis method

3.5.1. Descriptive statistics

The quantitative data in the thesis will be analyzed using simple descriptive statistics. The vast majority of the data analysis is based on the qualitative data whereas the quantitative data is included as a supplement. In order to work with both of the survey questionnaires and grasp meaning from these, it is relevant to conduct descriptive statistics (Bryman, 2012). For the secondary data, collected by the case firm, it is relevant to investigate the number of respondents and how they are distributed geographically. Furthermore, the means of different locations will be calculated to understand the average ratings in the survey questionnaire. The primary survey data is utilized to investigate if the interviewees' responses in the conducted interviews are interpreted correctly by the researchers. If large discrepancies are present between the answers given in the survey questionnaires and the interviews, the researchers will have to go back to the interviews to

ensure the correct meanings are extracted from the interviews. The primary survey data, therefore, serves as a reference frame for the interpretation of the interviews that is used after the coding process has taken place.

3.5.2. Coding

In order to facilitate an in-depth analysis, the data obtained via interviews will be broken down into more manageable components and deconstructed through a coding process. This process will allow for the interpretation of the data by means of codes emerging from the data and a constant revision and fluidity of these codes. For this thesis, three types of coding practices will be utilized, being open coding, axial coding, and selective coding (Bryman, 2012).

The first coding practice to be undertaken is open coding, where the goal is to create codes and concepts that can help provide meaning to the data. Initially, the data is broken down into smaller sections that can hereafter be examined, labeled, and compared, which is also how the categories of the codes are constructed. This comprehensive step is the foundation for the further development of the coding practice. Secondly, axial coding is used to piece the data together in ways that create new understandings of what is being said in the interviews. Here, the underlying relations of the codes, concepts, and categories can be found and create new categories that are not apparent from open coding. Ultimately, the selective coding practice will be taking place. The aim is to identify the core category, also known as a theme, that has emerged from the open and axial coding process, and this can serve as the foundation for an intelligible framework or theory (Bryman, 2012; Danermark, Ekström & Karlsson, 2019).

It must be remembered that these three coding practices are all connected, however, their main focus varies. Where open coding is focused on the identification of codes, concepts, and categories, axial coding explores the relation between these, and lastly selective coding focuses on integrating the categories into coherent themes. Each type will add a different level and depth to the data, as open coding will contain codes and concepts that are close to the data and both axial and selective coding add an additional abstract level to the data and attempt to create new meaning through the categories and themes. Throughout the coding process, the data can be viewed as indicators of potential concepts that are continually compared. This is a vital part of the coding process as this

continuous loop is essential for forming new codes, concepts, and categories. The objective of the coding process is to analyze and categorize the data in a systematic manner that can thereby help answer the problem statement of this thesis (Bryman, 2012; Danermark, Ekström & Karlsson, 2019).

In order to create transparency in the coding process, coding frames will be presented for each of the themes emerging from the coding process. Below is an example of an unpopulated coding frame. The coding frame is divided into each interviewee where the relevant quotes will be presented along with the researchers' interpretation of said quotes. Furthermore, the relevant codes for each interviewee are presented. Before the process of developing coding frames, each researcher has conducted the open coding process individually. The codes presented in the frame are the result of both the open and axial coding process, as the open codes are firstly developed individually by the researchers but subsequently discussed and revised in unison in the axial coding process. During this process, the data is also collected into final categories that represent a more overall understanding of the codes. Lastly, these categories are again discussed in relation to the relevant codes in order to create the themes pertinent to the categories in the selective coding process. Both the categories and the themes can be found at the beginning of each analysis section, and the themes are what the analysis is structured upon.

Inter-viewee	Quotes	Interpretation of quotes	Codes
J			
Z			
E			
A			
B			
R			

Table 4: Coding frame template (Own creation)

3.6. Methodological discussion

The methodological choices made in this thesis are based upon the overarching paradigm critical realism and the opportunities and limitations it presents. Primarily, qualitative data creates the foundation for the empirical findings of the thesis, nevertheless, quantitative data serves as a supporting component and enables the researchers to review the findings from the qualitative data and ensures the possibility of method triangulation. The methodological choices of the thesis will now be discussed through the criteria of validity and reliability in order to assess the quality of research in this thesis. In the literature, it has been discussed whether these criteria are the most optimal for qualitative research, as they originated from quantitative research. However, many researchers have adopted the concepts for qualitative research as well, although some meanings are changed to adapt to the new setting in which they are applied. This thesis will take a starting point in the concepts as they are explained by LeCompte and Goetz in Bryman's (2012) book *Social Research Methods*.

3.6.1. Reliability

The concept of reliability can be divided into two sub-categories, being external reliability and internal reliability. The external reliability encompasses the replicability of a certain study. However, the external reliability is always challenged in qualitative studies as the setting in which the interviews are conducted will inevitably impact the conversation and, thereby, the empirical foundation and findings. From the perspective of critical realism, it is also argued that the underlying structures and mechanisms will be everchanging wherefore it is impossible to recreate the exact setting of the interviews. To establish a degree of external reliability in this thesis, certain measures have been taken. The interview guides and full transcripts of the interviews are attached as appendices which ensures transparency and the possibility for other researchers to use this interview guide. However, as the interviews are semi-structured, the interview guide is not followed rigidly which also decreases the external reliability. To increase the degree of external reliability, the thesis presents a thorough description of the methods utilized as it enables other researchers to follow the same approach (Bryman, 2012).

The internal reliability refers to whether the researchers agree upon what is observed through the data collection. Multiple researchers have been involved in each step of the data collection and

data analysis which already allows for a high degree of internal reliability. Furthermore, the coding process has been structured so a comparison between each researcher's initial interpretation and coding is possible. By carrying out the open coding process individually, the foundation of the analysis is formed as it is, therefore, possible to construct a comparison between the different initial interpretations to review if these align to a certain degree. As the axial and selective coding processes are conducted collectively, there will naturally be an alignment between the researchers' interpretations here (Bryman, 2012).

3.6.2. Validity

Validity is concerned with the integrity of the conclusions that are generated from a piece of research. Equivalent to reliability, this concept can also be divided into internal and external. The internal validity is concerned with the match between the empirical data and the theoretical contributions made. To ensure a strong link between the data and theoretical conclusions, multiple interviews are conducted. It is considered if the theoretical concepts emerging are merely present in one interview or if it is brought up in multiple interviews. Furthermore, the choice of an abductive approach, as compared to an inductive approach, also enables the findings to build upon already existing theories and concepts. This comparison between the empirical data and the existing theories ensures that the themes derived are relevant to the existing body of literature in this field, as well as the empirical data. Furthermore, the internal validity is strengthened by the qualitative data being dominant in this thesis. The use of qualitative data enables a more in-depth investigation of the theoretical concepts and is more suited for uncovering "how" and "why" questions than quantitative research (Bryman, 2012).

The external validity refers to how the findings can be generalized across different settings. The choice of case study in this thesis challenges the external validity as it, as a starting point, only is applicable to the specific case of Trackunit. However, the abductive approach here enables a certain level of external validity. It is possible to compare the findings from the empirical data to the existing body of literature which can serve as a guide for how generalizable the findings are. If the empirical findings are in line with existing studies using different methods or larger samples, it can be assumed that the findings from this thesis are also applicable in other contexts. On the other hand, if the findings differ from existing theories, exceptions to the generalizability of these

theories are found which indicate gaps or misinterpretations in the existing theories. Even though this thesis only contributes to one specific case, it can be argued that the findings are still relevant for other settings or at least need to be tested in different settings. Furthermore, the MNE investigated shares traits with other MNEs which might be an indicator for in which other settings the findings can have relevance. To ensure further generalizability, quantitative data is also used in the thesis which enables the researchers to overcome some of the disadvantages of qualitative data research. However, to further increase the external validity, it would be necessary to conduct multiple case studies and compare the findings of these (Bryman, 2012).

4. Analysis and findings

The analysis and findings section of this thesis will first present a SWOT analysis of the case firm Trackunit whereafter an in-depth analysis will commence investigating the problem formulation in the specific context of the case firm. Throughout the analysis, the empirical findings will be compared to the *á priori* framework in order to further deepen the understanding of MNEs' design and implementation of sustainability strategy. Furthermore, it will be elucidated how the empirical findings differ from the *á priori* framework and bring forward new perspectives.

4.1. SWOT analysis of the case firm, Trackunit

Trackunit operates within the construction industry. This industry is one of the largest in the world, however, it has not seen the development of other industries in terms of digitalization and productivity increase (McKinsey & Company, 2020). Therefore, the industry can be considered immature in relation to digitalization which renders a great opportunity for a firm such as Trackunit to become market leader (Trackunit, 2023b; Appendix 1-7). Such rapid growth and global expansion as Trackunit has experienced does not come without difficulties. In the case of this thesis, the focus will be on the issues that can occur when a firm such as Trackunit has to design, implement and be successful with a sustainability strategy in both HQ and subsidiaries. In the following section, a SWOT analysis of Trackunit A/S is presented, as this will provide further background knowledge that can assist the understanding of the subsequent analysis of the problem formulation within the case firm. The SWOT analysis is based on information that is gathered from Trackunit's own website, and through the interviews with employees.

Strengths	Weaknesses
<ul style="list-style-type: none"> - Strong reputation in the construction industry - Innovative telematics solutions. - Cater to different needs of construction companies - Global presence 	<ul style="list-style-type: none"> - Construction industry is cyclical - Competition from other telematics providers - Require hardware installations
Opportunities	Threats
<ul style="list-style-type: none"> - Growing industry - Growing focus on sustainability and digitalization - Potential acquisitions 	<ul style="list-style-type: none"> - COVID-19 pandemic - Regulatory changes - Complex conjunction of contexts - Risk of cybersecurity breaches

Table 5: SWOT analysis of Trackunit (Trackunit, 2023b; Trackunit, 2023b; Appendix 1-7)

4.1.1. Strengths

The strengths of Trackunit are firstly, their strong reputation within the construction industry, which partly is due to the firm being recognized for providing innovative telematics solutions that are adaptable to the needs of the customers. The ability Trackunit possesses in regard to delivering innovative telematics solutions is heavily reliant on them being able to attract the right employees who are at the forefront of the development within the field. Being able to adapt their offerings to the customers' needs is something that aids Trackunit in being responsive to changes in the industry and, thereby, constantly maintaining an advantageous competitive position (Porter, 1980). Additionally, the firm has a strong global presence which they have achieved through both organic growth and acquisitions, and this has brought with it a broad customer base which mitigates the risk of being too reliant on one market. These strengths were derived from the interviews with the employees of Trackunit who accentuate how the company is very customer-centric (Appendix: 1-7).

4.1.2. Weaknesses

Firstly, the construction industry is cyclical and can be impacted by economic downturns, which can affect Trackunit's sales and revenue. Additionally, Trackunit faces competition from other telematics providers in the construction industry, which can impact their market share. As argued by Porter (1980), firms must understand the competitive environment in order to obtain the ideal

position in the competitive landscape. Therefore, Trackunit must constantly adapt to changes in the environment and make sure that there is an alignment between their strategy and the competitive landscape. Lastly, the firm's telematics solutions require hardware installations, which can be a barrier for some customers who are not ready to make this investment. In the interviews, it is pointed out that the industry is resistant to change and, therefore, it can be a weakness that Trackunit's offering requires hardware installation (Appendix: 1-7).

4.1.3. Opportunities

As the construction industry is growing and expanding globally (Statista, 2013), it presents opportunities for Trackunit to expand its customer base and revenue streams across the world. Furthermore, there is a growing focus on sustainability and digitalization in the construction industry, as emphasized in the interviews (Appendix 1-7) which aligns with Trackunit's offerings and positions the firm well for future growth. Lastly, Trackunit has a history of acquiring firms to increase their product offerings, reach new markets and grow further (Appendix 1 & 4).

4.1.4. Threats

Three threats have been identified, based on the interviews, which could potentially impact Trackunit. The COVID-19 pandemic has impacted the construction industry that Trackunit operates within (Appendix 3). The change in global dynamics that this pandemic has caused naturally also impacts Trackunit and the lack of willingness to invest as a result of the regression following the pandemic can impact Trackunit's sales and revenues. Furthermore, the firm must also consider changes in regulations. As argued in the literature review, the regulatory environment has undergone changes in relation to sustainability which, therefore, impact Trackunit as they must live up to these regulations. This can affect the profitability of the firm as the regulations can lead to higher costs (Dechezlepretre, Nachtigall & Venmans, 2022). Since Trackunit is operating in an increasingly complex conjunction of contexts (Appendix 1-7), it can pose a threat to the firm when it comes to strategy design and implementation. Adapting the design and implementation of strategies across a complex conjunction of contexts presents challenges for an MNE, such as Trackunit, because they have to overcome cultural differences, language barriers, and time zone differences (Welch, Benito & Petersen, 2018). As Trackunit's offering is based on software, the firm could face threats from cybersecurity breaches, which could affect the security of its

customers' data and impact customer confidence. As highlighted by interviewee M (Appendix 4), there is already a skepticism in the industry toward digitalization and, therefore, such a breach could significantly impact the firm's competitive position. Trackunit can mitigate this threat by ensuring a high degree of cyber security.

4.2. Findings from Trackunit survey

The case firm Trackunit A/S had prior to the investigation of this thesis initiated an investigation of sustainability within the organization. The investigation was formed by a survey questionnaire followed by a simple descriptive statistical analysis, as presented in table 6 below. The survey questionnaire asked all employees within the firm to rate how important they deemed concepts related to sustainability to be for Trackunit as a firm, on a scale from one to 10. The employees had to rank 30 concepts, and the concepts were chosen based on previous research that had found these to be the 30 most significant or most used concepts related to sustainability. Below is a table that shows how the concepts were ranked by the employees, where the highest-ranked concepts are shown at the top.

Concept	Average score
Employee Health & Wellbeing	9,16
Employee Engagement	9,12
Data Privacy & security	9,11
Cybersecurity	9,10
Customer satisfaction	8,86
Diversity & Inclusion	8,84
Product Quality	8,75
Business Culture and Ethics	8,72
Learning & development	8,53
Transparency	8,38
Talent	8,36
Energy Management	8,31
Climate Change	8,21

Occupational Health & Safety	8,15
Human Rights	8,05
Responsible Supply Chain	7,97
Labour Conditions	7,91
Responsible Marketing and Sales	7,66
Air Quality/ Pollution	7,62
Anti-bribery and Corruption	7,49
Technology/algorithm bias	7,38
Job creation	7,29
Corruption law	7,26
Waste Management	6,90
Economic and Tax Contribution	6,87
Community engagement	6,81
Circular Economy	6,69
Charitable giving	6,24
Water Management	6,11
Biodiversity	5,60

Table 6: Result from Trackunit survey questionnaire (Based on data provided by case firm)

The survey questionnaire was distributed to the entire firm, and every employee had the opportunity to answer the survey questionnaire. Nonetheless, there was a significant difference in how many respondents were based in Europe compared to North America. In total, 68% of the answers came from European employees, whereas 32% came from employees based in North America even though the number of employees in the two locations is very similar. Therefore, the distribution of answers would be expected to be closer to a 50/50 distribution, and this discrepancy might create bias in terms of interpreting the results. Furthermore, a small difference in the overall average of the answers was found, where the North American employees' average ratings were 0,31 points higher than the European employees. Additionally, the North American employees generally rated the importance of 24 out of 30 concepts higher than the European employees.

In this thesis, it will not be relevant to dive into the ratings of every one of the 30 concepts, however, the observed differences between answers in general and the ranking of which concepts the employees in Europe and North America, serve as a foundation for both the interviews and the subsequent analysis. This can provide a basis for understanding how similar the understanding of sustainability is between the two largest regions of the case firm. It is recognized that dividing the firm into Europe and North America is a very broad segmentation where multiple differences might exist between the two. However, it has been pointed out by employees during interviews that they see a clear distinction between Europe and North America and that the European cultures are closely linked whereas the North American cultures are also linked to each other in a way that might create some similarities in the understanding of sustainability (Appendix 1-7). Furthermore, the individual European and North American subsidiaries would not be substantial enough to differentiate the entire sustainability strategy, therefore, a common understanding is sought.

4.3. Presentation of empirical findings

The following section presents the findings from the analysis of empirical data. Based on the coding process, six overall themes are derived. These themes are: mature traditional industry, regulatory embeddedness, the ill-defined concept of sustainability, autonomous organizational structure, employee-driven organizational culture, and collaborative environment. Each of the themes has underlying categories based on the quotes and codes presented in the coding frames. In this section, the themes are first explored individually and with a starting point from the empirical data. Afterwards, they are connected again and compared to the *á priori* conceptual framework. Within the themes, it becomes evident that the categories share overlapping elements. This is caused by the overarching theme being the bigger picture that is then broken down into smaller and more manageable pieces that should not be viewed as individual fragments, but rather as pieces that together form this bigger picture.

