




Multinational Enterprises as Bridging Institutional Actors Toward Sustainability



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Abstract The way through which multinational enterprises (MNEs) internationalize across countries and interact with institutions and societies shapes their economic, social, and political role. Extant literature has entrusted MNEs with these roles through which they are capable of affecting country contexts, their institutions, and societies and prompt a change toward sustainability. Nonetheless, a clear picture of such roles, and their interplay, remains a challenge for the interpretation of how MNEs deal with sustainability goals. By conducting a qualitative examination of the IKEA case, this chapter aims to develop knowledge about and show how MNEs define sustainability goals at both global and local levels. We argue that MNEs act as *bridging institutional actors* when they effectively manage the interplay of economic, social, and political roles. This study contributes to international business research by illustrating how MNEs take advantage of their presence across different countries to promote sustainable development and offering a clear picture of the multiple roles that MNEs play toward sustainability. Furthermore, it connects international business research and social issues in management studies by conceptualizing the role of MNEs as bridging institutional actors in the sustainability field.

1 Introduction

Multinational enterprises (MNEs) operate across multiple countries through their global supply chains. In building sustainable supply chains, they cascade sustainability requirements to their suppliers and sub-suppliers dispersed around the globe (Boström, 2015). However, it requires many efforts. MNEs need to mobilize resources and capabilities across developed and developing countries and set appropriate conditions to comply with global sustainable agendas (Campbell et al., 2012; Desa, 2012; Ioannou & Serafeim, 2012). Although MNEs increasingly work to

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integrate the concept of sustainability in their business model by adopting codes of conduct and corporate standards, a range of questions concerning their effectiveness persists (Kaptein, 2004; Kolk & Van Tulder, 2002; Lund-Thomsen & Lindgreen, 2014; Nadvi, 2008; Yu, 2008). As required by the UN 2030 Agenda, MNEs need to act in partnerships and, through these organizational settings, they have a great potential to contribute to the sustainable goals' definition and positively impact people and the planet (Calton et al., 2013; Carter & Rogers, 2008; Montiel et al., 2021).

Extant literature has entrusted MNEs with multiple roles through which they are capable of affecting country contexts, their institutions, and societies (Fortwengel & Jackson, 2016; Leca et al., 2008) and prompting a change toward sustainability (Zietsma & Lawrence, 2010). In approaching this issue, research has separately advanced over time by conceptualizing MNEs in different ways, i.e., international *economic actors* (Coviello et al., 2011; Morgan & Quack, 2005; Whitley, 1994), *social actors* (Brown et al., 2010; Hofferberth et al., 2011; Trittin-Ulbrich, 2022), and *political actors* (Rasche et al., 2008; Scherer et al., 2006; Scherer & Palazzo, 2011). Though MNEs' roles reflect a multifaceted nature, a clear picture of such roles, and their interplay, remains a challenge to interpreting how MNEs deal with sustainability goals.

This chapter aims to offer a more fine-grained understanding of how MNEs perform multiple roles and act toward sustainability. Specifically, we shed light on how MNEs define sustainable goals by studying the case of IKEA and its actions to reach the Sustainable Development Goals (SDGs) elaborated in the UN's Agenda 2030. The selection of IKEA lies in its wide international presence in more than 50 countries. In recent years, IKEA has shown a significant commitment to preserving natural and human resources across countries and actively engaging in sustainability partnerships with public and private actors. We intend to illustrate how IKEA performs multiple roles to reach SDGs by acting together with public actors, civil society organizations, and businesses. Following this aim, we build a conceptual framework that shows three roles MNEs play—economic, social, and political—that affect sustainability. Finally, we illustrate how MNEs move between these, creating a potential intersection “bridging institutional actor” that unveils promising effects on sustainability.

This chapter contributes to international business research by illustrating how MNEs take advantage of their presence across different countries to promote sustainable development and offering a clear picture of the multiple roles that MNEs play toward sustainability. Furthermore, it connects international business research and social issues in management studies by conceptualizing the role of MNEs as bridging institutional actors in the sustainability field.

We structure the chapter as follows. First, we review the literature that informs the research topic. Second, we describe and justify methodological choices. Third, we illustrate the case study. Fourth, we discuss our findings and provide a conceptual framework describing the multiple roles through which sustainability goals are defined and explain how MNEs move between them. To conclude, we summarize our contributions and present the limitations of our research.

2 Literature Background

In 2015, the United Nations (UN) elaborated its 2030 Agenda representing a blueprint for reaching a sustainable future for all by defining the 17 SDGs such as “Decent work and economic growth” (SDG 8), “Responsible consumption and production” (SDG 12), “Climate action” (SDG 13), “Partnerships for goals” (SDG 17), and so on. Additionally, the UN fixed 169 targets that guide the implementation of the associated SDGs. While the 2030 Agenda sets universal and wide-ranging sustainability goals, considerable differences among countries—in terms of institutions, levels of development, public policies, and resources (Campbell et al., 2012)—should be considered when policymakers, the business community, and, more generally, all people are demanded to address sustainable development.

Public governance is essential to reach sustainable development at both global and local levels (Bulkeley & Betsill, 2005; Rotmans et al., 2001). However, the restriction to governmental jurisdictions leads to articulating and addressing sustainability goals at a country (or macro-regional) level without realizing that global interconnectedness between countries has great potential to influence environmental disasters, humanitarian crises, climate change, and so on (Scherer et al., 2014). Furthermore, especially in developing countries characterized by weak institutions, governments tend to leave legal voids and regulation gaps (Abbott & Snidal, 2010; Doh et al., 2017). In this regard, extant research shows that multinational enterprises (MNEs) are responsible for driving sustainable impact worldwide and proves their intervention replacing and/or complementing that of governments (Montiel et al., 2021; PwC, 2019; Scherer et al., 2014). In doing so, they can perform economic, social, and political roles.