4.3.1. Mature traditional industry

In the interviews, the interviewees all describe the characteristics of the industry and how it impacts Trackunit. Therefore, the theme of mature traditional industry is derived from the following categories:

- Long-established industry dominated by large firms

- Resistance to change
- Manual processes

Below in table 7, the quotes and codes that have been synthesized to these categories can be found:

Inter-viewee	Quotes	Interpretation of quotes	Codes
O	<p>“The construction industry, as the industry which Trackunit is focused on, definitely is an issue that really requires to be sustainable and the reason for that is because of the use of the materials that we use today for building things”</p> <p>“And definitely there is room for improvement from the construction industry to think about use of other materials that could be more sustainable”</p> <p>“In the construction industry there is definitely room to have it definitely more sustainable. Good thing about is that to be a bit more sustainable, customers need to be aware of situations where they could improve that sustainability”</p> <p>“I think there is something definitely in the industry that pushes Trackunit to think about sustainability for sure. Because Trackunit also needs to fulfill the needs of the industry, and so the industry is pushing for that we need to come up with the solution for it”</p> <p>“And for me, when I get that overall picture of of the customer, yes, sustainability is there as a topic of of discussion”</p> <p>“I think it's a transformation for everybody, for an industry, for the manufacturer, for us. So yeah, it's a work in progress, I would say”</p> <p>“But I don't see an urgency in the industry in the short run. I see targets from other industries. Hey, you need to be carbon neutral for until 2050 or 2030 I see the construction industry also moving or progressing to achieve carbon neutral status a bit on the long-term. But today, something that's only the biggest of our customers, rental companies or big manufacturers, that's their I would say more interest on getting this topic I would say out of the door as quickly as possible”</p>	<p>The industry is described as needing improvement regarding sustainability due to requirements from regulators. The industry is impacted negatively by the use of materials that are pollutants. However, the issue does not seem urgent in the industry, and the industry does not have ambitious targets for becoming sustainable. The large firms are, however, pushing for a solution, but they do not have the answers themselves.</p>	<p>Need for improvement regarding sustainability</p> <p>Customer need</p> <p>Materials are pollutant</p> <p>Government requirements</p> <p>No urgency</p> <p>Challenge with no immediate solution</p>
I	<p>“We know that the construction industry is quite, I don't want to say old, but like, there's still a lot of like manual efforts involved in the construction industry. It is also a significant industry, right. So it is always challenging to move the needle.”</p>	<p>The construction industry is described as an old industry with a lot of manual processes and since</p>	<p>Manual</p> <p>Old</p>

	<p>“With knowing how the construction industry is and these like big giant companies and changing the way they think and their business process, it can be a challenge. I think that's one of the challenges that we face”</p> <p>“So digitalization is becoming more and more important. Both from an actual equipment perspective, but then also in business processes for the construction industry [...] It's still a very manual and dated industry. So I think that's one of the biggest opportunities for us.”</p>	<p>it is dominated by large firms, it can be challenging to create impactful change. Digitalization is highlighted as becoming more important.</p>	<p>Hard to change</p> <p>Digitalization increased importance</p>
M	<p>“I think in terms of challenges that the industry provides, is that software is changing so quickly. Well really, technology in general is changing so quickly, and so it's really making sure that we're staying at the forefront without jumping into technology that's maybe not, um, tested yet, or maybe it's not something that's going to be continued, it's kind of just the hot technology at this time. Um, so I think that that's probably the number one challenge is just finding that balance because we don't wanna create something that's not changeable within the software industry and without checking with. Without technology changing, we need our technology to be able to change. Um, but I also think that's a fantastic opportunity because it really is changing every day and getting better every day. So it provides the opportunity for us to continue to expand, continue to make our services and products better and to really grow what we're, what we're offering to the construction equipment companies. Other challenges I would maybe say is that we're, we're a very niche industry, so we are very specific to construction. There's many competitors that do similar things to us, but within the on-road space, so more like trucks and cars and things like that. And so I think the fact that we're very niche in construction is both a pro and a con. Pro, you know, we can really provide great services for the construction industry. We can really find their needs and be able to help them. But I think on the opposite side of that, the challenge is that, you know, there's only so far that you can expand within the construction industry. Um, and competitors are expanding further. So they are offering services for construction as well as on road. So if you kind of have a mixed fleet, you may want to go with, you know, someone like that versus someone like us.”</p> <p>“I think sustainability is huge in the construction industry, because essentially what we're trying to do is, you know, eliminate downtime within the construction space.”</p> <p>“I would also say it's a big topic in the industry. So, you know, there have been many trade shows and conferences that have taken place over the last couple of months, and sustainability has been on the top of the agenda for a lot of that.”</p>	<p>The industry provides both challenges and opportunities for the firm. It can be challenging to keep up with technological development, however, this also creates opportunities for improvement of products and processes. The firm has competitors, but because of the niche industry they operate within, the competitors have different offerings than the firm. Sustainability is a topic of large interest within the industry, but no one is taking the necessary actions. The industry is viewed as dominated by males.</p>	<p>Industry creates challenges and opportunities for firm</p> <p>Technological development</p> <p>Competitors</p> <p>Niche industry</p> <p>Sustainability is a topic of interest in industry</p> <p>Lack of actions</p> <p>Industry dominated by males</p>

	<p>“I think concern is maybe the right way to put it, but also I think it's just in terms of awareness as well. I think, again, like I said, things have been kind of the way they have been over the last 50 years and, and people are aware of changes going on in the world, but no one's really acting on it. So I think that, at least, you know, the last year or so. To my knowledge, it's really been a big topic to create actionable items to make a difference, not just let's talk about what's the issues, it is what can we change to be more sustainable.”</p> <p>“[...] you know, they don't specifically have to come from the construction industry, cause often that is a lot of white males”</p> <p>“So being in the construction industry, being in the software industry, as you can probably guess, we're heavily male dominated”</p>		
L	<p>“[...] the construction industry, which is a big industry, but it's also one of the least digitized industries in the world.”</p> <p>“[...] as mentioned before, there's so many things. They are handling manually at this point of time, and also paperwork, um, pen and paper, uh, and uh, and, and also, You know, if an overview of the whole construction site is a big challenge for them today if they don't have the Trackunit product. [...], There's also for us to make sure that they are also ready for the change. I think it is something we are quite aware of in relation to our work with customers and so on. Because obviously it takes time and one of the challenges is also for them, they have been so used to using paperwork and not all these digital products, and they're quite suspicious in relation to digital products as well. Some of the examples I have heard are also that they are suspicious in relation to iPhones and mobile phones as well. And what's it called? having the feeling of someone looking after them. And what are you actually doing with this kind of data? Is it to make sure we're doing the work right? Or like what are these data points actually used for? So this, there's this general suspicion from, uh, from the industry. [...] I think that's one of the biggest challenges. And also there's some kind of rumor or reputation of this industry because I think we have, and I think I also have the motto on my computer called “we used to be the cool guys” and the reputation about the construction industry is that you push deadlines and you do not get finished with stuff.”</p>	Digitalization within the construction industry is a large issue due to the lack thereof. Currently, there are a lot of manual processes in the industry, and a suspicion toward digital processes is present.	<p>Lack of digitalization</p> <p>Manual processes</p> <p>Suspicion toward digital processes</p>
G	<p>“It's a tough business, it's a heavy business as you can call it also because it's a lot of manual work”</p>	The industry is described as tough because of the people that work and the culture that exists	<p>Tough industry</p> <p>Male dominated</p>

	<p>“Primarily men is working in the industry and I also think in some, I know in some countries it’s also people that don’t have an education”</p> <p>“An industry that I also think is really, really interesting because it is everywhere. Everywhere you will build houses or buildings or whatever it is, so that’s global”</p> <p>“In the construction industry, I don’t think it’s top of their mind to be honest”</p> <p>“But I can also imagine some places it will be met with resistance because then you are changing, you know, what is it the people are earning their money on, right?”</p>	<p>in the industry. It is implied that the industry is conservative and may be resistant to change. Sustainability is not top of mind in the industry.</p>	<p>Conservative</p> <p>Resistant to change</p> <p>Sustainability not top of mind</p>
K	<p>“I actually see us as part of the construction industry. I know that we are making software. It’s who we make software for that matters.”</p> <p>“We want to be something right now. For this industry. That also means we want to create opinionated industry specific software, not dualistic software”</p> <p>“I’m not sure what Trackunit’s role is there, but I do think that the building industry is pioneering, but I do know that I’m pointing it out because there’s an excavator right over there.”</p>	<p>The industry the firm operates in is construction and the interviewee is a bit uncertain about the firm’s role in the current developments of the industry but highlights that the firm wants to create solutions specifically for this industry.</p>	<p>Construction</p> <p>Opinionated solutions</p> <p>Uncertainty about role in industry</p> <p>Development in industry</p>

Table 7: Mature traditional industry coding frame (Own creation based on interview data)

The first category emerging from the coding process related to this theme is *long-established industry dominated by large firms*. When the interviewees are asked to describe the industry in which Trackunit operates, the characteristics highlighted are that the industry has existed for a long time and that it is dominated by large firms. This is especially emphasized by interviewee I who states:

“We know that the construction industry is quite, I don’t want to say old, but like, there’s still a lot of like manual efforts involved in the construction industry. It is also a significant industry” (Interviewee I, appendix 2, pp. 19-20).

As evident from the quote above, interviewee I is reluctant to call the industry old, as this does not encompass the point the interviewee is trying to convey. Instead, it can be more appropriate to describe the industry in terms of maturity. The establishment of large firms as well as the long existence of the industry indicates that the industry has reached a high level of maturity. As the

industry is formed by the firms within, it is also relevant to elaborate that interviewee I points out the influence of these large firms:

“With knowing how the construction industry is and these like big giant companies and changing the way they think and their business process, it can be a challenge. I think that’s one of the challenges that we face” (Interviewee I, appendix 2, p. 20)

An intriguing aspect of this quote is that the interviewee interprets the large firms as a challenge for Trackunit. It is perceived as a challenge because the larger firms are less willing to seek innovation and their existing way of thinking and operating becomes more ingrained, as also mentioned by other employees. In less mature industries, the competitive environment can, to a higher degree, be impacted by start-ups and innovation where many smaller firms are fighting to deserve their position in the market (Peltoniemi, 2011). However, as this industry is already matured, the innovation happening is more incremental and the smaller, innovative start-ups will not be able to challenge the large corporations and their large market shares. This can present a challenge to a firm like Trackunit as they enter the market with new products that enable digitalization. In the survey questionnaire (Appendix 12), it is also pointed out by the respondents that the majority strongly agree with the fact that Trackunit is impacted by the industry context, and they, therefore, acknowledge that they have to play the hand they have been dealt within this industry. In relation to the *á priori* conceptual framework, it is expected that the industry context will impact the MNE, however, the aspect of industry maturity is not covered in this framework. A dissimilarity is, therefore, present, and this aspect might need to be incorporated into the *á posteriori* conceptual framework or be further investigated.

An effect of the industry being mature and dominated by large firms manifests in the second category *resistance to change*. Multiple interviewees describe that a consequence of the industry being mature and well-established is that the firms are resistant to change. As mentioned by interviewee L:

“There’s also for us to make sure that they are also ready for the change. I think it is something we are quite aware of in relation to our work with customers and so on. Because obviously it takes time” (Interviewee L, appendix 6, p. 84).

Here, the interviewee points out that it is a challenge for Trackunit to ensure that the firms are ready for the digitalization that their products enable. It can also be interpreted from this quote that

if Trackunit loses their customer-centric focus, they can risk pushing the customers away and harming their own competitive position. In continuation, Interviewee G argues that “I can also imagine some places it will be met with resistance because then you are changing, you know, what is it the people are earning their money on” (Appendix 5, p. 68). The interviewee explains that the resistance to change might be caused by the digitalization challenging the current processes in the industry which can create a fear of not being able to continue earning money with the new processes that digitalization might entail.

Considering the *á priori* conceptual framework, it has been elucidated that the industry context can impact the firm's opportunities and challenges within an industry. This is a concrete example of how a characteristic of the industry impacts the opportunities the MNE has within the industry. It, therefore, aligns with the findings from Porter (1980) stating that strategy is most effective if it takes into consideration the characteristics of the competitive environment and when the firm plays the hand they have been dealt. However, it must be kept in mind that Trackunit has a supplier role in this market. This is emphasized by interviewee K that Trackunit has to be aware of the needs of the firms within the construction industry if they want to continue to be suppliers: “We want to be something right now. For this industry. That also means we want to create opinionated industry-specific software, not dualistic software” (Appendix 7, p. 99). In this quote, the interviewee argues that for Trackunit to be the best supplier, they need to create solutions and products specific for the construction industry and, therefore, a thorough understanding of the industry is necessary. As the industry is resistant to change, overcoming this becomes an essential challenge for Trackunit. An explanation of the resistance to change in the industry can also be derived from the maturity which has led to a set of best practice behaviors that have been ingrained by being reinforced on a continuous basis. However, the firm is very customer-centric which becomes evident in their own survey questionnaire. Here, customer satisfaction is ranked as the fifth most important concept related to sustainability by the employees.

As a result of the skepticism toward digitalization, the industry is still characterized by a lot of manual labor and processes conducted with pen and paper. This is gathered in the category *manual processes*. As interviewee I describes: “Then also in business processes for the construction industry [...] It's still a very manual and dated industry” (Appendix 2, p. 21) which is also

accentuated by interviewee L: “There’s so many things they are handling manually at this point of time, and also paperwork” (Appendix 6, p. 84). Both of these quotes speak to the fact that digitalization is not yet incorporated in the industry wherefore the manual processes are still dominating. This presents both a challenge and an opportunity for Trackunit as they offer a digital solution that requires the industry to embrace digitalization to a greater extent. As the industry is characterized by manual processes as well, digitalization can further create fear that certain jobs might not be necessary anymore. Because they still have these manual processes it also signifies the fact that the industry is resistant to change. Therefore, it can be assumed that a change toward a more sustainable industry is going to be a challenge. As, for instance, interviewee O (Appendix 3) describes, there is no immediate urgency within the industry that pushes a sustainability agenda. However, sustainability is a topic in the industry but simply lacks the actual push leading to actions. Therefore, when comparing the findings to the *á priori* conceptual framework it becomes apparent that it is not the industry that creates a pressure that could cause Trackunit to design and implement a sustainability strategy. This may be an explaining factor to why Trackunit has not yet designed and implemented a sustainability strategy since they are heavily focused on solving existing customer needs where becoming sustainable is not deemed urgent for Trackunit’s customers.

Returning to the *á priori* conceptual framework, the industry context embeddedness is regarded as influential for MNEs, and, as described by the interviewees, for Trackunit this context is dominated by its long existence and the large firms operating in the industry. This creates a resistance to change which is a challenge for Trackunit. It is evident that Trackunit is caught between operating both in the construction industry and the software industry. As argued by interviewee M: “I think in terms of challenges that the industry provides, is that software is changing so quickly. Well really, technology in general is changing so quickly” (Appendix 4, p. 48). The quote underlines the different paces in the industries. On one hand, Trackunit has to keep up with the rapidly changing industry of software. On the other hand, Trackunit must ensure that the construction industry is ready to adapt with them which might need to happen at a slower pace than the pace of the technological and digital advancements in the software industry. It can be argued that differences in the pace of these industries are caused by their maturity level. As compared to the construction industry, the software industry is less mature and more dominated by disruptive innovation and start-ups, even though there are, of course, older and well-established firms in this

industry. Furthermore, the software industry has been established significantly later than the construction industry and has, therefore, not had the same amount of time to ingrain a set of best practices and behaviors.

As illustrated in the *á priori* conceptual framework, the industry context embeddedness impacts the different aspects of strategy design and implementation. The reasoning, as is also evident from the interviews, is that the industry context embeddedness sets certain limitations toward the opportunities of the firm, such as the resistance to change in the construction industry. Therefore, Trackunit needs to adapt their operations, offerings, and approach to match the characteristics of the industry. Returning to the literature, these empirical findings align with the arguments of Porter (1980) presented in the literature review. Porter (1980) argues that if a strategy is to provide a firm with a competitive advantage, it must take into account how the strategy relates to the environment in which it is implemented. It is evident from the above analysis that the interviewees are, to some degree, aware of which challenges the industry presents, however, they are not necessarily certain about how to overcome the challenges and push the sustainability agenda. Furthermore, it can also be questioned whether they are aware of the opportunities that the industry also provides. Being a customer-centric firm with relatively few employees may contribute to the fact that Trackunit is focused solely on solving the most urgent needs of their customers. This may, in the long run, cause Trackunit to miss the opportunity to be the firm proactively solving the upcoming sustainability challenge in the construction industry, thereby missing the opportunity to significantly alter and improve their competitive position in the market. Hence, the impact of the industry context on the design and implementation of sustainability strategy found in the literature review and *á priori* framework materializes as a negative impact in the empirical data, wherefore an additional degree of explanation is found.

4.3.2. Regulatory embeddedness

Another theme discussed with the interviewees is the regulatory embeddedness of the firm. The theme is derived from the following categories:

- Compliance
- Complexity
- Forced sustainability behavior

The following quotes and codes, presented in table 8, create the foundation for these categories:

Inter-viewee	Quotes	Interpretation of quotes	Codes
O	<p>“So if they are a sustainable business, they can have a better position for their customers, but also we need to be reminded of regulations, government regulations, which still our customers operate with that they will be at some level forced to follow. And so yes, our business also Trackunit needs to comply with those requirements”</p> <p>“If we talk from legislation perspective of sustainability, governments’ requirements. Some might have some specific requirements compared to others. So for us in Trackunit how could we match those specific needs that some governments might have in some markets or regions”</p> <p>“I think customers want to be compliant. But I don’t see an urgency in the industry to be in the short run”</p>	<p>The interviewee describes how complying with regulations and being a sustainable firm can benefit the firm’s market position. The complexity that arises from differences in regulations between countries is underlined. Lastly, the relatively loose regulatory situation in the construction industry is causing the firms not to see the issue as urgent.</p>	<p>Compliance</p> <p>Requirements</p> <p>Regulatory complexity</p> <p>Lack of urgency</p>
I	<p>“If we look at regulations. I think it will help guide us in terms of where we want go or how we want to implement whatever products and features that we develop for our customers.”</p> <p>“I think we’re only now making a shift where companies are actually really buying into that or not buying into but like really taking corporate social responsibility seriously. And I think that has come because of regulations. Because otherwise if I mean, you know, from a capitalistic perspective, if you had the option to make money or you make less money, but then you do better for the environment, like corporations, they’re going to want to make more money”</p> <p>“Right now there are regulations that are forcing, you know, companies to think about sustainability”</p>	<p>Regulations are described as guides for how the firm should prioritize. The regulations are necessary to force sustainable behavior from firms in the industry because otherwise the capitalistic perspective would prevail.</p>	<p>Regulations as guidelines</p> <p>Capitalism</p> <p>CSR</p> <p>Behavior needs to be forced</p>
M	<p>“I do not think I can speak to that because I am not sure what the regulations are, unfortunately.”</p>	<p>The interviewee is hesitant to talk about regulations due to a lack of awareness.</p>	<p>Unaware of regulations</p>
L	<p>The interviewee’s answer when asked about if the firm is impacted by regulations:</p> <p>“Not really sure how to answer that question to be honest. So I don’t think I have an answer to that.”</p>	<p>The interviewee is hesitant to talk about regulations due to a lack of awareness but acknowledges</p>	<p>Unaware of regulations</p> <p>Mindful of laws</p>

	“Well, obviously we have to be mindful of laws in the different countries.”	that the firm needs to be mindful of it.	
G	“That is when we are in so many countries to make the same offer because there’s also tax or whatever that can be in different countries. So that is sometimes the hard part within being global. It gives a lot of complexity”	Operating in multiple countries increases regulatory complexity.	Dual embeddedness Complexity
K	<p>“One of my friends is codriving that agenda in Denmark from an engineering architecture point of view, and they don’t even mention machines, so there’s a gap there in terms of actually being part of the industry conversation.”</p> <p>When asked if regulations are driving Trackunit’s sustainability actions: “‘Yes, otherwise it wouldn’t be as high on our road map. It wouldn’t be. That’s my perspective at least. Even though I do think we’re purpose led and, but we also profit led we have those two legs to walk on.”</p>	A lack of regulations is highlighted in the industry and it is argued that sustainability would not be as great a priority for the firm if there were no regulations.	Lack of regulations Capitalism Sustainability prioritized due to regulations

Table 8: Regulatory embeddedness coding frame (Own creation based on interview data)

The first theme emerging from the coding process relates to Trackunit’s approach toward regulations which is characterized by *compliance*. Interviewee O highlights this approach when stating “So for us in Trackunit how could we match those specific needs that some governments might have in some markets or regions” (Appendix 3, p. 38). This quote underlines that the approach toward regulations is mostly characterized by simply complying with the regulations in the different markets where the firm operates. Interviewee O also argues that this is not only in terms of Trackunit but also in how their customers approach regulations. As the customer approach toward sustainability is characterized by compliance, it further elucidates that there is not a strong push or sense of urgency regarding the sustainability agenda in the industry which interviewee O elaborates: “I think customers want to be compliant. But I don’t see an urgency in the industry to be in the short run” (Appendix 3, p. 38). This quote argues that there seems to be a lack of alignment between short-term and long-term priorities where Trackunit is mostly focused on meeting the short-term needs in this industry and might be lacking an understanding of the long-term opportunities, as it has also been argued in the theme *mature traditional industry*. The compliance attitude to regulations further confirms that Trackunit is not acting proactively but merely solving current customer needs because regulations are creating these needs for the customers.

Some of the interviewees are hesitant toward discussing regulations as they do not believe they have the necessary knowledge or awareness of the regulations to discuss it which can make complying with these regulations a challenge. Even when the interviewers presented follow-up questions on the topic of regulations, the respective interviewees shut the topic down which can be interpreted as a certain resistance toward the topic (Appendix 4 & 6). Furthermore, it might not be a topic discussed in the organization since there seems to be a lack of awareness among some of the interviewees. When reviewing the follow-up survey questionnaire (Appendix 12), the statement “Trackunit is impacted by sustainability regulations” only received one neutral answer, and the rest were either agreeing or strongly agreeing. Thereby, a discrepancy in the answers received in the interview is found, as two interviewees were reluctant to discuss the regulations because they were unaware of these. Some answers in the interviews must, therefore, be put into question as this dissimilarity makes the researchers unable to be certain of the interviewees’ opinions. The reason for not answering the question in the interview could also be because the interviewee was aware that the regulations do impact, but simply unsure how this impact materializes for Trackunit. Regulations are, thereby, a topic some employees have a difficult time grasping and working with, which creates challenges for Trackunit when being embedded in a complex regulatory context.

The interviewees who do discuss the regulations emphasize the second category, *complexity*. As Trackunit operates in multiple different markets, they have to consider the different regulations in the markets where they operate. This is highlighted by for example interviewee G who states: “that is sometimes the hard part within being global. It gives a lot of complexity.” (Appendix 5, p. 70). In addition, interviewee O also reiterates the complexity: “If we talk from a legislation perspective of sustainability, governments’ requirements. Some might have some specific requirements compared to others” (Appendix 3, p. 38). Thereby, some of the interviewees are aware of the existence of regulations and that these differ in the multiple institutional contexts in which Trackunit operates. This increases the complexity of navigating the regulatory embeddedness. These findings are in line with the expectations derived from the *á priori* framework where the concept of conjunctions of institutional contexts is discussed, and it is argued that there exists a high degree of complexity for MNEs. It is evident that Trackunit is impacted by this complexity which requires the firm to approach regulations differently than a firm only operating within one

regulatory context. In order to overcome a bit of this complexity, Trackunit could take a more proactive approach toward regulations, turning the focus away from simply complying. As argued in the literature review, regulations exist on both a national and supranational level where the supranational directives and tendencies often set the reference frame for national regulations. Therefore, Trackunit can use the supranational trends and tendencies to assist them in achieving a proactive attitude.

The last category emerging from the coding process of this theme relates to the interviewees' opinions toward sustainability regulations. As most of them describe a necessity for regulations in regard to sustainability, the category *forced sustainability behavior* is derived. This is affirmed by interviewee I who states: "Right now there are regulations that are forcing, you know, companies to think about sustainability" (Appendix 2, p. 23). Here, the interviewee directly says that regulations are forcing a sustainability agenda upon the firms in the construction industry, implying that it was not top of mind for the firms beforehand. Furthermore, Interviewee I also describes that the regulations can help the firm and act as a guide: "I think it will help guide us in terms of where we want to go or how we want to implement whatever products and features that we develop for our customers." (Appendix 2, p. 21). This view on regulations as guidelines is also present in the existing literature where Porter and van der Linde (1995) describe good regulations as providing guidance for how firms can achieve what is desired by the regulators and, thereby, a coherence between the existing literature and the empirical findings is present.

Furthermore, it is highlighted that without regulations, the firms would act out of capitalistic interests instead of taking a sustainability perspective. When asked how regulations impact Trackunit in regard to sustainability, interviewee K states:

"It wouldn't be as high on our road map. It wouldn't be. That's my perspective at least. Even though I do think we're purpose led and, but we are also profit led, we have those two legs to walk on." (Interviewee K, appendix 7, p. 101).

This quote signifies that Trackunit experiences a conflict of interest between prioritizing profit or purpose, where they view sustainability as solely a purpose concept. Nonetheless, the existing literature from Porter and Kramer (2006) emphasizes that implementing sustainability into a firm's competitive strategy can lead to competitive advantages and, thereby, profits. Sustainability can

therefore be viewed as a strategic tool, and not merely a purpose concept. The question then becomes whether Trackunit should address their current activities as the short-term profit leg and sustainability as part of their long-term profit leg in the corporate strategy. Additionally, interviewee I states:

“I think we’re only now making a shift where companies are actually really buying into that or not buying into but like really taking corporate social responsibility seriously. And I think that has come because of regulations. Because otherwise if, I mean, you know, from a capitalistic perspective, if you had the option to make money or you make less money, but then you do better for the environment, like corporations, they’re going to want to make more money.” (Interviewee I, appendix 2, p. 22-23)

These two quotes highlight that both from Trackunit and the customers’ perspective, regulations are a necessity to achieve sustainable behavior, otherwise, the firms would act from a desire to increase profits. This questions the concept of corporate social responsibility and the motivation behind firms taking sustainable actions as the behavior seems to be forced rather than proactive, both for Trackunit and their customers. It is apparent that the prevalent perspective on sustainability is that it is a trade-off situation where the firms must decide to either make a profit or invest in sustainability. However, when looking at the existing body of literature regarding sustainability regulations, as presented in the literature review, this seems to be a misconception as the literature argues that sustainability efforts can improve competitiveness and in turn profits. It can, therefore, be argued that there is a discrepancy between some of the presented literature and the findings from the empirical data. Nonetheless, Husted and Allen (2006) have addressed that MNEs in general seem to be reacting to institutional pressures rather than taking a proactive attitude. This leads to the wondering of whether Trackunit simply does not comprehend the opportunities for increased competitiveness or if some of the literature is distanced from the empirical reality. However, sustainability can still be considered a new concept wherefore the findings from literature might not be incorporated in the empirical context yet and the awareness of the benefits that sustainability efforts can bring is simply not great enough at this point in time.

In the *á priori* conceptual framework, the conjunction of institutional contexts is illustrated to be impacting the opportunities and limitations for the firm in terms of strategy design and implementation, similar to the industry context embeddedness. Looking specifically at the

regulatory aspect of the institutional contexts, the interviewees describe a compliance approach toward regulations but also emphasize this as a necessity in order to make a sustainable impact. Furthermore, the interviews underline that the regulatory context is indeed a conjunction of different contexts which increases the complexity Trackunit operates within. It is further confirmed that there is a switch toward more obligatory sustainability actions rather than voluntary, but the interviewees describe this as a positive thing and a necessity in the industry. However, the interviewees are not particularly aware of the opportunities and limitations that the regulations create for Trackunit and their customers which is considered a crucial aspect by the existing literature in order to develop and implement strategies. It is highlighted by Porter and Kramer (2006) that good regulations can positively impact the competitive position of the firm, but the interviewees do not seem to be aware of exactly how to utilize the regulations to their advantage. From the sections above, it becomes evident that regulatory embeddedness is something that exists in the background for the interviewees rather than being experienced as something creating opportunities. Thereby, Trackunit might not yet be grasping the opportunity to proactively integrate sustainability efforts and improve their competitive position, as Porter and Kramer (2006) describe is possible. Instead, the regulations serve as guidelines for behavior which create a top-down pressure regarding the sustainability agenda in the industry. Furthermore, if regulations are meant to guide behavior it must be expected that as the level of regulations increases the behavior will also change wherefore Trackunit should anticipate this and be proactive in order to reach a competitive advantage.

4.3.3. The ill-defined concept of sustainability

A theme addressed in the interviews is the ill-defined concept of sustainability. All of the interviewees emphasize different aspects of sustainability which underlines that there is no common understanding or definition in the firm. The theme is emerging from the following categories:

- Aspects of sustainability
- Multiple meanings
- Demand for a clearer definition of sustainability

These categories are derived from the quotes and codes visible in table 9 below:

Inter- viewee	Quotes	Interpretation of quotes	Codes
O	<p>“Right, so sustainability for me means two things. One is for sure something that nowadays it’s now or never the moment to think about it. It’s an ability. It’s definitely something that the momentum is there in several industries, not just in construction or telematics. And that also brings an opportunity for businesses to think about. New ways of building their products and coming up with new strategies that fits sustainability”</p> <p>“I could also add that sustainability in the business environment, in the product environment is a way to also push companies and products to be built or think differently on new needs that we have today based on challenges that society and ecosystems are having right now. And yeah it’s definitely a challenge or interesting requirement for Trackunit to to think of”</p>	<p>Sustainability is urgent and there is a momentum which brings opportunities. It pushes firms to think differently in terms of both product and strategy to meet the new demands.</p>	<p>Multiple meanings</p> <p>Urgency</p> <p>Opportunities</p> <p>Push effect</p> <p>Challenges current ways of working</p> <p>Requirement</p>
I	<p>“There’s sustainability from the product side, but then there’s also sustainability like what I believe as an individual [...] Basically not abusing our planet, right? It’s about finding ways to reverse some of the effects that we have with global warming”</p> <p>“So I think we have a responsibility to help our customers make the industry more sustainable”</p> <p>“Taking care of our world and that also includes not just our environment, but also like the people and making sure that everyone has a livable life and environment [...] Just being diverse and inclusive across the different parameters, right? Whether it’s religion, race, disability, what have you. So I think all of this plays into it as well”</p> <p>“But I think it’s also because customers are still trying to figure out what does it mean to be sustainable?”</p> <p>“I think another challenge, thinking along the lines of sustainability, is that it is going to be expensive to make changes right? [...] At the end of the day, companies are here to make money. That’s what they want to do”</p> <p>“I think we’re right at the cusp of really understanding the full chain of what it means to be sustainable. So I think that there’s definitely some learning and not just making it a quick fix sort of thing.”</p> <p>“I think it’s very important to be specific, especially in an area of sustainability where it’s still a little bit fluffy, like what does this mean? What do we track? Is it only CO2 emissions or is it this? I think it’s really, really important to be concrete in these areas.”</p>	<p>Sustainability has multiple meanings to the interviewee, both highlighting environmental and social aspects. Corporate social responsibility is also underlined as a topic of conversation. However, sustainability is a challenge as the customers might not be willing to invest in it yet. It is described as a developing process where the meaning is still not clearly defined, both externally in the industry and internally in the firm.</p>	<p>Multiple meanings</p> <p>Environmental</p> <p>Social</p> <p>CSR</p> <p>Challenge</p> <p>Lack of understanding</p> <p>Monetary considerations</p> <p>Fluffy</p> <p>Need for concrete definitions</p> <p>Lack of awareness</p>

	<p>“Specifically about sustainability? I'm trying to recall. So I know we've talked about it [...] I'm not sure if it is actually one of our corporate strategies”</p>		
M	<p>“I would define sustainability by the initiatives that people can do to help ensure that the world, or the organization, or whatever it is that you are working on, is able to last longer.”</p> <p>“I think really just in terms of trying to make things, you know, not using as much product, not using more than we need to be able to again, kind of survive to function.”</p> <p>“I think there's a lot happening in the world in terms of the environment. I mean when we look at global warming, when we look at just, a lot that's taking place and that has transitioned over the last 50 years and to me, really it's important that we focus on sustainability to ensure a better world for those in the future, and to make sure that, you know, the planet doesn't go haywire if we continue down this path.”</p> <p>“So some of the really tangible ones that I am thinking of off the top of my head just because they were very simple were specifically what we were using like paper plates and, like plastic silverware at our office in London [Canada]. And so obviously very simple. We just changed to, um, you know, regular plates. We bought regular plates, regular silverware that can be washed and reused. Um, because the amount of garbage that we were doing and throwing out was huge.”</p> <p>“[...] because we have people all over the world, people's view on it is very different, in terms of sustainability and, and what we're doing and what the, or the, even just what you're doing in your own community, in your own environment”</p> <p>“But when you look at a country like the US, again, not saying that our employees aren't focused on sustainability, but I think in the US the culture in general is not as conducive maybe to creating actionable changes for sustainability. I think they're a bit behind where we are in Canada and in Denmark as well.”</p> <p>“[...] not every country sees the importance of sustainability just yet. Um, I think there are many that do, and I think there's many people that kind of have the perspective of, yes, we need to do something, but what am I gonna do? You know, I'm just one person, or, you know, that kind of mentality”</p>	<p>Sustainability is mainly viewed from an environmental perspective. The focus is on making decisions, products, and processes that are self-sustaining, so a better world can be created. However, sustainability is viewed differently around the world, which makes it hard to define and work toward a common goal. Furthermore, it is emphasized that people may find it difficult to make a change individually.</p>	<p>Environmental</p> <p>Self-sustaining</p> <p>Better world</p> <p>Different cultural perspectives</p> <p>Difficulty with creating common goal</p>
L	<p>“When I think of sustainability, I typically do it in a more, you know, doing or at least making a difference for the world. So based on climate changes, based on how we as</p>	<p>Sustainability is defined as minimizing the</p>	<p>Minimize impact</p>

	<p>people and human beings are impacting the world around us, the processes, how we do things and so on. So I think that's what comes to my mind when I'm thinking of sustainability.”</p> <p>“I think all of us, as mentioned before, have an impact on sustainability in a more direct or indirect way. I would definitely say that Trackunit, as a company, is working with sustainability as we are trying to digitize this industry. That the industry itself has a lot of impact on the sustainability agenda.”</p> <p>“I think it's something we find important, but we could also pay more attention to the sustainability agenda [...] I definitely think that it could be, more on top of our priorities, maybe, how we are doing a difference in relation to sustainability.”</p> <p>“I really don't know if we have one of the 10 OKRs focusing specifically on sustainability. So we might have a global strategy for sustainability, but as mentioned, I'm mostly part of the one that I have a bigger impact on, in relation to the people and wellbeing and so on. But I definitely see that it could be beneficial for us to be more explicit in terms of sustainability, because I think also from a people perspective and an employer branding perspective, I think it's an important global agenda in general. Not only for Trackunit but everyone in the world as it impacts everyone of us.”</p>	<p>impact on the planet. The interviewee considers both environmental and social aspects of sustainability. There is a need for more focus on sustainability in the firm and a clearly defined strategy that is accessible, actionable, and communicated to the employees.</p>	<p>Environmental</p> <p>Social</p> <p>Lack of firm focus</p> <p>Accessibility and communication of sustainability strategy is lacking</p>
G	<p>“Okay. Wow, that's a broad one. Sustainability. Well, business wise for me it means a lot of different things and has, well, actually I would say if you look into it in the broad way, then it's part of all parts of a business, right? So make sure it's sustainable and what is then sustainable?”</p> <p>“Well, that is something that, as I see it, that decisions are made, processes are made that are sustainable in the long run. Maybe more efficient, maybe better at protecting the company, protecting the environment”</p> <p>“It can have many different facades into it, but sustainable in the word is something that is still there, so it's a decision, a process, that will continue being there and it has a somehow positive effect on the whole company”</p> <p>“I also think it's a very difficult part because what is it for each department? I think that's really, really difficult. And I also think that is something many companies struggle with and needs help with”</p> <p>“it's not something people think about in their everyday life. We need someone who's focused on this. And can kind of, you know, nudge us into thinking sustainable, it's not that people are against it or don't want it, but it's, you know, it's</p>	<p>The interviewee has difficulties defining sustainability but highlights the environmental aspects and the importance of making the world better in the long run. It is described as decisions and processes leading to positive outcomes. It is also emphasized that it can have different meanings to different departments so there is a need for a push in the right direction. The interviewee finds it hard to implement sustainability.</p>	<p>Broad</p> <p>Environmental</p> <p>Decisions and processes lead to sustainability</p> <p>Longer lasting</p> <p>Different facades</p> <p>Different meanings in different departments</p> <p>Need for a push</p> <p>Hard to implement</p>

	a mindset that is difficult to put on every time you take a decision or make a process”		
K	<p>“There’s more parts to it. There’s the how do we help the industry get more sustainable”</p> <p>“Pretty broad term. It’s both in terms of CO2 footprint, but also in terms of actually not wasting resources, having equipment standing idle”</p> <p>“For the people who report to me all of them have during their interview or during their practice talked about sustainability as a personal driver”</p> <p>“At one point we were joking that actually we needed to put vegan in the application for PMs because we had four PMs three were vegan”</p> <p>“Sustainability is becoming more and more dominant”</p> <p>“We have colleagues in Texas. I mean, you don't buy organic apples as easy, right? In Denmark, you get organic food in. In all discount stores and it's like, who doesn't buy it?”</p>	<p>Sustainability is defined by its environmental aspects and the firm should help the industry become more sustainable. All of the employees reporting to the interviewee are motivated by sustainability and it is becoming more dominant in the industry as well. However, the prioritization is still different between the national contexts.</p>	<p>Environmental</p> <p>CSR</p> <p>Employee motivation</p> <p>Dominant in the industry</p> <p>Differences between national contexts</p>

Table 9: The ill-defined concept of sustainability coding frame (Own creation based on interview data)

A topic discussed in great detail with the interviewees is the concept of sustainability. However, it is certainly evident that a common definition of this concept is absent. In the interviews, the interviewees all stress different aspects of the concept which is evident in the first category *aspects of sustainability*. According to the ESG definition presented earlier in this thesis, sustainability consists of an environmental, social, and governance dimension. The environmental dimension seems to be top of mind for the interviewees which is also the case with interviewee M who defines sustainability as “the initiatives that people can do to help ensure that the world, or the organization, or whatever it is that you are working on, is able to last longer” (Appendix 4, p. 47). In this quote, it is emphasized that sustainability is about making something long-lasting, both for the planet, people, and the organization, and intergenerational equity is, thereby, a crucial element of sustainability for interviewee M. This is also accentuated by interviewee L who describes sustainability as making a positive difference for the world where climate change is mentioned as an example. Further, interviewee K solely focuses on sustainability as environmental practices from a Trackunit perspective which is evident in the following quote: “Pretty broad term. It’s both in terms of CO2 footprint, but also in terms of actually not wasting resources, having equipment

standing idle” (Appendix 7, p. 96). Even though the interviewee describes it as a broad term, the examples mentioned all relate to environmental improvements. In the quote, interviewee K is explaining sustainability from the perspective of Trackunit which indicates that there might exist a bias in the interviews. Since the interviews are conducted during their working hours and with a focus on the firm, the answers might be marked by the interviewees firstly thinking about Trackunit. However, they have been encouraged to answer based on their personal opinions, but the setting might create an increased focus on the firm perspective. Nonetheless, the environmental dimension is covered by all of the interviewees and is also the aspect they mention first wherefore it can be interpreted to be the cornerstone in any sustainability definition.

As mentioned in the introduction, 89% of consumers believe that firms should be more responsible and reduce their carbon emissions (Statista, 2021), and it is, therefore, not only within Trackunit but on a more general level that the environmental dimension of sustainability is predominant. Therefore, the environmental dimension might be most influential for their understanding, firstly because they are talking from a Trackunit perspective and secondly, because the environmental dimension is more emphasized on the consumer level. Furthermore, the general attitude of consumers also speaks to how the social contracts of Trackunit impact how they work with sustainability. Since a general agreement is made that sustainability mostly consists of environmental aspects, that is also the hand Trackunit plays to become socially accepted and follow the moral rules set up in the social contract they act within.

Another aspect of sustainability that is brought up by some of the interviewees is the social dimension. Especially interviewee I and interviewee L place a great emphasis on this aspect. For example, interviewee I states:

“Taking care of our world and that also includes not just our environment, but also like the people and making sure that everyone has a livable life and environment [...] Just being diverse and inclusive across the different parameters” (Interviewee I, appendix 2, p. 18).

Here, it is underlined that taking care of the world also encompasses taking care of the people within it and the intergenerational equity is, hereby, underlined by interviewee I as well. Interviewee L describes that in daily work, the social aspect of sustainability is something they work with, ensuring the well-being of all employees. However, the social dimension is not brought

up as naturally by the interviewees as the environmental dimension. An example of this is interviewee M that first acknowledges the social dimension of sustainability when a question explicitly asks if the interviewee works with the social aspect. Going back to the survey questionnaire conducted by Trackunit, it becomes evident that “employee health and well-being” is the most important factor for the employees, and it is, therefore, curious that the environmental dimension is more top of mind for the employees when interviewed, although they are clearly concerned about other aspects. The social dimension and the concept of sustainability, therefore, seem to be disconnected from the employees’ perception. According to the findings from Taliento, Favina, and Netti (2019), the social dimension of sustainability has been added to the definition in more recent years. Therefore, an explanation for the lack of focus on the social dimension can be its more recent emergence. However, some of the interviewees bring it up which illuminates that the understanding of sustainability is individual to a great extent.

The second category related to sustainability is the *multiple meanings*. All of the interviewees struggle to define sustainability and they mention that it is a broad term that is difficult to condense into a single definition, as evident from the first category of this theme. Furthermore, the firm operates in multiple countries where both the importance and definition of sustainability can vary. Interviewee K highlights this in the following example:

“We have colleagues in Texas. I mean, you don’t buy organic apples as easy, right? In Denmark, you get organic food in all discount stores and it’s like, who doesn’t buy it?”
(Interviewee K, appendix 7, p. 102).

With this quote, it becomes evident that the interviewee experiences different attitudes toward sustainability in different countries where both the accessibility of sustainable choices and the importance of sustainability vary. Furthermore, interviewee M experiences the same differences: “people’s view on it is very different, in terms of sustainability and what we’re doing” (Appendix 4, p. 50). As Trackunit has subsidiaries across the world, it can be challenging for the firm to collect all of these different perspectives into a common understanding of sustainability. Thereby, it is evident that Trackunit is impacted by their dual embeddedness as the understanding of sustainability concepts differs between the cultural contexts. Besides differing on a national level, interviewee G also describes that the meaning of sustainability can differ on a department level: “I also think it’s a very difficult part because what is it for each department? I think that’s really,

really difficult” (Appendix 5, p. 65). This also becomes evident when reviewing the follow-up survey questionnaire (Appendix 12), as the respondents had rather mixed answers when asked to which degree, they think sustainability is part of their daily job. Some respondents disagree and some agree, and of course, this could be caused by different departments working with sustainability to different extents, however, it can also be explained by the lack of common consensus of the definition of sustainability. Therefore, it is underlined that the concept of sustainability is complex and encompasses so many facets that it can seem impossible to collect in one common definition that applies to all departments and subsidiaries of the firm.

This leads to the last theme *demand for a clearer definition*. The employees are requesting a more shared understanding of sustainability within the firm. Interviewee I states the following: “I think it’s very important to be specific, especially in an area of sustainability where it’s still a little bit fluffy, like what does this mean? What do we track?” (Appendix 2, p. 32) which accentuates that the need for a common definition stems from the complexity that the concept of sustainability holds. A benefit of a more clear definition could be that the potential sustainability actions that the firm, and their employees, can take will become more tangible. As argued by interviewee M: “there’s many people that kind of have the perspective of, yes, we need to do something, but what am I gonna do? You know, I’m just one person” (Appendix 4, p. 62). It can be difficult to take actions toward becoming more sustainable when it is done in solitude which is why a common understanding and effort becomes essential. Furthermore, a clearer definition would aid the firm in achieving a closer connection between the globally dispersed departments, because everyone knows that they are working within the same definition of sustainability and thereby toward a common goal.

However, Trackunit does not seem to currently have a common definition of sustainability that is communicated efficiently to the employees. In the interview with a strategy designer (Appendix 1), it is stated that Trackunit defines sustainability in accordance with the ESG definition. Nonetheless, the employees mostly emphasize the environmental dimension and request a clearer definition. This indicates that even though strategy designers might have a clear definition, this does not transcend throughout the firm. Going back to the *á priori* framework, the implementation of sustainability strategy is an essential aspect of the strategy. As argued by Kotter (1995), a crucial

step in establishing change in an organization, such as implementing new strategies, is to develop a clear vision and communicate this vision in order to obtain buy-in from the employees. However, Trackunit has not yet managed to communicate a clear vision that enables buy-in from their employees. This can be critical in terms of creating impactful change toward becoming a more sustainable firm.

Nonetheless, as Trackunit has conducted the survey questionnaire on their own, it indicates that they are in the process of creating a clear vision where they include their employees' understanding of sustainability as the foundation. Based on the findings by Nohria and Ghoshal (1994), it can be discussed if it is even necessary to create a common definition as the firm can also approach strategy with a differentiated fit where the strategy is adapted to each context. As the interviewees are requesting a more common definition, the differentiated fit does not seem like the proper approach to generating employee buy-in within Trackunit. Here, Trackunit can again utilize their own survey questionnaire to observe if there are significant differences in the rankings between countries. If there is no significant difference between the countries, it underlines that a shared value strategy might be more appropriate than a differentiated fit. The environmental side of sustainability is something that all the interviewees highlight, therefore it might show that there is some common understanding of the environmental side, whereas the social and governance dimensions are less discussed and defined in Trackunit, therefore the environmental dimension might be a starting point for a strategy, if Trackunit desires a shared values strategy.

4.3.4. Autonomous organizational structure

A topic discussed with the interviewees is the organizational structure in Trackunit. The interviewees all describe the theme autonomous organizational structure that can be characterized by the following categories:

- Evolving conjunction of contexts
- Empowered employees
- Autonomy in decision-making

The above categories are derived from the quotes and codes presented in table 10 below:

Inter-viewee	Quotes	Interpretation of quotes	Codes
O	<p>“Definitely not hierarchical, definitely not complex, no, not at all, no. It's just a company that is growing”</p> <p>“I think it's a company that tries to fulfill the customers and industry needs and that is tied to being a customer-centric company”</p> <p>“Some regions are responsible for making decisions to some topics compared to others. So, I mean when I say regions, let's use Denmark and Canada. The Canada team is focused on specific topics compared to Denmark, so I wouldn't say that 100% or 99% of things are centralized in one region, no. Again, depends on the topic itself that needs to be discussed”</p>	The interviewee describes a flat organizational structure and a customer-centric firm. The decisions are made based on expertise and project ownership rather than centralized decision-making.	<p>Flat organization</p> <p>Customer-centric</p> <p>Project ownership defines decision-making</p>
I	<p>“I'm empowered to make decisions about the product and kind of what we prioritize and what we should work on. So what we try to do is to have empowered teams”</p> <p>“Ultimately, the decision does lie with us, like on our product team level.”</p> <p>“There's this expectation that when you make a decision, you don't make a decision in silos, right?”</p>	The employees are empowered to make decisions based on project ownership, but it is expected that they consider the impact on the firm as a whole.	<p>Empowered employees</p> <p>Project ownership defines decision-making</p> <p>Holistic mindset</p>
M	<p>“We have something called the triple focus. And so for us, like I talked about with impacting, you know, the industry, we really focus on impacting yourself, impacting your teams, and impacting the organization. [...] So we don't have a lot of standardized processes, procedures, um, you know, things that you have to follow because we believe that we hire people who can make good decisions and can decide how they want to operate. [...] And then I would also say that we're really trying to build our organization for scale. So we want to grow as an organization. We're about 450 employees right now. We want to be able to continue to grow at a steady pace so that we can continue to help the construction industry. And it really all comes back to that kind of making impact in the construction industry.”</p> <p>“I think that in North America we went from this kind of more process oriented, a bit more hierarchical type structure to, you know, a more European context, which is more matrix style, more free, more flexible and that was a really big transition for a lot of people.”</p> <p>“We had quite a few people leave the organization when we were acquired about a year and a half ago, just because it was so different. I think that there is a feeling of comfort</p>	The interviewee was a part of the acquired firm and can therefore see the shift to a flatter and more flexible structure. The employees are empowered to make decisions with full autonomy and the firm is growing at a steady pace. The Canadian subsidiary now experiences a different structural context that they have to embrace which has led to employees leaving the firm because they could not work in the new structure.	<p>Flexible and flat structure</p> <p>Empowered employees</p> <p>Autonomy in decision-making</p> <p>Evolving conjunction of contexts</p>

	<p>and stability when you know what's going on, and especially in an organization that is more process and standardized and hierarchal, it's kind of more predictable. Whereas transitioning to an organization that's more flexible, less structured it's not predictable. It doesn't seem stable, even though it is, it's just in a different context.”</p> <p>“Our organization is really keen on empowerment and autonomy and really giving people the opportunity to make a difference and make an impact.”</p>		
L	<p>“We would define ourselves as a scale up company where we have a minimum of policies, procedures and so on. We definitely have some processes in place, but things are moving so fast that we usually have to revisit those processes once again after some time, or maybe it's something that was not relevant before or we did not see before. And now because we are that many people part of Trackunit it's something that we have to actually figure out how to do and how to structure moving forward. So definitely an organization where things are moving fast and where you have to be flexible and also adapt to changes quite quickly, it's something you have to thrive in, or at least in most situations because changes happen quite often here. Um, it's also an organization where we are truly caring about our people.”</p> <p>“There's a lot of autonomy. There's a lot of opportunity for you to take responsibility and take ownership of things. We also encourage people to be proactive in terms of taking ownership of their own growth, where they want to go, where they want to be maybe in a couple of years or something like that. So there's a lot of opportunities here.”</p> <p>“So it is definitely also a challenge and also that we had maybe, you know, 130 employees one and a half year ago, and now we are almost 400. So we are also experiencing growing pains. And if at least some kind of metaphor, I would say that we are maybe at a teen experiencing puberty. Yeah, that is truly fitting in many ways.”</p> <p>“I think we have a quite flat hierarchy.”</p>	<p>Because the firm is experiencing growth, they have to find out how to structure themselves along the way. This alters the conjunction of contexts, creating new demands for the structure. A flexible and adaptable organization is described while employees are encouraged to take ownership and have the autonomy to make decisions. However, as a fast-growing firm challenges are also experienced.</p>	<p>Fast growing</p> <p>New structure needed</p> <p>Evolving conjunction of contexts</p> <p>Empowered employees</p> <p>Autonomy in decision-making</p> <p>Growing pains</p>
G	<p>“No one from the management team actually sits at the Aalborg office. So it's not them, you know, as you always see like it's from the top and go down. It's not to say that they don't affect it, but no one is sitting there, you know, on a regular on, you know, every day they come in sometimes, right?”</p> <p>“The way we speak, you know, the way we make decisions also. And that's my own problem. I've never been into titles, right?”</p>	<p>The interviewee describes a decentralized organization where the management team is dispersed globally. It is also pointed out that there is a low degree of focus on titles.</p>	<p>Decentralized structure</p> <p>Dispersed management team</p> <p>Informal environment</p>

K	<p>“I think one thing that sets this company apart from what I know from other places is that responsibility is not given it’s taken.”</p> <p>“That also means that you have a huge possibility to impact the business, because you can, if you see an opportunity, like one of our employees, who did. No one was talking about sustainability, but he loved it. So he started talking about it”</p> <p>“You have to drive the agenda yourself and you have to make the impact. No one is actually saying like this is yours and then expecting you just to do it.”</p> <p>“It is an assumption that when we in Trackunit have a theme and we name a team, a product team, same as the theme. So for example team sustainability, sort of what it does to the organization is that it can be that the rest of the teams go like, whoa. You know, that's team sustainability, and I am team for example IC and they forget that they can still impact that theme, even though they are not team sustainability. I think sometimes we can fall short on our way of using concepts or wording.”</p>	<p>The interviewee mentions that employees have to take responsibility if they want it. It is further described that this way of distributing responsibility leads to passionate employees. Furthermore, there are issues with this structure because the teams are specifically named after their area of responsibility causing other employees to not contribute to that area.</p>	<p>Empowered employees</p> <p>Passionate employees</p> <p>Structural issues</p>
---	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------

Table 10: Autonomous organizational structure coding frame (Own creation based on interview data)

Throughout the interviews with the employees and managers of Trackunit, a depiction emerges of how the organizational structure of the firm is decentralized. The interviewees are asked questions that illuminate how the structure of Trackunit as a firm is a symptom of the growth journey, they have been through which has prompted the way Trackunit functions and works, as emphasized in the category *evolving conjunction of contexts*. The continuous growth entails that the firm constantly has to encompass more regulatory, cultural, and social factors which entails that the conjunction of institutional contexts that the firm is operating within is constantly evolving. By this evolution, both the firm’s internal and external environment is becoming increasingly complex, and thereby the need for structural anchors that can aid the employees in navigating the complexity arises.

One evolution of context explained by multiple of the interviewees is the acquisition of a Canadian firm roughly the same size as Trackunit themselves at the time. This acquisition entailed that Trackunit had to integrate the Canadian firm and, thereby, created a new conjunction of contexts for Trackunit, as they now had to take the Canadian firm’s structure and way of working into

account. Interviewee M was part of the Canadian firm when it was acquired and describes the situation in the following way:

“I think that in North America we went from this kind of more process oriented, a bit more hierarchical type structure to, you know, a more European context, which is more matrix style, more free, more flexible and that was a really big transition for a lot of people”

(Interviewee M, appendix 4, p. 58)

Interviewee M experienced a distinct shift in the way the organization was structured, due to the context of European organizations and North American organizations being vastly different. The quote also illuminates that the national cultural context, and, thereby, the institutional context, in fact, impacts the organizational structure. The interviewee associates the European context with a more flat and flexible structure whereas the North American context is associated with a hierarchical structure. Therefore, employees from a North American context might be more comfortable in the structure they are used to. As it is later pointed out by interviewee M, the acquisition and subsequent change of structure caused multiple employees in the Canadian subsidiary to leave the organization. This indicates that some of the North American employees were not comfortable in an organizational structure that reflected the European context more than their own context and what they were used to. Since Trackunit has multiple subsidiaries all over the world, the conjunction of contexts is changing with the growth of the firm and they, therefore, have to continuously adapt the structure to fit the evolving conjunction of contexts. Furthermore, the interviewees also emphasize the importance of national culture in the follow-up survey questionnaire (Appendix 12), where five out of six respondents agree or strongly agree that Trackunit is impacted by the multiple national cultures it operates within.

The category *empowered employees* is a topic all the interviewees experience in various ways, however, they also share a common understanding of its effect on the organizational structure. Interviewee I considers the decision-making process is placed at the employee level and that the employees are given the responsibility to make the decisions they find advantageous. Interviewee K further accentuates this empowerment: “I think one thing that sets this company apart from what I know from other places is that responsibility is not given, it is taken.” (Appendix 7, p. 103). The employees of Trackunit are, thereby, empowered and entrusted by their managers and the firm, however, they have to be proactive in their attitude. Here, a distinction must be made between

daily decisions and corporate strategy decisions. The employees describe empowerment on the level of daily decisions, and they acknowledge that the corporate strategy decisions are made on an executive level. However, the distinction might not be completely clear to the employees. In the interviews, there is an agreement about the structure being autonomous, but in the follow-up survey, the respondents have mixed answers toward the statement “I feel included in the design of new strategy” as one disagrees, two are neutral and three agree/strongly agree (Appendix 12). A potential reason for the mixed answers could be that Trackunit’s structure allows for input from all employees in strategy creation, but it requires them to actively seek influence. Therefore, some might agree that they are included because they are aware that the responsibility to be included is their own, whereas some might disagree because they are more so expecting to be asked their opinion.

The empowerment of the employees leads to the third category, *autonomy in decision-making*. This high level of autonomy in the organization means that employees are trusted to make decisions, take ownership of their own projects and structure their work in a way that makes sense for them. Nonetheless, it is also an expectation that the employees make their decisions with a holistic mindset taking into account the whole firm, which is underlined by interviewee I: “There’s this expectation that when you make a decision, you don’t make a decision in silos, right?” (Appendix 2, p. 31). It is further accentuated by interviewee L that the autonomous way of working creates opportunities for the employees because they can impact the way the organization works: “There’s a lot of autonomy. There's a lot of opportunity for you to take responsibility and take ownership of things. We also encourage people to be proactive in terms of taking ownership of their own growth, where they want to go [...]” (Interviewee L, appendix 6, p. 87-88)

Trackunit has thereby created a structure that encourages the employees to be proactive in their daily work, however, if the employees do not grasp the opportunities and take ownership that benefits the entire firm, they may be left without influence in the firm. Subsequently, the challenge of no one wanting to be proactive, as interviewee K refers to below, can also arise when discussing the daily work at Trackunit. Interviewee K emphasizes that the structure of how the internal teams is created can cause challenges in the proactive mindset and holistic approach:

“It is an assumption that when we in Trackunit have a theme and we name a team, a product team, same as the theme. So for example team sustainability, sort of what it does

to the organization is that it can be that the rest of the teams go like, whoa. You know, that's team sustainability, and I am team for example IC and they forget that they can still impact that theme, even though they are not team sustainability. I think sometimes we can fall short on our way of using concepts or wording.” (Interviewee K, appendix 7, p. 109)

Interviewee K, thereby, points out some of the potential pitfalls of the autonomous and empowered structure of the firm, as this may cause some issues to remain unaddressed if no employees proactively take on the responsibility themselves. Thereby, all of the interviewees characterize the organizational structure of the firm as flat and non-hierarchical with a project ownership structure that empowers the individual employees to have autonomy in their daily jobs, however, this can also create challenges for the firm.

The structure of the firm is explained by interviewee O as “Definitely not hierarchical, definitely not complex, no, not at all, no. It's just a company that is growing” (Appendix 3, p. 39). As it is underlined in this quote, it is experienced that the firm is growing which can impact the structure as there is a constant need for adaptation to new contexts and employees. Here, the less hierarchical structure enables Trackunit to be agile when adapting to new contexts. It is inferred by the interviewee that when a firm is growing fast the structural development falls in the background and the overarching focus is growth. This relation is further elaborated by interviewee L, who argues that the structure needs to be revised because the firm is growing at a fast pace:

“We definitely have some processes in place, but things are moving so fast that we usually have to revisit those processes once again after some time, or maybe it's something that was not relevant before or we did not see before. And now because we are that many people part of Trackunit it's something that we have to actually figure out how to do and how to structure moving forward.” (Interviewee L, Appendix 6, p. 87)

Here, it is emphasized that since the firm is on a continuous growth journey this challenge will keep emerging as the structure will need to be revised repeatedly to fit the constantly evolving condition of the firm. This also appertains to the category of *evolving conjunction of contexts* that the firm has to navigate within and illustrates how the firm is currently pacified by the growth and lack of structural anchors the employees can rely on. The structure of the firm can thereby be viewed as decentralized, as it is the employees themselves that influence the structure. However, when employees are left to create structure themselves, it can cause them to go in different

directions and it can, thereby, be arduous to work toward one common sustainability strategy, as the organizational structure of the firm is an internal factor that influences both the design and implementation of a sustainability strategy according to the *á priori* conceptual framework (p. XX). A concept with such complexity as sustainability can, unfortunately, be left unaddressed as a result of the decentralized structure. As the employees all understand sustainability differently, the suggestions or initiatives they might have can be hard to align and thereby pull the organization in different directions.

When considering the EPRG model that clarifies multiple MNE structures (Drachal, 2014), the orientation of Trackunit can be challenging to determine as the organization contains elements of all orientations. Firstly, it is generally evident from the interviews that the market focus of the firm is regional as not every local market is considered individually nor are all markets considered as a whole, implying a regiocentric orientation. Furthermore, the employees are given the autonomy to make decisions denoting decentralized control and, thereby, a polycentric orientation, however, higher levels of decision-making, such as strategy design are described as being on the executive level, indicating a more regiocentric orientation. When taking into account how the interviewees describe the subsidiary integration of Trackunit, the geocentric orientation becomes evident as there is a high level of collaboration between the HQ and subsidiaries. Lastly, the control of the firm is set by the HQ, and elements of the ethnocentric orientation are therefore also present in the firm. However, it must be mentioned that the interviewees explain a low level of control and structure, it can therefore be difficult to determine the type of control within Trackunit. This may be caused by the rapid growth of the firm, wherefore it can be burdensome to shake off all remnants of an ethnocentric orientation and adapt to a new situation. The fact that Trackunit shows traits of all orientations also illuminates how the firm currently has a lack of alignment and when employees are given the autonomy they may move in multiple directions. When seeing the findings from the analysis of the empirical data in the light of the EPRG model it becomes evident that Trackunit is in a transitional phase. The interviewees highlight how there is a low level of structure and processes which indicates traits of a polycentric orientation. Nonetheless, it is also evident that since the acquisition and by the effect of the fast growth the company has experienced, the management of the company has become more regiocentric, where larger decisions are

controlled more centrally. This indicates that Trackunit is moving from polycentric to regiocentric, but that the adaptation to the regiocentric organizational structure has not yet happened.

From the analysis of this theme, it becomes apparent that there is a significant difference between the findings from empirical data and the *á priori* conceptual framework. It is illuminated that employee involvement in strategy design is reliant on the employees being proactive and seeking influence in the process themselves. Thereby, some employees who are not assuming a proactive attitude toward strategy design processes may not feel included. This indicates that the relation between the internal factor called organizational structure in the *á priori* conceptual framework, and the design phase of sustainability strategy is not as strongly present in the empirical data. A dissimilarity is thereby found between empirical data and the *á priori* conceptual framework. Furthermore, the internal factors are in the *á priori* framework presented as being of equal importance. However, an assumption is now emerging that the organizational structure can be viewed more as the foundation for some of the other internal factors. This will be elaborated further later in the analysis chapter. To summarize the organizational structure, it is described by the interviewees how the low level of formal structure within the organization is a symptom of the fast growth that the firm has experienced, however, the interviewees also experience that in some situations there is a need for more structures that can aid the firm in working toward a common goal across the increasingly complex conjunction of contexts. Therefore, it is established that the organizational structure is autonomous.

4.3.5. Employee-driven organizational culture

The employee-driven organizational culture is a theme that all interviewees addressed. To describe the organizational culture in greater detail, the following categories are presented:

- People-centric culture
- The conjunction of culture in the firm
- Eliminating downtime

The categories have emerged based on the quotes and codes presented in table 11 below:

Inter-viewee	Quotes	Interpretation of quotes	Codes

O	<p>“When Trackunit decided to acquire the Canadian company they had their own culture and mindset and so on. And we had to absorb that right. So yeah, definitely you see differences for sure between those two sides”</p> <p>“Opportunities because they have insights and ways of thinking and views that as a company we can benefit from. It creates some challenges because we need to make sure that we are all in the same picture and so it’s a constant I would say work”</p> <p>“When we talk about sustainability, if there are differences? No, I don’t think so. At least I didn’t notice anything that I would say, yeah, this is a different thinking compared to other parts of the company”</p>	<p>The interviewee emphasizes that the firm absorbs and adapts to new cultures when another firm is acquired, creating a new culture. This may create both opportunities and challenges in alignment within the firm. However, the interviewee mentions that regarding sustainability an aligned view exists.</p>	<p>Absorption of culture</p> <p>Acquisition</p> <p>Alignment opportunities and challenges</p>
I	<p>“We are a people culture where our people that work at Trackunit, they are the ones that build the success of Trackunit. So it’s important that we have inclusive culture and that we allow for you know for different kinds of people”</p> <p>“I think our tagline of eliminating downtime, you know that that can have that can have many different meanings at the core. It’s just making sure that you know you’re getting the most out of”</p> <p>“We’re very eager and we’re very passionate. Even though, there’s a lot of us that don’t know a whole lot about the construction industry, myself included. Like I’ve been in the industry for like a year now. So there’s still a lot to learn, but there’s a lot of drive and passion for, you know, for wanting to do the right thing, and that’s something that I’ve seen and you know, almost everyone that I’ve interacted with that there’s this drive to, you know, there’s like this passion”</p> <p>“Innovation also really comes to mind because we try different things and we also like to iterate on it and if it doesn’t work”</p>	<p>The interviewee describes a people-centric culture and highlights the importance of their tagline “eliminating downtime”. The employees are eager and passionate which drives the organization. Innovation is also mentioned as a cornerstone within the organization.</p>	<p>People-centric culture</p> <p>Eliminating downtime</p> <p>Employee passion</p> <p>Innovation</p>
M	<p>“I would also say just in terms of our culture, we really try to empower people to make those decisions and to make changes that help along our path and towards our mission of eliminating downtime.”</p> <p>“We have something called the triple focus. For us, like I talked about with impacting, you know, the industry, we really focus on impacting yourself, impacting your teams, and impacting the organization”</p> <p>“When we hire into Trackunit, we are looking for really specific things. We are looking for people who want to</p>	<p>An emphasis is placed on the tagline “eliminating downtime”. It is also important to create an impact and hire the “right” people for the organization, who have the necessary passion. The North American and European ways</p>	<p>Empowered employees</p> <p>Eliminating downtime</p> <p>Hiring the right people</p> <p>Employee passion</p>

	<p>make an impact, who have the same values as us, and want to make a change in the construction industry or really in the environment. And when people are not passionate about that it does not really fit with what we are doing”</p> <p>“I definitely think there are some challenges in terms of just the cultures and the way that people work. So I would more say in comparison from North America to Europe is probably the biggest difference. [...] So one of them is for sure, in terms of the way that we see kind of work-life balance and employee wellbeing. In North America there is often a culture of hard work, keep working, be available all the time. And not that Europe does not have that as well, but I think Europe is much better at taking time off and, you know, not being available 24 /7. I think that is one of the shifts that I have seen a really big difference in, through our acquisition, is that employee wellbeing aspect and being able to take time off.”</p> <p>“We definitely had quite a few people who did not feel that was the right culture for them and left the organization.”</p>	<p>of working are also pointed out as being different and the North American subsidiary now has a larger focus on employee well-being than before the acquisition. Lastly, it is also mentioned that if you do not align yourself with the organization, you might end up leaving.</p>	<p>Focus on employee well-being</p> <p>Creating one culture</p> <p>Align or resign</p>
L	<p>“ [...] making a difference in this industry also on the sustainability agenda in terms of eliminating downtime. [...] and yeah, all this, the whole downtime agenda.”</p> <p>“So maybe before we bought this company, we were around 130 employees at Trackunit primarily based in Denmark. And then we bought this other company and, and took over maybe the same amount of employees from them as well. It was definitely a culture clash at that point of time because the culture in North America is so different from Denmark and the Nordic values. So I definitely see that there are some cultural things to be aware of. [...] And also for the different teams and the different managers to be aware of cultural things when both hiring, but also in relation to the team they are having and managing. I think one of the biggest differences is maybe also the company we took on from Canada, both in terms of the cultural things, but also the local culture so to speak, they had in that company. At that point of time, they were quite used to asking for permission to do things, not having that much focus on well-being at work and so on. So everything they had to do, they had to ask the senior leadership team to do it beforehand.”</p> <p>“You do not just, you know, change culture overnight. It takes a lot of time and we're still working on it. [...] It is also a process for them to actually work into how we want to do things and to get used to that. And that is definitely still an ongoing process at this point of time.”</p> <p>“We definitely also see challenges because we have hired people that thought that this was the right place to be, or at least that they thought that they were thriving in a fast</p>	<p>The interviewee points out the importance of their tagline “eliminating downtime”. Furthermore, the acquisition of the Canadian firm created a “culture clash” between the Nordic values and North American values and the North American subsidiary is now working on aligning with the Nordic values. It is also emphasized that hiring the “right” people is key, otherwise they will leave the firm.</p>	<p>Eliminate downtime</p> <p>Acquisition</p> <p>Hiring the right people</p> <p>Creating one culture</p> <p>Align or resign</p> <p>People-centric culture</p>

	<p>paced environment. And then they become part of it and think, oh, that was not for me because this is just too much or there is too little structure or too little procedures and the priorities in place and so on.”</p>		
G	<p>“There’s an openness to each other also because it’s still very small, right? So there is some predominantly Danish employees and then again also Canadian. So we are actually more or less, the same number of people in each country”</p> <p>“It feels really Danish. But we try to keep the Nordic culture that is what we say. Also, because we think, and that’s also what we are told. It’s not just us looking in sciences thinking we are the best, but it’s also part of the trend outside in the world”</p> <p>“We are looking into the health of people, not just the mental health and you know how people are treated”</p> <p>“Sustainability in the long run, that’s the culture part. I feel that is pretty open in Trackunit with the many different cultures having a say in that”</p> <p>“My experience shows me that if you’re good at recruiting the right people. The ones with the right mindset, the right attitude, of course mistakes can happen, so on and so forth, but the majority that you hire in, where you look at these things then you can maintain a culture”</p> <p>“But culture is made of people, right? In ways we are acting. And it sounds so easy and it isn't. It starts with recruiting the right people”</p> <p>“You don’t have to kind of gather everything and making sure, okay, we need to have this culture. No, it will evolve by itself”</p> <p>“Culture-wise, it is this fun, fast moving, entrepreneurial way of, of being I would also say that cause it has grown so fast”</p> <p>“Make structures, processes without them being too narrow while evolving and that I do like and that I see everywhere. And that also gives this, I think, entrepreneurial way of behaving”</p> <p>“I just met someone who was in Trackunit for the first time and joined and the person said, okay, coming to the Aalborg office, that's a nice atmosphere and asked, did you just set this up? And I was like, no, this is how it is, and I said, well for your record no one from the management teams actually sits at the Aalborg office. So it’s not them, you know, as you always see like it’s from the top and go down”</p>	<p>There is an openness toward differences in the firm, however, the culture that is sought implemented is the Nordic culture. Health and well-being are important factors for the firm, and the interviewee views that as sustainability. The hiring process is important for the firm in order to maintain the wanted culture because culture is made by people. The culture in the firm is seen as something that is evolving naturally, however with a focus on implementing Nordic values. The culture is also described as an outcome of the growth journey the firm has been through, which has fostered a fast-moving and entrepreneurial behavior. Lastly, the culture is not seen as top-down, but bottom-up which aligns with the view that culture is formed by the people in the firm.</p>	<p>Openness</p> <p>Nordic culture</p> <p>Focus on employee well-being</p> <p>Hiring the right people</p> <p>Growth journey</p> <p>Naturally evolving culture</p> <p>Entrepreneurial behavior</p> <p>People-centric culture</p>

K	<p>When asked to describe Trackunit as an organization: “Fun. Crazy complex. Organic. Changing all the time. I think one thing that sets this company apart from what I know from other places is that responsibility is not given it’s taken”</p> <p>“I think we’re very people oriented. I think we are very agile.”</p> <p>“We create impact by growing.”</p> <p>“The with the time differences and I also had to work some evenings and it's OK, right? But it's also the mental load. And when you have small kids. And you have to work a few evenings every week to make all ends meet time zone wise. Yeah, it limits diversity.”</p>	<p>The organization is described as dynamic, people-centric, and autonomous. It is also growing and creating an impact. Furthermore, the importance of work-life balance is highlighted which can be challenging when working across time zones.</p>	<p>Dynamic</p> <p>People-centric culture</p> <p>Autonomous</p> <p>Work-life balance</p>
---	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------

Table 11: Employee-driven organizational culture coding frame (Own creation based on interview data)

The interviewees all underline similar traits of the organizational culture which in essence can be described as a *people-centric culture*. When asked to describe Trackunit, interviewee K mentions: “I think we’re very people-oriented.” (Appendix 7, p. 103). Similarly, interviewee I states: “We are a people culture where our people that work at Trackunit, they are the ones that build the success of Trackunit.” (Appendix 2, p. 23). Both of these quotes accentuate that Trackunit’s culture is characterized by a focus on its employees and their contributions to the firm’s success. This also manifests in the employees being empowered to make independent decisions and taking a great amount of responsibility. As described by interviewee M:

“I would also say just in terms of our culture, we really try to empower people to make those decisions and to make changes that help along our path and towards our mission of eliminating downtime” (Interviewee M, appendix 4, p. 51).

It is here emphasized that one way of embracing the people-centric culture is to allow the employees to have responsibility and, thereby, be able to contribute to the firm’s overall mission, as previously mentioned. However, for Trackunit to benefit fully from this culture, it requires that the overall mission is clearly communicated so the employees can make contributions aligning with the mission. As highlighted previously, this is not the case for the sustainability strategy in the firm wherefore the people-centric culture can be a hindrance in terms of implementation of sustainability strategy. Some of the interviewees describe that the people-centric culture is enabled by hiring the right employees, mostly referring to employees that have a passion of some sort, not

necessarily toward a specific topic, but more being passionate as a character trait. As described by interviewee G:

“My experience shows me that if you’re good at recruiting the right people. The ones with the right mindset, the right attitude, of course mistakes can happen, so on and so forth, but the majority that you hire in, where you look at these things then you can maintain a culture” (Interviewee G, appendix 5, p. 71)

This indicates that the recruitment process is a cornerstone for Trackunit to maintain their people-centric culture. However, the interviewees do not describe in great detail what it entails to be a good match for Trackunit besides the trait of being passionate which could, therefore, be a topic for further investigation.

Another aspect of the culture in Trackunit is described by the second category *the conjunction of culture in the firm*. As Trackunit operates in multiple countries, the organizational culture can be impacted by the multiple national cultures within the firm. The clash between national cultures has especially been evident when the firm acquired a Canadian firm and, therefore, needed to align the organizational culture. Some of the interviewees talk about this acquisition in great detail, especially interviewee M who, as mentioned, was part of the acquired firm. For example, the difference in work-life balance is highlighted:

“I definitely think there are some challenges in terms of just the cultures and the way that people work. So I would more say in comparison from North America to Europe is probably the biggest difference. [...] So one of them is for sure, in terms of the way that we see kind of work-life balance and employee wellbeing. In North America there is often a culture of hard work, keep working, be available all the time. And not that Europe does not have that as well, but I think Europe is much better at taking time off and, you know, not being available 24/7. I think that is one of the shifts that I have seen a really big difference in, through our acquisition, is that employee wellbeing aspect and being able to take time off” (Interviewee M, Appendix 4, p. 56-57)

Here, it is explained that there are essential cultural differences between North America and Europe where the two biggest Trackunit offices are located, and, thereby, the cultural convergence described by Leung et al. (2005) is not seen in this context. The interviewee views it as contributing positively to the organizational culture that the European value of better work-life balance is

incorporated into the Canadian office as well. However, it is also mentioned by interviewee M that some employees in the acquired firm had challenges in terms of accepting the new organizational culture which might have led to employees leaving. As mentioned in the theme related to organizational structure, there was also a change in the organizational structure as a result of the acquisition. Therefore, the change of both structure and culture within the firm led to employees leaving as the organization moved too far from what they were used to and comfortable with. Furthermore, interviewee G acknowledges that the Nordic culture is dominating in the firm and is arguably the most impactful national culture when considering how national culture manifests in the organizational culture. The responses from the follow-up survey questionnaire (Appendix 12) also emphasized that national culture in general impacts the operation of the firm. Therefore, as dual embeddedness is an MNE characteristic that all MNEs must accept, it can be questioned if Trackunit is taking full advantage of the benefits of having different national cultures in the firm when they are enforcing a Nordic culture across the whole organization.

The interviewees describe the multiple national cultures as having a positive impact on the culture of the firm as it creates empathy and a better understanding of each other. As mentioned by interviewee G: “I feel that is pretty open in Trackunit with the many different cultures having a say in that” (Appendix 5, p. 70). This quote underlines that there exists an openness toward different cultures and a curiosity toward understanding the differences. Especially, interviewee I describes this in great detail in the interview due to their own multicultural background. They argue that as someone with a multicultural background, they appreciate the curiosity and understanding within Trackunit. Even though the conjunction of cultures within the firm can create clashes, it seems to be an aspect that the firm utilizes to create growth and develop the organizational culture. As stated by interviewee G: “Culture is made of people” (Appendix 5, p. 71) which again accentuates the people-centric culture at Trackunit. This aligns with the responses to Trackunit’s own survey questionnaire, where the concept of “diversity & inclusion” is something the employees attach great importance to as it is placed sixth in the ranking. It, therefore, paints a picture that the employees appreciate the multicultural nature of the firm, however, the conjunction of contexts within Trackunit can also create difficulties in aligning one common organizational culture. As the respondents in the follow-up survey questionnaire (Appendix 12) have rather contradictory answers to the statement “I experience one shared company culture

across headquarters and subsidiaries”, it raises the question of whether Trackunit is able to manage being diverse and inclusive while simultaneously wanting to share one common organizational culture across the entire organization.

The last category related to the organizational culture at Trackunit is their tagline *eliminating downtime*. In most of the interviews, this tagline is mentioned as something the whole organization works toward achieving, thereby, creating a common goal for the employees. In terms of Trackunit’s overall strategy, this tagline is something they have successfully implemented which becomes evident when most of the interviewees independently and autonomously bring it up. The tagline is the cornerstone upon which the employees return and base their decisions upon. Furthermore, interviewee I also explains the following:

“I think our tagline of eliminating downtime, you know that that can have that can have many different meanings at the core. It’s just making sure that you know you’re getting the most out of” (Interviewee I, appendix 2, p. 24)

This underlines that the tagline is not only relevant for the products they are selling but can serve as a compass in their daily work as well. As argued by Kotter (1995), a clearly communicated vision is an essential step in implementing change, and with the tagline, Trackunit has succeeded in creating a clearly communicated vision which leads to the employees being aware of and utilizing the tagline in their daily work. Trackunit needs to create this clear vision in their sustainability strategy as well if they want it to be top of mind for their employees like their tagline, and this is a crucial step for the firm to address in the implementation process. In accordance with this, interviewee L underlines that the tagline is part of Trackunit’s sustainability agenda, and having this tagline can, therefore, provide a basis for the firm to create awareness of their sustainability strategy.

Considering the *á priori* conceptual framework, organizational culture is one of the factors that can impact both how strategy is designed and implemented. From the analysis above, it is evident that Trackunit’s organizational culture is characterized as people-centric. As argued by Rajasekar (2014) the organizational culture can act as a guide for behavior within the organization. This is especially evident with the firm’s tagline of eliminating downtime which certainly functions as a guide for the employees. As mentioned previously, Trackunit is currently lacking the same clarity

in regard to sustainability which, therefore, makes it difficult for the employees to know how to act sustainable within a Trackunit context. Furthermore, it is also evident from above that the organizational culture is impacted by the conjunction of institutional contexts that the firm operates within, specifically in terms of national culture. The multiple national cultures can lead to clashes within the organization, and it seems that the European values and cultures are dominating. This can probably be attributed to the fact that the HQ of Trackunit is placed in a European country and, therefore, the organizational culture is built around this set of values. However, Trackunit must acknowledge the cultural differences especially in order to ensure buy-in from the whole organization in relation to new strategies. It is, therefore, evident that the *á priori* conceptual framework shares similarities to the empirical findings, however, the data adds a level of complexity not present in the literature review, as organizational culture can not be viewed separately, but rather as part of a larger picture where both external contexts and other internal factors impact each other mutually.

4.3.6. Collaborative environment

The last theme emerging in the interviews is the collaborative environment which can be described through the following categories:

- Nature of communication
- Globally connected organization
- Manager-employee relation

These categories are derived from the codes and quotes shown in table 12 below:

Inter-viewee	Quotes	Interpretation of quotes	Codes
O	<p>The interviewees responses when asked about communication between colleagues and across departments: “Oh, often daily [...] My department and multiple departments”</p> <p>“I think it's positive. Yeah, definitely. I don't see a challenge. I think even nowadays we got used to work remotely wherever you are due to the last two years. So it's the new status quo, I would say”</p>	<p>The interviewee describes a remote work culture as a positive factor. Communication between locations and departments is something that happens on a daily basis. Furthermore, there is close contact</p>	<p>Remote communication</p> <p>Cross-departmental collaboration</p> <p>Close manager-employee relation</p>

	<p>"I'll often communicate with my manager. Every day or so. Not every day, but what, three times per week or two times per week"</p>	between employees and managers.	
I	<p>"I think there's also something about, you know, recognizing that we are all individuals, we all have different kind of like lives and stuff [...] Being able to work around or find ways to work together in a way that doesn't force us to be who we aren't"</p>	The collaborative culture is centered around making room for the individual and their differences.	Individuality
M	<p>"I work with the commercial and customer office, so they're located globally, anywhere from Denmark to Poland, to the US, to Australia, Canada, so everywhere."</p> <p>"My manager is always there to kind of brainstorm and, you know, talk through things or give advice. [...] The final decision, I guess in a sense, often comes down to myself unless it's something that I feel I don't have the knowledge or skillset to be able to make the decision on."</p> <p>"[...] our senior leadership team, they obviously got together. They determined what do we need to do to kind of progress the organization and meet the goals that we want in 2025. So the role that included what we call new tracks. So new tracks is our 2025 strategy. [...] And so the way that that was rolled out was really through huge communication. So, I mean on the, as part of the acquisition, our leadership team was part of a kind of training session to understand and to go through, to really kind of internalize what that strategy was and to be able to understand how we can help to roll it out. And then on a continuous basis, we have something called Impact Conversations. So impact conversations take place four times a year with your manager, and really the focus is on how you could, how you are impacting our strategy, our new tracks strategy. And so that's where I kind of talked about the focus on, you know, impacting yourself, impacting teams, and impacting the organization. And so it's kind of a way for us to continuously ensure that everyone in the organization is working towards the same goal."</p> <p>"We do employee engagement surveys to really get feedback from everyone on kinda our strategy. Are we going in the right direction? Do you believe in it? You know, should we be doing different things differently? And so I think from that perspective, we're trying to gather everyone's feedback on it."</p> <p>"Um, also I would say, you know, In North America, we tend to be less direct. Um, so more passive aggressive maybe, maybe that's the wrong word to use. Um, but just in terms of, you know, I feel like people in Europe often they'll tell you what they, they think, they'll tell you how they feel. They'll tell you, um, you know, their opinion."</p>	<p>The interviewee describes a work environment where communication happens across departments and locations on a daily basis. The leadership team designs the goals and strategy and then the employees and subsidiaries have to make sense of these. Employees have conversations with their managers to make sure everyone is working toward a common goal. This is also emphasized through employee surveys. Lastly, it is emphasized that communication is different in Europe than in North America</p>	<p>Globally connected</p> <p>Cross-departmental collaboration</p> <p>Guidance from manager</p> <p>Autonomy in decision-making</p> <p>Common goal</p> <p>Employee feedback</p> <p>Differences in communication style</p>

	And, and in North America we often tend to be a little bit um, less direct, we kind of skirt around the topics or try to, again, manipulates not the right word, but kind of, um, um, change the way that people think to, to think like us. So kind of try and, you know, get them to get, get on our page versus just saying how we feel.”		
L	<p>“I think we are five people located in Denmark, and then we have three colleagues in Canada. We have team meetings and so on. And I speak to my colleagues in Canada on a regular basis. Yeah, almost every day. Actually also in my work. As mentioned, I have this quite broad role, so I collaborate with so many different people in Trackunit not only the team that I'm part of”</p> <p>“[...] so I have quite much to do with colleagues around the world but also around the organization and maybe also that made me think of our remote culture as well in relation to how we also impacting the sustainability agenda because we are, I wouldn't say we are a remote first company, but as per default our meetings are always virtual. So this means that we can actually connect a lot of different people from so many different places in the world without having to be physically together. We are already and always prioritizing the virtual work for us to connect. And from time to time it is obviously relevant that we meet in person but I think that we are most of the time doing virtual meetups.”</p> <p>“I definitely feel both heard and seen and also appreciated and acknowledged very much by my manager. I truly believe he is one of the greatest managers I've had.”</p> <p>“It does not have to be on a daily basis, but we have weekly touchpoints. So once a week, I have one hour with him where we check in [...] but I think we communicate quite regularly”</p>	<p>The interviewee emphasizes the frequent communication between locations and departments. Moreover, it is highlighted that the remote work culture enables more cross-departmental collaboration and communication in general. Nonetheless, it is important for the interviewee to meet physically sometimes. There is a close relation between the employee and manager in the organization.</p>	<p>Frequent communication</p> <p>Cross-departmental collaboration</p> <p>Mainly remote communication</p> <p>Physical meetings necessary</p> <p>Close manager-employee relation</p>
G	<p>“Me, as a person or? Well, they usually reach out to me. Yeah. I'm a service person, so it's very, very rare that I have to contact people. It's usually them contacting me, so, That's from all over the world that they write to me”</p> <p>“The daily contact that is people contacting me from all over the world with some kind of HR question”</p>	<p>Due to the nature of the interviewee's role, communication with different departments is often because the departments reach out. However, there is daily contact with other departments.</p>	<p>Globally connected</p> <p>Cross-departmental collaboration</p>
K	<p>“The Denmark office, I think we're still a bit stuck in the Danish ways. [...] In the Canadian office I know that because there is more cultural diversity that is more ingrained in them”</p>	<p>There are differences highlighted between the Danish and Canadian offices in terms of diversity. The interviewee is in</p>	<p>Globally connected</p> <p>Cross-departmental collaboration</p>

<p>“I’m writing to people every day that are not located in Denmark”</p> <p>“I would say I communicate with people from other subsidiaries or the departments daily. And within my team, which are all over Denmark, that’s many times a day.”</p> <p>“There’s very little formal leadership at least in the part of the organization I’m in. I have very little formal decision making power”</p> <p>“Extremely I mean, we can do so much online, but being together physically just changes the dynamic, and I’m also, yeah, huge fan of this (drawing on a board)”</p>	<p>daily contact with departments and offices in different locations. It is also highlighted that as a manager, the interviewee does not have a lot of formal leadership. Lastly, the interviewee prefers physical meetings over online.</p>	<p>Autonomy in decision-making</p> <p>Mainly remote communication</p> <p>Physical meetings preference</p>
---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------

Table 12: Collaborative environment coding frame (Own creation based on interview data)

The first category *nature of communication* is within Trackunit described in fairly similar ways by the interviewees. They all describe a high degree of remote communication as being a cornerstone in how Trackunit operates today. Interviewee O highlights that the remote work culture within Trackunit has become the new preferred way of communicating:

“I think it’s positive. Yeah, definitely. I don’t see a challenge. I think even nowadays we got used to working remotely wherever you are due to the last two years. So it’s the new status quo, I would say” (Interviewee O, appendix 3, p. 41)

As it can be interpreted from the quote, the interviewee experiences the positive effects of remote communication and is happy with being able to communicate with colleagues wherever they are located. Furthermore, it is argued that Covid-19 has also contributed to creating a more digital and remote way of communicating. Interviewee L further elaborates how the remote working culture has gained recognition in Trackunit, and that it has become the preferred way of working:

“We are, I wouldn’t say we are a remote first company, but as per default our meetings are always virtual. So this means that we can actually connect a lot of different people from so many different places in the world without having to be physically together. We are already and always prioritizing the virtual work for us to connect. And from time to time it is obviously relevant that we meet in person but I think that we are most of the time doing virtual meetups.” (Interviewee L, appendix 6, p. 90-91)

As it is explained by interviewee L, the remote working culture enables a closer collaboration between people from all over the world and from different subsidiaries. Thereby, it has fostered a

way of bringing employees, departments, and subsidiaries closer together. However, this tightening of the organization has not been easy, as it is described by interviewee M:

“In North America, we tend to be less direct, so more passive aggressive maybe, just in terms of, you know, I feel like people in Europe often they will tell you how they feel. They will tell, you know, their opinion. And in North America we often tend to be a little bit less direct, we kind of skirt around the topics” (Interviewee M, appendix 4, p. 57)

The dual cultural embeddedness of Trackunit has illuminated that there are differences in the way people from the different cultures communicate. Therefore, the employees have had to adapt to these changes and learn to communicate with colleagues from other cultures. Interviewee M further describes that this process has been tough for some in the organization: “We had quite a few people leave the organization when we were acquired about a year and a half ago, just because it was so different” (Appendix 4, p. 58), however, it can be difficult to pinpoint exactly what is the reasoning behind people leaving as multiple factors can impact these types of decisions. Nonetheless, this underlines the potential challenges arising for employees when trying to collaborate across time zones, departments, and subsidiaries. Nevertheless, working within an MNE, a characteristic is dual cultural embeddedness which will inevitably affect the nature of communication within the firm. Because the remote and empowered working culture requires some employees to take responsibility for creating a forum for discussing more complex and challenging topics, a potential downside to the remote working culture arises. As these topics are not directly related to solving an urgent need for customers, this may not be prioritized by Trackunit.

The category *nature of communication* can, thereby, be viewed as a disabling factor for designing a sustainability strategy, if the employees do not prioritize this strategy design themselves. When addressing the survey questionnaire developed by Trackunit, it becomes evident that the North American employees had a lower degree of participation, thereby, implying that the topic of sustainability has a lower significance and prioritization in these subsidiaries. However, in the answers that were received from North America, the concepts were generally higher rated than their counterparts in Europe suggesting that for the employees who did answer in North America, the concepts are of higher importance than in Europe. Therefore, the nature of communication can

be seen as the linkage when attempting to implement a sustainability strategy, because the strategy will resonate with the employees who have shown an interest in the design process.

This way of working and communicating within the firm leads to the second category of Trackunit being a *globally connected organization*. As can also be interpreted from the interviews, this globally connected and remote work culture is seen as a positive feature within the firm because it enables fast-paced dialogue and decision-making. This is essential for a firm such as Trackunit where growth has been the main focus. Furthermore, Trackunit benefits from this recent development of the collaborative environment because it allows for a closer connection between employees and managers no matter where they are each located. Nonetheless, being a globally connected organization, which is a characteristic of an MNE, also poses some challenges to the collaborative environment. One of the interviewees highlight that the time zone differences can make it difficult to collaborate across departments and subsidiaries:

“The with the time differences and I also had to work some evenings and it's ok, right? But it's also the mental load. And when you have small kids. And you have to work a few evenings every week to make all ends meet time zone wise.” (Interviewee K, appendix 7, p. 105)

Interviewee K here describes how it is easier to collaborate with colleagues that are not located in a distant time zone, considering work-life balance. Thereby, it is also evident that for a globally connected organization to collaborate well across all departments and subsidiaries, there have to be some structures or processes that incentivize the employees to also collaborate with the more distant colleagues, otherwise, it is easier to stick to collaborating with your closest team members. This is also accentuated in the follow-up survey questionnaire (Appendix 12) where all of the respondents strongly agree with the statement “I communicate with colleagues in other locations than my own”. It can, thereby, be concluded that Trackunit has managed to overcome one of the challenges faced by many MNEs in terms of subsidiary integration and have a collaborative environment across different locations which can create a feeling of community even across borders. This is similar to the findings of the literature review, where Ambos, Fuchs, and Zimmermann (2020) argue that the subsidiaries of an MNE, like Trackunit, experience a high level of integration, thereby, reducing the chance for tensions between HQ and subsidiaries as this global

connectedness enables them to understand and take into account differences in contexts and situations.

The third category *manager-employee relation* is mentioned by all of the interviewees when they describe how they frequently communicate with their manager, and that this is essential in order for them to feel that their opinions and views are being considered. Interviewee M further describes the close manager-employee relation:

“My manager is always there to kind of brainstorm and, you know, talk through things or give advice. [...] The final decision, I guess in a sense, often comes down to myself unless it’s something that I feel I don’t have the knowledge or skillset to be able to make the decision on.” (Interviewee M, appendix 4, p. 58-59)

The quote above highlights how the collaborative environment within Trackunit empowers the interviewee to make decisions, because there is a close collaboration with the manager, and the employees are, thereby, given confidence to make decisions themselves. This characteristic of the collaborative environment is further described from a manager’s point of view by interviewee K: “There’s very little formal leadership at least in the part of the organization I’m in. I have very little formal decision-making power” (Appendix 7, p. 106). Here, it is explained how the decision-making power often lies with the employees who are closest to the actual problem, thereby accentuating the project ownership structure that was described previously. However, this can lead to a lack of focus on sustainability within the firm. As mentioned in previous parts of the analysis, there is no urgency in the industry in terms of the sustainability agenda. When the employees within Trackunit are empowered to make their own decisions to this extent, it implies that the push for sustainability must come from the employees. In the current stage of Trackunit’s sustainability journey, this push has not yet been strong enough for the firm to take significant actions and create one shared sustainability strategy. Therefore, the empowerment might negatively impact sustainability strategy within the firm. In the interview with a strategy designer (Appendix 1), it is mentioned that the push for a sustainability strategy comes from the owners of Trackunit as compared to the employees, even though some employees have been taking small initiatives.

Even though it may seem as though the collaborative environment within Trackunit functions well and is a positive contributing factor to the growth of the firm, some elements can, if not addressed,

impact the firm negatively. Interviewee K emphasizes how not having physical meetings can harm the innovation and the effectiveness of designing new solutions: “I mean, we can do so much online, but being together physically just changes the dynamic, and I’m also, yeah, huge fan of this (drawing on a board)” (Appendix 7, p. 105). In the quote, it is inferred how even though some decisions and parts of collaboration can be effectivized through remote communication and virtual meetings, the firm should be conscious that it is not applicable to all jobs and decisions, and that some processes or tasks may be more effective and productive when employees meet in person. Interviewee K is not the only interviewee who focuses on the importance of physical meetings, as this is further elaborated by interviewee L: “[...] And from time to time it is obviously relevant that we meet in person but I think that we are most of the time doing virtual meetups.” (Appendix 6, p. 91). Here, interviewee L points out that sometimes it is necessary to meet in person which insinuates that some tasks are better solved when people meet physically. However, the global nature of an MNE complicates having physical meetings, as the employees are located all over the world and in different time zones. The remote working culture can also create a certain distance between the managers and employees as the relationship can become less personal compared to if they see their manager often in real life (Appendix 7). As mentioned previously, this might impact which topics are discussed between managers and employees and a more complex topic, such as sustainability, might be deprioritized. Furthermore, both the interviews and the follow-up survey questionnaire indicate that sustainability is not a topic discussed to a high degree between managers and employees.

In the *á priori* conceptual framework, managerial decision-making is highlighted as a factor that can impact the design and implementation of strategy. However, the interviews indicate that this category in itself is not sufficient to explain the potential impact on strategy. Therefore, managerial decision-making emerges as an explanatory element of the collaborative environment in the firm. Arguably, the collaborative environment is derived from the organizational culture and encompasses the aspects emphasized through the categories above. In the existing literature, managers are described to have a crucial responsibility of being role models in times of change but considering the people-centric culture and high degree of autonomy in this organization, significant evidence for this being the case is not found. Therefore, based on the empirical findings, it is more relevant to discuss a collaborative environment rather than managerial decision-making

to encompass both the autonomous organizational structure and the employee-driven organizational culture in Trackunit and potentially other MNEs.

The above-mentioned characteristics of the collaborative environment in Trackunit shows that the way Trackunit has used remote work as a way of creating a closer collaboration between employees, departments and subsidiaries across borders has been overall positive for the firm, however, some challenges do occur. This can be aiding when Trackunit has to implement the strategy in the organization when considering the design and implementation phases of a sustainability strategy. The collaborative environment having a flat structure and empowering nature will aid the firm in receiving buy-in for the new strategy across the entire organization. Nonetheless, the design process of creating a new sustainability strategy may not be suited for remote meetings and online calls. That being said, the collaborative environment of Trackunit is something that will aid managers in receiving feedback from their teams and that is essential for how well the new sustainability strategy will be implemented in the organization (Kotter, 1995).

5. Discussion

The discussion of this thesis takes a starting point in the development of an *á posteriori* conceptual framework. Here, different elements and factors of the framework will be discussed and the *á posteriori* conceptual framework will be presented. Subsequently, the significance of managerial decision-making and some methodological considerations will be discussed. Lastly, this thesis' contributions to the existing literature are debated.

5.1. *Á posteriori* conceptualization

From the analysis, it becomes evident that certain aspects of the existing literature are confirmed while others are challenged by the empirical evidence from the interviews and survey questionnaires. In accordance with the abductive approach applied in this thesis, the empirical data is not simply used to confirm or falsify existing literature, but to extend and grow the body of literature within this field. This entails that the researchers are continuously moving back and forth between the existing literature and the new findings, thereby constantly comparing and analyzing the literature in relation to what is actually observed in the empirical data. Therefore, the following

section will elaborate on how the empirical findings are similar to or different from the *á priori* framework, and by the end, an *á posteriori* framework will be presented.

5.1.1. External factors

In terms of the industry context embeddedness, the empirical data establishes that it does impact the opportunities and challenges for the MNE. Especially for Trackunit, it is a challenge to operate in the mature traditional construction industry with digital software products that requires the firm to keep up with the quick pace of the software industry. These findings show that MNEs do not necessarily operate in only one industry context but can actually be embedded in multiple industry contexts that can create clashes, such as the clash that Trackunit experiences from the different paces in their industries. Furthermore, the empirical findings illuminated the impact of industry maturity which was not an aspect considered in the *á priori* framework. As a result of the construction industry being mature and traditional, a resistance to change is experienced by Trackunit which clashes with their innovative software offering. These opportunities and challenges impact the way in which the MNE can design and implement a strategy. As highlighted by multiple interviewees, the industry needs to be ready for change before the offering becomes successful. This aligns with the existing literature from Porter (1980) arguing that strategy must incorporate the industry environment in which the firm operates.

The conjunction of institutional contexts manifests both in a regulatory aspect and a cultural aspect for Trackunit. However, the cultural aspect is predominantly impacting the organizational culture of the MNE wherefore it will be discussed in greater detail later in this section. The regulatory embeddedness of Trackunit is indeed confirmed to be impacted by the multiple different contexts that the MNE operates within. As the interviewees describe a compliance approach to regulations, both in Trackunit and the industry, it supports that sustainability has moved from being voluntary to obligatory. However, the necessity for regulations is underlined and described as a positive factor because firms would otherwise act out of capitalistic interests. None of the interviewees describe regulations as negatively impacting the competitiveness of the firm but rather emphasize regulations as necessary guides. Nonetheless, there is a lack of awareness of the opportunities that the regulations can bring within Trackunit. Porter and Kramer (2006) argue that this can negatively impact how firms can otherwise benefit by taking a proactive attitude toward regulations. It is

established through the analysis that the conjunction of institutional contexts is impacting the MNE and the industry context, at least in terms of regulations.

5.1.2. Impact of the ill-defined concept of sustainability

As argued in the existing literature, there is a lack of a clear definition of sustainability. Throughout the interviews this becomes evident. The interviewees all describe sustainability as a broad concept and individually highlight different aspects of it. However, the environmental dimension of sustainability is top of mind for the interviewees which can, therefore, serve as a guideline for providing a clearer definition. The fact that sustainability is ill-defined in the MNE can negatively impact the design and implementation of sustainability strategy as it becomes difficult to communicate and achieve buy-in from the employees in the organization in terms of a new strategy. Therefore, the lack of a clear definition is disabling for designing and implementing strategy. The interviewees also request a more common and global understanding of the term internally in the firm. Even though existing literature has already described the lack of a clear definition, the empirical data provides insights into how it can in fact negatively impact the feasibility of designing and implementing sustainability strategy. Therefore, the lack of definition plays a more crucial role for MNEs than is currently highlighted in the literature.

5.1.3. Internal factors

Considering the internal factors impacting the design and implementation of sustainability strategy, it becomes evident from the empirical data that these are more intertwined than originally expected. In the literature, clear distinctions are provided but in the empirical data, it emerges as overlapping themes that can be difficult for the interviewees to distinguish. Furthermore, the literature relating to the classification of MNEs seems insufficient in classifying the organizational structure in Trackunit as it shows attributes that can be related to all the different orientations of the EPRG model. A possible explanation for Trackunit showing traits of multiple of the orientations of the EPRG model might be that they are transitioning from one orientation to another. As it is elaborated in the analysis, the fast-paced growth of the firm has entailed that they have set up subsidiaries in multiple locations around the world, and these subsidiaries have started collaborating closely on a regional level which implies a regiocentric orientation. Nonetheless, the organizational structure is still very decentralized which implies a polycentric orientation, thereby,

it becomes evident that Trackunit is in a transitionary phase moving from the polycentric to the regiocentric orientation. The interviewees highlight that the organizational structure is still in a polycentric orientation by them emphasizing the high level of autonomy within the organization. This is an aspect that all of the interviewees point out as positive even though it can create challenges in terms of aligning the organization toward common goals. The autonomous and decentralized structure of the organization can also be an explanation for why the MNE is hard to classify in terms of the orientations presented in the existing literature. However, it is evident that the organizational structure impacts specifically the implementation of strategy as it becomes the employees' responsibility to interpret strategy and implement it in their individual departments. This autonomy can create obstacles when considering specifically sustainability strategy as the lack of clear definition can result in very different decentralized implementations that can therefore be less impactful for the organization as a whole.

The organizational structure impacts the organizational culture as the autonomy and decentralization is guiding how the employees behave in the organization. As argued by Rajasekar (2014) the organizational culture is a guide for how employees behave which only makes it logical that the structure can be interpreted as a guide for the culture. The autonomous structure specifically manifests in the culture being people-centric where the employees are attributed a great responsibility for the MNE's success. It is clear that the culture is guiding for the employees' behavior as they mention the tagline "eliminating downtime" as an anchor supporting them in their decision-making. Furthermore, it becomes evident that the conjunction of institutional contexts impacts how the culture is formed as the integration of different national cultures creates clashes that challenge the organizational culture. However, the Nordic culture is dominant within the firm which can be attributed to the location of the HQ and the origin of the firm. This can be interpreted as Trackunit being challenged by incorporating the many different national cultures and, therefore, one specific culture becomes more dominant.

The last theme, related to internal factors, that has emerged from the empirical data is the collaborative environment in the MNE. This collaborative environment emerges from the organizational culture and structure as both require certain collaborative behaviors. Even though the existing literature places great emphasis on managerial decision-making, this concept does not

emerge as a category or theme as clearly in the empirical data. This can be attributed to Trackunit's decentralized structure and employee-driven culture. Due to the high degree of autonomy in the organization, managerial decision-making is simply not as crucial a factor as the existing literature argues it to be. Instead, managerial decision-making emerges as a part of the category manager-employee relation where the managers more possess the role of sparring partners in the employee-driven decision-making. Here, a distinction must be made between overall corporate strategy decisions, which still happen at an executive level, and the daily decisions which happen at the employee level. Similar to managerial decision-making, subsidiary integration does not emerge as a distinguishable theme or category in the data. Rather it emerges as an element in the collaborative environment where the interviewees describe the close collaboration between the different locations and departments. An explanation for this could be that the subsidiaries of the MNE are already well integrated in the firm and, thereby, concerns related to this are not as evident. However, the significance placed on subsidiary integration in the existing literature does not emerge from the empirical data.

Summarizing the internal factors, a dependent and intertwined relationship is found rather than the more independent relationship described in the literature. The organizational structure exists as a foundation that impacts the organizational culture which, in turn, impacts the collaborative environment. From the empirical data, it seems that these factors impact the implementation of strategy to a larger degree than the design. The empirical data here uncovers a change from the *á priori* framework to the *á posteriori* framework as the interviewees highlight that there is a disconnect between them and the strategy design phase. The interviewees highlight that if they want to be part of strategy design it is up to themselves, thereby, there might still be a connection for the proactive employees. However, the organizational structure does not ensure the involvement of all employees which is why the line between internal factors and strategy design is presented as a dashed line, and, thereby, not as strongly connected. Due to the decentralized structure, the responsibility of implementation is on a departmental level which impacts the degree of alignment between different departments when strategy is implemented. However, the employees greatly appreciate the autonomy in the organization and the freedom to implement strategy, so it fits with their department which is why hiring the right employees becomes an essential aspect. Nonetheless, this can create challenges in terms of specifically implementing

sustainability strategy as the definition of sustainability is different both on an individual, departmental, and national level. Therefore, the MNE risks a lack of alignment in the sustainability strategy which can make it difficult to achieve competitive advantage. If the actions are not to some degree collective and aligned, they will be less impactful, for instance, in terms of reducing CO2 emissions. Furthermore, sustainability regulations require that firms report their efforts which can also be difficult if the efforts are decentralized.

5.1.4. Impact on competitiveness

In this thesis, the impact on competitiveness can be challenging to investigate due to the qualitative nature of the main part of the analysis but according to the literature, there seems to be a connection between sustainability strategy and competitive advantages. As mentioned previously, the interviewees, and perhaps even Trackunit as a firm, view regulations as guides for behavior which is a more reactive mindset than the one suggested by Porter and Kramer (2006). This can be aiding in explaining why none of the interviewees bring up a connection between sustainability and competitive advantage. In the follow-up survey questionnaire (Appendix 12), all respondents agree or strongly agree that a sustainability strategy would benefit the competitive position of Trackunit. Hence, there seems to be an interesting misalignment between the thoughts presented in the literature about sustainability and competitiveness and the attitude toward sustainability in the empirical data. In order to better understand this misalignment, it can be beneficial to look toward a comparable shift in dynamics in international business or the field of business in general.

With the beginning of the new millennium, scholars began paying increased attention to the concept of digitalization, and the fourth industrial revolution, known as Industry 4.0, was beginning to take form. In the earlier stages of digitalization, it seemed more like a hazard to firms, and it was not tangible how digitalization could create competitive advantage. However, looking back now, it can be seen that the firms who failed to address these market changes lost significant market share and competitiveness to firms who managed to integrate the opportunities that the shift toward digitalization brought (Ghobakhloo, 2020). It can be argued that sustainability is still such a new concept so therefore, similar to digitalization, the firms are not yet seeing the opportunities presented to them to increase their competitiveness. However, the adaptation of

sustainability practices can differ between different industry contexts as some industries are more agile and already have incorporated sustainability practices.

In the construction industry context of Trackunit, digitalization is not even fully implemented, as argued in the analysis. This highlights how slow a pace the industry moves in and how the maturity and traditions in the industry negatively impact its agility. With digitalization, there was not an observable external pressure through regulations, but with sustainability there is. Firms are already encountering demands from regulations in terms of sustainability efforts, and these will grow in the future, for example, with directives from the EU entering into force from 2025 (Council of EU, 2023). Therefore, if this industry continues to neglect the benefits that sustainability efforts can bring, also in terms of increased competitive advantage, some of the well-established firms will face severe damage to their market position when these directives and regulations come into force and significantly increase the cost of operating in an unsustainable way. This comparison underlines the importance of sustainability strategy in terms of competitiveness. It is evident that Trackunit will encounter resistance from the industry when aiming to implement a more sustainable approach, but it is necessary for Trackunit's own competitiveness. Furthermore, the products that Trackunit offers are helping the industry to become more sustainable which ensures Trackunit's relevance in the future, but Trackunit needs to further push this agenda more proactively instead of merely reacting to new regulations.

In order to gain an understanding of where Trackunit could take a starting point for a new sustainability strategy that could aid them in achieving a competitive advantage, it may be advantageous to look at some of the elements the interviewees bring forward in unison with the survey questionnaire already conducted by Trackunit. The reason for taking a starting point in the employees' commonly mentioned elements is, that it may procure a way for the firm to design a strategy that is based on shared values across the entire organization. This will allow for a strategy that resonates with employees in all the subsidiaries (Nohria & Ghoshal, 1994).

An element that is highlighted by all the interviewees as something that contributes positively to the firm is diversity and inclusion. Moreover, it is ranked as one of the most important concepts within sustainability by the employees in the survey questionnaire conducted by the firm. The

intriguing question is, if the diversity and inclusion that the firm has practiced, by integrating subsidiaries and employees with diverse backgrounds, can aid them when attempting to create a strategy that can be successfully implemented and operationalized within all the subsidiaries. As Nohria and Ghoshal (1994) argue, it will aid Trackunit in creating a shared values strategy if they are able to include their diverse group of employees and their opinions in the design phase of the strategy. If the strategy is based on a diverse set of opinions and viewpoints it will also resonate with employees in a more diverse set of contexts, thereby, possibly obtaining buy-in for the strategy across the multiple subsidiaries around the world.

Furthermore, this approach of including employees from all across the organization can have additional positive impacts for Trackunit, as it can reduce the tensions that may arise between HQ and subsidiaries (Ambos, Fuchs & Zimmermann, 2020). As Ambos, Fuchs and, Zimmermann (2020) argue there is a significant risk of tensions arising between HQ and subsidiaries if the differences in contexts and ways of viewing concepts such as sustainability are not addressed. Thereby, the proactive inclusion of employees from diverse backgrounds and subsidiaries is a way for Trackunit to mitigate the risk of building up tensions between HQ and subsidiaries. Instead, they can turn the diversity encompassed by the firm into a driving force that can aid them in achieving a shared values strategy that helps the employees in working toward a common goal across all departments and subsidiaries.

The necessity for achieving such a strategy is highlighted in the interviews when the interviewees bring up their customers' increasing need for solutions that can aid them in becoming more sustainable. If Trackunit proactively addresses this customer need and simultaneously becomes more sustainable themselves, they can achieve a significantly better competitive position within the industry (Porter & Kramer, 2006). Nonetheless, this requires Trackunit to be proactive and create their sustainability strategy even though there is no urgent push from the institutional and industry contexts. The *a posteriori* framework presents two potential outcomes of an implemented sustainability strategy where it either leads to competitive advantage or lack of competitive advantage because if the firm neglects to be proactive and grasp the opportunities, they can risk not achieving competitive advantage.

5.1.5. Presentation of the *á posteriori* framework

To encompass these empirical findings, the *á priori* conceptual framework has been reconstructed as an *á posteriori* conceptual framework as visible below.

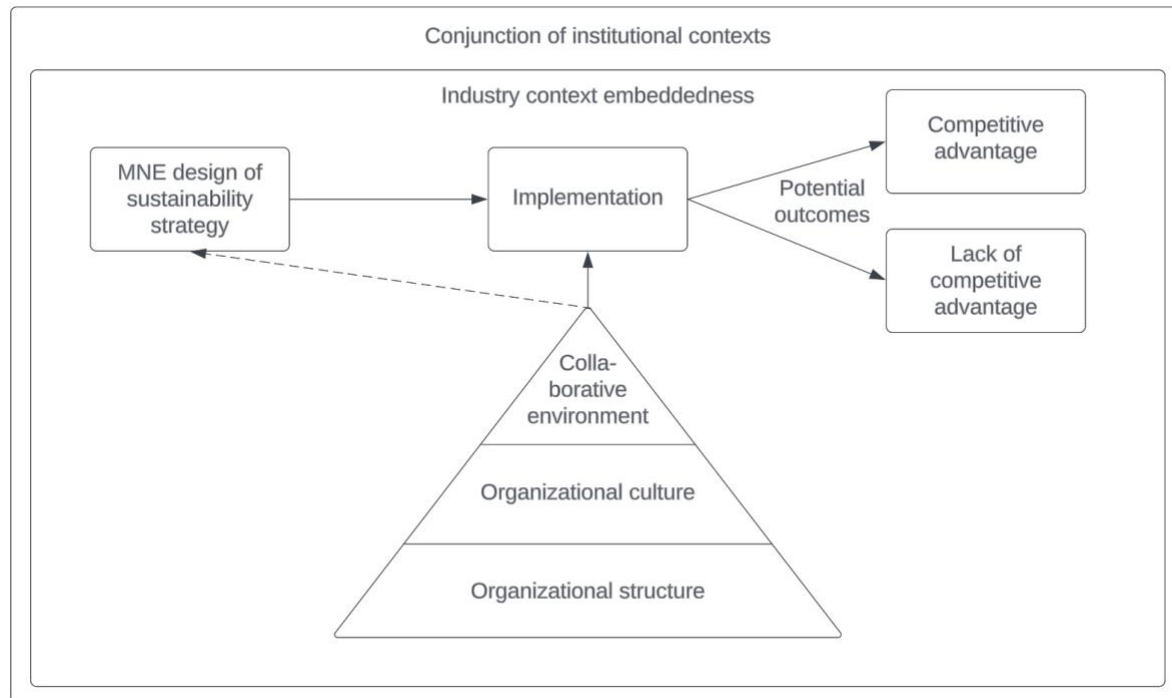


Figure 4: *Á posteriori* conceptual framework (Own creation)

5.1.6. Significance of managerial decision-making

In the *á posteriori* conceptual framework above, the internal factor managerial decision-making is no longer apparent. However, some considerations as to why have been made, and will now be unfolded. The external pressures from customer needs in the industry and the institutional context are not strong enough to cause Trackunit to develop a sustainability strategy, therefore the design and development of such strategy rely on the internal environment of Trackunit. Here, a low level of hierarchy with autonomy and empowerment is apparent, thereby the development of a sustainability strategy relies on the employees. This raises the question of whether there is a need for managerial action or if the employees can design and implement a strategy themselves.

As has become evident from the analysis of this thesis, there is a discrepancy between how the existing literature views the role of management, in the design and implementation of strategies, and how the role of management seems to function in this regard within Trackunit. The

organization was described as an autonomous and empowered organization where the employees must be proactive in order to achieve responsibility. Thereby, it is illuminated that the managers in Trackunit play a role that is more supportive than directive and the employees are in charge of the daily decisions. Therefore, the management's impact on sustainability strategy design and implementation has been written out of the *á posteriori* framework. This signifies that in the current situation, the design and implementation of a sustainability strategy in Trackunit is up to the employees to be proactive and seek to design and implement such a strategy.

This leads to the intriguing discussion of if it is possible for the employees of Trackunit to drive a strategy design and implementation process within an MNE that is dispersed globally and embedded in multiple both institutional and industry contexts. In the existing literature, Hamdoun (2020) establishes that managerial decision-making can both negatively and positively impact the design and implementation of strategies within MNEs. Thereby, the empirical findings from Trackunit may be a case of how difficult it can be to design and implement strategies globally when the management does not take a proactive role in the design and implementation of that strategy. Interviewee M mentions that people, and thereby also employees, may find it difficult to see how they can make a difference for sustainability when they are just one person. Furthermore, if the firm leaves the employees in charge due to the autonomy and empowerment present within Trackunit, the design and subsequent implementation may never happen. A push from the managerial level is, thereby, needed in order for a sustainability strategy to come to life and be successfully implemented. Managerial decision-making can, therefore, be viewed as a missing link between Trackunit's current sustainability efforts and designing an actual strategy that can gain traction within the organization. However, it must be acknowledged that the management is currently working on designing a sustainability strategy as evident from the interview with the strategy designer (Appendix 1) so the missing link might be addressed in the future.

5.1.7. Methodological considerations

As described in the methodology chapter, reality can be viewed in different dimensions. These dimensions also become evident in the empirical findings. Considering the perspective of Trackunit, different elements of the *á posteriori* framework exist in the different dimensions of reality. The two outer frames, being *conjunction of institutional contexts* and *industry context*

embeddedness are arguably the real domain where the underlying mechanisms impact the event that Trackunit experiences, and it can be challenging for the firm to understand and observe the mechanisms causing the events. However, Trackunit can experience the effects of this in the actual domain which is also external to the firm. Part of the institutional and industry contexts exist in the actual domain but only the part most closely related to the firm. For example, Trackunit experiences the impact of regulations, the impact of different cultural contexts, and potential changes in the competitive environment, but the underlying mechanisms are not experienced by Trackunit, merely the events that they cause. The inner part of the *á posteriori* framework is then the empirical domain for Trackunit which is where the events are actually experienced and observed. This is also why the data collection has focused on this part of the framework. As researchers, it is necessary to gather data in the empirical domain and use the experiences uncovered here to grasp the more underlying domains.

5.2. Contributions to existing literature

In the literature review, certain gaps are identified in the literature and the aim of this thesis is to address these gaps and, thereby, provide contributions to the existing body of literature. The most evident gaps are how the internal factors of an MNE impact the design and implementation of sustainability strategy, how the external factors impact and also understanding the interplay between external and internal factors. As the *á posteriori* conceptualization argues, the MNE is impacted by both an institutional and industry context. Here, the thesis contributes by elucidating the impact of industry context maturity and how it impacts the MNE's opportunities. Furthermore, it is found that the conjunction of institutional contexts impacts the internal factors, such as organizational culture, but also the regulatory institutional contexts create an external pressure for the MNE to become more sustainable. Furthermore, the thesis contributes by illuminating how the internal factors impact especially the implementation phase of strategy. Here, the literature did not sufficiently address how these internal factors come into play in the context of an autonomous organizational structure. Therefore, the empirical findings can question how applicable the existing theories regarding the internal factors are when the MNE's structure is autonomous and decentralized. This is illustrated in the *á posteriori* framework where the internal factors are rearranged. Furthermore, a more intertwined relationship between the different internal factors is

also uncovered through the empirical data, thereby, providing an extension to the existing understanding of these aspects.

Based on the findings, it can not be concluded that one organizational orientation is better in terms of designing and implementing sustainability strategy and this gap in the literature is, therefore, left unaddressed. It is found that Trackunit has already integrated their subsidiaries based on a shared value approach where the Nordic culture is dominant. Thereby, Trackunit has addressed the institutional complexity by having one cultural context as the red thread through the organization but still leaving room for diversity. As addressed previously, this has negatively impacted the firm as employees left after the acquisition of the Canadian firm, but it has also enabled Trackunit to create their autonomous organizational structure with empowered employees and the interviewees describe this structure and culture as something they highly value. In terms of the design and implementation of strategy, the high level of subsidiary integration can be beneficial as it enables communication between different departments and employee-driven initiatives. As it is evident that sustainability is lacking a clear definition, it is argued that a shared value approach might be preferable to create one common understanding. Otherwise, the understanding of the concept is simply too different in a globally dispersed organization.

Lastly, the thesis contributes to the existing body of literature by confirming that there is a lack of a proactive attitude toward sustainability practices. As argued previously, Trackunit is more reacting to an external pressure for sustainability behavior rather than proactively integrating it. However, it is found that the maturity of the industry context that the firm operates in makes it difficult for the firm to be proactive as there is a certain resistance to change. Nonetheless, there is a need for a more proactive attitude from Trackunit in order for the firm to not lose their competitive advantage.

6. Conclusion

This thesis concludes that in order to design and implement a sustainability strategy that can impact Trackunit's competitive advantage positively, a proactive mindset toward sustainability is necessary. However, the biggest challenges faced by Trackunit in order to actually manage this task is that sustainability is still ill-defined within the organization and that the industry context is

resistant toward change. These two challenges must be considered when designing the sustainability strategy. Additionally, the lack of a common understanding of sustainability impacts the implementation of a sustainability strategy. As there is not, at this point, a general definition of sustainability within the firm, it will be difficult to formulate and communicate a clear vision that can impact if the firm is able to achieve buy-in from its employees. To overcome the ill-definedness of the concept, strategy can be used as a tool to create a common understanding. Furthermore, the organizational structure, culture, and collaborative environment impact how the strategy can be implemented within the firm. As Trackunit is characterized by an autonomous structure and an employee-driven culture, the strategy needs to be implemented on an employee level for it to be effective. This should, therefore, be considered when designing the overall strategy, that it needs to be meaningful on the employee level if it is to align with the current culture and structure of the firm. Due to Trackunit's subsidiaries already being integrated to a high degree, the collaboration and frequent communication between different locations and departments is an enabling factor for the future implementation of sustainability strategy. Furthermore, the Nordic values and culture being a cornerstone in the organizational culture of the firm indicate that the alignment between different locations should be possible in terms of sustainability strategy. Once again, it must be highlighted that a shared understanding of sustainability is a necessity within the firm as the understanding differs significantly across different contexts which also highlights the impact of the conjunction of institutional contexts.

This thesis establishes that in order for Trackunit to achieve a competitive advantage as a result of designing and implementing a sustainability strategy, a starting point must be taken in the shared understanding highlighted by employees in both the survey questionnaire by the firm and in the interviews. The first concept that can enable the achievement of competitive advantage for Trackunit is found to be diversity and inclusion. The employees highlight a highly diverse culture which can aid Trackunit in creating a shared values strategy that is meaningful across the whole organization. Furthermore, Trackunit can achieve a competitive advantage by addressing the increasing customer need for a solution to become more sustainable. Moreover, it is found that this will require a proactive attitude from Trackunit since the industry is mature and resistant to change. If successful in solving the customer needs regarding sustainability in the industry, it is found that Trackunit can significantly improve their competitive position.

6.1. Managerial implications

In terms of managerial implications for Trackunit as a firm, it becomes evident that the most pressing issue that must be addressed is a clear definition of sustainability within the organization as this will enable the implementation of such strategy. Otherwise, the efforts of the employees will continue to be dispersed rather than efforts toward a common goal. Arguably, other MNEs can also benefit from ensuring a clear definition of sustainability within the organization. As highlighted by the literature, MNEs are generally impacted by the dual embeddedness of having a home country and host countries. Therefore, this challenge might not only be present in Trackunit but also in other MNEs.

Furthermore, the findings also highlight the immediate need for a more proactive attitude toward sustainability strategy which underlines that Trackunit should aim to implement this attitude soon. The literature argues for a more proactive mindset, but the findings illuminate that this mindset is not present yet. These findings might also be relevant for other MNEs because if they are not having a proactive mindset, it can impact their competitive position in the long run. Currently, Trackunit is mostly reacting to an external pressure rather than pushing the agenda forward themselves which can be disabling in terms of creating impactful sustainability changes.

6.2. Limitations

The first limitation to consider is the number of interviews conducted. Since Trackunit has around 450 employees it can be questioned if seven interviews with different employees is enough to gain a holistic view of the whole firm, especially when considering how globally dispersed the firm is. Furthermore, multiple nationalities are represented, however, not all nationalities within Trackunit have been part of the data collection process of this thesis, and it can, therefore, be difficult to make definitive conclusions regarding how national culture impacts the firm when not all national cultures are included.

The main limitation of this thesis is the case study approach. As a case study is chosen, it contributes with a thorough understanding of the case firm which has enabled the emergence of new intriguing concepts and understandings of the existing literature. With a case study, it is

possible to collect a vast amount of qualitative data that allows for this thorough investigation. However, as these alluring findings emerge, the main disadvantage of the case study approach becomes evident which is the generalizability of the findings. Based on the data collected, it is only possible to make conclusions related to the context of Trackunit. However, the use of existing literature and comparison between empirical data and literature enables an assumption of generalizability to other MNEs and different contexts. The next step in order to increase generalizability would be to include multiple MNEs and conduct a comparative case study to uncover if these assumptions of generalizability can be confirmed. Therefore, this thesis can be viewed as the point of departure to gain a broader understanding of the complex and intertwined relationship between the design and implementation of sustainability strategy and competitiveness in conjunction with different contexts.

6.3. Agenda for future research

The *á posteriori* framework established that sustainability strategy can lead to either achieving or not achieving competitive advantage. However, it is only investigated from the perspective of the case firm Trackunit and the arguments from the existing literature. A suggestion for further research is, therefore, to understand the impact of sustainability strategy on competitiveness in a broader context which could be done through a more comparative and quantitative study, investigating this impact. This would create an even better understanding of this connection.

Furthermore, this thesis does not take into account how firm characteristics, such as size, ownership structure, etc. can be potential moderators in relation to the connections established in the framework. As Trackunit is owned by an equity fund, this could potentially create a different pressure for sustainability. However, as the thesis is not comparative, it can be challenging to establish meaningful conclusions regarding this. Therefore, a comparative study of firms with different characteristics could create a broader understanding of which moderators might impact the connections found in this thesis. Furthermore, it could also confirm if the framework is generalizable to different firms and contexts. Additionally, this investigation of ownership structure could also add another level to the sustainability definition ESG. Since neither the literature nor the empirical data place great emphasis on the “G” dimension of ESG, this dimension has not been thoroughly addressed in this thesis.

An aspect that emerged during the interviews as impactful for the internal factors and, thereby, also sustainability strategy is recruiting and specifically recruiting the “right” people. This could be a potential moderator for the organizational culture, but it is not currently included in the *a posteriori* framework as there is not enough empirical evidence to establish how this might be a moderator. Therefore, a suggestion for future research could be to further investigate the impact of recruiting in terms of creating an organizational culture that fosters sustainability within the organization. The recruitment process can perhaps create an internal pressure for sustainability which could push the firm closer toward a sustainability strategy.

7. References

Ambos, C.T., Fuchs, H.S. & Zimmermann, A. (2020) 'Managing interrelated tensions in headquarters-subsidiary relationships: The case of a multinational hybrid organization', *Journal of International Business Studies*, 51, pp. 906-932

Aslaksen, H.M., Hildebrandt, C. & Johnsen, H.C.G. (2021) 'The long-term transformation of the concept of CSR: towards a more comprehensive emphasis on sustainability', *International journal of corporate social responsibility*, 6(1), pp. 1–14

Bergquist, A. (2017) 'Business and sustainability: new business history perspectives', *Harvard Business School General Management Unit Working Paper* [Online]. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3055587 (Accessed: 16 March 2023)

Bhaskar, R. (1975) *A realist theory of science*, 1st edition. New York: Routledge

Buckley, P. (2002) 'Is the international business research agenda running out of steam?', *Journal of International Business Studies*, 33(2), pp. 365–373

Bryman, A. (2012) *Social research methods*, 4th edition. Oxford: Oxford University Press

Christensen, H.B., Hail, L., & Leuz, C. (2021) 'Mandatory CSR and sustainability reporting: economic analysis and literature review', *Review of Accounting Studies*, 26(3), pp. 1176–1248

Council of EU (2023) New rules on corporate sustainability reporting: provisional political agreement between the Council and the European Parliament [Online]. Available at: <https://www.consilium.europa.eu/en/press/press-releases/2022/06/21/new-rules-on-sustainability-disclosure-provisional-agreement-between-council-and-european-parliament/> (Accessed: 26 February 2023)

Danermark, B., Ekström, M. & Karlsson, J.C. (2019) *Explaining Society: Critical realism in the social sciences*, 2nd edition, Routledge, pp. 135-164

Deacon, D., Bryman, A. & Fenton, N. (1998) 'Collision or collusion? A discussion and case study of the unplanned triangulation of quantitative and qualitative research methods', *International Journal of Social Research Methodology*, 1(1), pp. 47-63

Dechezleprêtre, A., Nachtigall, D. & Venmans, F. (2022) 'The joint impact of the European Union emissions trading system on carbon emissions and economic performance', *Journal of Environmental Economics and Management*, 118, pp. 1-41

Deters, H. (2019) 'European environmental policy at 50: Five decades of escaping decision traps?', *Environmental Policy and Governance*, 29, pp. 315-325

Drachal, K. (2014) 'What do we know from the EPRG model?', *EcoForum*, 3(2)(5), pp. 85-92

Easton, G. (2010) 'Critical realism in case study research', *Industrial Marketing Management*, 39(1), pp. 118-128

Eisenhardt, K.M. (1989) 'Building Theories from Case Study Research', *Academy of Management Review*, 14(4), pp. 532-550

European Environment Agency (2023) *Sectoral greenhouse gas emissions by IPCC sector* [Online]. Available at: <https://www.eea.europa.eu/data-and-maps/daviz/change-of-co2-eq-emissions-2#tab-dashboard-01> (Accessed: 20 March 2023)

European Union (2023) *Types of legislation* [Online]. Available at: https://european-union.europa.eu/institutions-law-budget/law/types-legislation_en (Accessed: 26 February 2023)

Flick, U., Metzler, K. & Scott, W. (2014) *The SAGE handbook of qualitative data analysis*. London: SAGE.

- Garriga, E., & Mele, D. (2004) 'Corporate Social Responsibility Theories: Mapping the Territory', *Journal of Business Ethics*, 53, pp. 51-71
- George, G. & Schillebeeckx, J.D.S. (2022) 'Digital transformation, sustainability and purpose in the multinational enterprise', *Journal of World Business*, 57(3), pp. 1-8
- Ghobakhloo, M. (2020) 'Industry 4.0, digitization, and opportunities for sustainability', *Journal of cleaner production*, 252, pp. 1-21
- Ghoshal, S. (1987) 'Global Strategy: An Organizing Framework', *Strategic Management Journal*, 8, pp. 425-440
- Greenwood, R., Raynard, M., Kodeih, F., Micelotta, E. R., & Lounsbury, M. (2011) 'Institutional complexity and organizational responses', *The Academy of Management Annals*, 5(1), pp. 317-371
- Griffin, D., Guedhami, O., Kwok, C.C.Y., Li, K. & Shao, L. (2017) 'National Culture, Corporate Governance Practices, and Firm Performance*', SSRN Electronic Journal [Online]. Available at: <https://doi.org/10.2139/ssrn.2400078> (Accessed: 16 March 2023)
- Haanaes, K. & Olyneec, N. (2022) 'Why all businesses should embrace sustainability', International Institute for Management Development [Online]. Available at: <https://www.imd.org/contentassets/44380898a141424abb873f8774127bc4/tc082-16-print.pdf> (Accessed: 27th of March 2023)
- Halinen, A. (1997) *Relationship Marketing in Professional Services: A Study of Agency-Client Dynamics in the Advertising Sector*, 1st edition. Florence: Routledge
- Hambrick, D. & Cannella, A. (1989) 'Strategy implementation as substance and selling', *The Academy of Management Executive*, 3(4), pp. 278-285

Hamdoun, M. (2020) 'The antecedents and outcomes of environmental management based on the resource-based view', *Management of Environmental Quality: An International Journal*, 31(2), pp. 451-469

Harzing, A.W. (2000) 'An empirical analysis and extension of the Bartlett and Ghoshal typology of multinational companies', *Journal of International Business Studies*, 31(1), pp 101-120

Huntjens, P. & Kemp, R. (2021) *Towards a Natural Social Contract - Transformative Social-Ecological Innovation for a Sustainable, Healthy and Just Society*, 1st edition. Cham: Springer International Publishing AG

Husted, B. W. & Allen, D. B. (2006) 'Corporate Social responsibility in the multinational enterprise: strategic and institutional approaches', *Journal of International Business studies*, 37, pp. 838-849

Isaboke, C. M. (2015) 'Influence of Organization Culture on Strategy Implementation in Selected Universities in Kenya', *International Journal of Economics, Commerce and Management*, 3(9), pp. 806-820

Jackson, G. & Deeg, R. (2008) 'Comparing Capitalisms: Understanding Institutional Diversity and Its Implications for International Business', *Journal of International Business Studies*, 39(4), pp. 540– 561

Joltreau, E. & Sommerfeld, K. (2019) 'Why does emissions trading under the EU Emissions Trading System (ETS) not affect firms' competitiveness? Empirical findings from the literature', *Climate Policy*, 19(4), pp. 453–471

Kara, M., Syri, S., Lehtilä, A., Helynen, S., Kekkonen, V., Ruska, M., & Forsström, J. (2008) 'The impacts of EU CO2 emissions trading on electricity markets and electricity consumers in Finland', *Energy Economics*, 30(2), pp. 193-211

Kolk, A. & Van Tulder, R. (2010) 'International Business, corporate social responsibility and sustainable development', *International Business Review*, 19(2), pp. 119-125

Kostova, T., Roth, K., & Dacin, T.M., (2008) 'Institutional Theory in the Study of Multinational Corporations: A Critique and New Directions', *The Academy of Management review*, 33(4), pp. 994–1006

Kotter, J.P. (1995) 'Leading change: why transformation efforts fail', *Harvard business review*, 73(2), pp. 59–67

Kvale, S. & Brinkmann, S. (2015) *Interview*, 3rd edition. Copenhagen: Hans Reitzels Forlag

Leung, K., Bhagat, R.S., Buchan, N.R., Erez, M. & Gibson, C.B. (2005) 'Culture and international business: recent advances and their implications for future research', *Journal of International Business Studies*, 36, pp. 357-378

Lunnan, R., Tomassen, S., Andersson, U. & Benito, R.G.G. (2019) 'Dealing with headquarters in the multinational corporation: a subsidiary perspective on organizing costs', *Journal of Organization Design*, 8(12), pp. 1-24

McKinsey & Company (2020) *The next normal in construction* [Online]. Available at: https://www.mckinsey.com/~media/mckinsey/industries/capital%20projects%20and%20infrastructure/our%20insights/the%20next%20normal%20in%20construction/executive-summary_the-next-normal-in-construction.pdf (Accessed: 11 April 2023)

Michailova, S. (2011) 'Contextualizing in International Business Research: Why Do We Need More of It and How Can We Be Better at It?' *Scandinavian Journal of Management*, 27(1), pp. 129-139

Mingers, J. (2004) 'Real-izing information systems: critical realism as an underpinning philosophy for information systems', *Information and Organization*, 14(2), pp. 87-103

Mwanthi, T.N. (2018) 'The Role of Internal Organizational Factors in Strategy Implementation in Kenyan Universities', *Kabarak Journal of Research & Innovation*, 5(2), pp. 72-88

Nohria, N. & Ghoshal, S. (1994) 'Differentiated fit and shared values: Alternatives for managing headquarters - subsidiary relations', *Strategic Management Journal*, 15(6), pp 491-502

Ntara, C. (2022) 'The International Business landscape: A look at paradigms, research gaps and new realities', *International Trade, Politics and Development*, 6(3), pp. 143-158

Ottenstein, P., Erben, S., Jost, S., Weuster, C.W. & Zülch, H. (2022) 'From voluntarism to regulation: effects of Directive 2014/95/EU on sustainability reporting in the EU', *Journal of Applied Accounting Research*, 23(1), pp. 55-98

Peng, M.W., Wang, D.Y.L. & Jiang, Y. (2008) 'An institution-based view of international business strategy: a focus on emerging economies', *Journal of International Business Studies*, 39, pp. 920-936

Peltoniemi, M. (2011) 'Reviewing Industry Life-cycle Theory: Avenues for Future Research', *International Journal of Management Reviews*, 13, pp. 349-375

Perrez, F.X. (2020) 'The role of the United Nations Environment Assembly in emerging issues of international environmental law', *Sustainability*, 12(14), pp. 1-21

Porter, M.E. (1980) 'Industry structure and competitive strategy: Keys to profitability', *Financial Analysts Journal*, 36, pp. 30-41

Porter, M.E. (1998) *Competitive strategy: techniques for analyzing industries and competitors* : with a new introduction. 1st Free Press edition. New York: Free Press

Porter, M.E. & Kramer, M. (2006) 'Strategy and society. The link between competitive advantage and corporate social responsibility', *Harvard Business Review*, 84(12), pp. 78-92

Porter, M.E., & van der Linde, C. (1995) 'Green and Competitive: Ending the Stalemate', *Harvard Business Review*, 73(5), pp. 120-134

Rajasekar, J. (2014) 'Factors affecting Effective Strategy Implementation in a Service Industry: A Study of Electricity Distribution Companies in the Sultanate of Oman', *International Journal of Business and Social Science*, 5(9)(1), pp. 169-183

Rana, M.B. & Morgan, G. (2019) 'Twenty-five years of business systems research and lessons for international business studies', *International Business Review*, 28(3), pp. 513-532

Rana, M.B. (2015) 'Tri-Space Framework for Understanding MNC Behaviour and Strategies: An institutionalism and Business System Perspective.' In *Institutional Impacts on Firm Internationalization*, ed. S. Marinova, pp. 299–333. London: Palgrave Macmillan

Regner, P., & Edman, J. (2013) 'MNE institutional advantage: How subunits shape, transpose and evade host country institutions', *Journal of International Business Studies*, 45, pp. 1–28

Ringov, D. & Zollo, M. (2007) 'The Impact of National Culture on Corporate Social Performance', *Corporate Governance International Journal of Business in Society*, 7(4), pp. 476-485

Scott, W.R. (2014) *Institutions and organizations*, 4th edition. California: SAGE Publications, Inc.

Singhania, M. & Saini, N. (2021) 'Institutional framework of ESG disclosures: comparative analysis of developed and developing countries', *Journal of sustainable finance & investment*, 13(1), pp. 516–559

Skjærseth, J.B., & Wettestad, J. (2009) 'The Origin, Evolution and Consequences of the EU Emissions Trading System', *Global Environmental Politics*, 9(2), pp. 101-122

Statista (2013) Size of the global construction market from 2020 to 2021, with forecasts from 2022 to 2030 [Online]. Available at:

<https://www.statista.com/statistics/1290105/global-construction-market-size-with-forecasts/>

(Accessed: 20 March 2023)

Statista (2021) Share of people who agree with the company/brand sustainability behavior as of February 2021 [Online]. Available at:

<https://www.statista.com/statistics/1265499/attitudes-to-company-brand-sustainability-behavior/>

(Accessed: 20 March 2023)

Statista (2023) *Distribution of greenhouse gas emissions worldwide in 2019, by sector* [Online].

Available at: <https://www.statista.com/statistics/241756/proportion-of-energy-in-global-greenhouse-gas-emissions/> (Accessed: 20 March 2023)

Sundaram, A.K. & Black, J.S. (1992) 'The Environment and Internal Organization of Multinational Enterprises', *The Academy of Management review*, 17(4), pp. 729–757

Taliento, M., Favino, C., & Netti, A. (2019) 'Impact of Environmental, Social, and Governance Information on Economic Performance: Evidence of a Corporate "Sustainability Advantage" from Europe', *Sustainability*, 11(6), p. 1738

Thompson, J. L., Scott, J. M. & Martin, F. (2017) *Strategic management: awareness and change*. 8th edition. Andover, UK: Cengage Learning

Thurmond, V.A. (2001) 'The Point of Triangulation', *Journal of nursing scholarship*, 33(3), pp. 253-258

Trackunit (2023a) *About* [Online] Available at: <https://trackunit.com/about/> (Accessed: 11 April 2023)

Trackunit (2023b) *Sustainable Construction* [Online] Available at: <https://trackunit.com/about/sustainable-construction/> (Accessed: 11 April 2023)

Turker, D. (2009) 'Measuring Corporate Social Responsibility: A Scale Development Study', *Journal of Business Ethics*, 85(4), pp. 411-427

UNFCCC (2023) *What is the Kyoto Protocol?* [Online]. Available at: https://unfccc.int/kyoto_protocol (Accessed: 26 January 2023)

Vos, R. (2007) 'Defining sustainability: a conceptual orientation', *Journal of Chemical Technology and Biotechnology*, 82(4), pp. 334-339

Welch, C., Piekkari, R., Plakoyiannaki, E. & Paavilainen-Mäntymäki, E. (2011) 'Theorising from case studies: Towards a pluralist future for international business research', *Journal of International Business Studies*, 42(5), pp. 740–762

Welch, L.S., Benito, G.R.G. & Petersen, B. (2018) *Foreign operation methods: theory, analysis, strategy*. 2nd edition. Cheltenham, UK: Edward Elgar Publishing

Yin, Robert K. (1984) *Case study research. Design and methods*. Applied Social Research Methods Series, Vol. 5. Sage Publications: Beverly Hills