MNEs as *economic actors* “shape their organizational and institutional contexts as their activities internationalize” (Morgan & Quack, 2005, p. 1765), and leverage countries’ endowments and power positions to create financial wealth (Coviello et al., 2011). Spanning across home and host countries, MNEs handle different regulative, normative, and cognitive institutions, and great efforts are required to adapt their strategy and organizational processes to institutional contexts or even to promote a change toward sustainability (Wu & Jia, 2018). MNEs mostly operate in value chains that are defined as “buyer-driven” because they own the bargaining power to impose specific rules on their suppliers and sub-suppliers (Gereffi & Lee, 2016). By imposing codes of conduct and sustainability requirements along the entire value chain dispersing across different institutional contexts, MNEs are capable of altering institutional settings in which they are located and provide them with resources and support to face sustainability challenges (Lund-Thomsen, 2008). Therefore, MNEs can go beyond the creation of financial value as the only purpose of international economic actors and encompass social issues without undermining their financial profitability. The concept of “blended value” advances to offer a new perspective toward creating financial and social value (Zahra et al., 2014). With a structure of financially sustainable firms, MNEs can respond to the unmet needs of communities, engage with societies, and perform social conduct.

Particularly, when they attempt to integrate economic rationales with non-economic ones for social engagement, they behave as *social actors* (Brown et al., 2010). Furthermore, they may play a *political role* when, by acting in the name of public interest, their activities “aim to shape government policy” in ways that are favorable to themselves (Scherer et al., 2014, p. 147).

3 Methodology

Given the explorative nature of this research, we draw on a qualitative investigation applied to a single case study (Langley & Abdallah, 2011). Carrying out a single case investigation allows researchers to provide a fine-grained understanding that could not be reasonably reachable with large samples (Golden-Biddle & Locke, 1993; Siggelkow, 2007). Our investigation leverages a narrative approach that respects the scientific criteria of theoretical sampling justification and multiple data sources to triangulate facts (Gibbert et al., 2008; Yin, 2003).

3.1 Theoretical Sampling

Our study focuses on the case of IKEA, and several reasons lead us to examine this MNE. First, the Swedish MNE is the world’s largest furniture retailer. As of August 31st, 2022, IKEA possesses a worldwide business presence by operating in 52 countries through stores and distribution centers. IKEA declares that “its success lies in both global integration and local responsiveness strategies” (IKEA, n.d.-g).

Second, IKEA is accountable for almost 1% of world commercial-product wood consumption which makes it one of the largest consumers of wood in the retail sector and therefore under the spotlight of environmentalist activism (The Guardian, 2012). Nevertheless, IKEA is engaged in several ambitious social and environmental initiatives, and it annually reviews its sustainability strategy “People & Planet Positive” to align it with the 2030 Agenda and its SDGs. Since we aim to explore how MNEs play their roles in defining sustainability goals at both global and local levels, IKEA responds to our research interests.

Finally, access to information appears essential to inform the case selection decision, justify the sample selection, and set conditions to perform an information-rich case (Locke, 2000; Patton, 1990). As IKEA published its first “IKEA Social and Environmental Responsibility Report” in 2004, we can access archival data about its sustainability commitments for 18 years (from 2004 to 2022). Additionally, the IKEA website releases much information on how it advocates for sustainability. Thus, we ensure adequate data richness and variety.

3.2 Data Sources

To investigate the case of IKEA, a wide range of primary and secondary data was collected. First, we gathered sustainability annual reports and specific guides describing IKEA's social and environmental initiatives published on the IKEA website as a primary source of information (e.g., Guide—Developing and collaborating with social businesses connected to the IKEA value chain). Second, we leverage a variety of secondary source information such as academic papers, books, and book chapters published in scientific journals and news articles related to IKEA and its sustainability initiatives published in the most popular newspapers (e.g., *The Wall Street Journal*). Additionally, we collected several interviews, videos, and talks published on the YouTube channel that explain how it addresses sustainability issues.

Finally, in our quest to advance knowledge about IKEA and sustainability, we employed the teaching case study deployed at the Harvard Business School, i.e., “Sustainability at IKEA Group” (Rangan et al., 2014). Teaching case studies can be used as a source of detailed and rich data as they “enable the researcher to retain and explore the idiosyncratic detail of the trees while generating an understanding of the background forest” (Ambrosini et al., 2010, p. 209). For a detailed description of our data collection, see Table 1.

4 The Case of IKEA and SDGs

This case study illustrates how IKEA operates and creates new organizational settings with multiple actors to define global and local sustainability goals and reach SDGs. Since 2004, IKEA has engaged in sustainability initiatives, and in 2011, it created the role of Chief Sustainability Officer (CSO) with the responsibility to formulate and implement IKEA's sustainability strategy. Involving this member was a clear sign that “IKEA's leadership was seeking transformational change to enable the company to better anticipate and address sustainability issues” (Rangan et al., 2014, p. 4). By the end of 2014, IKEA employs nearly 500 people who directly work toward the reaching of its sustainability strategy (Rangan et al., 2014).

Since the UN's 2030 Agenda was elaborated and, therefore, since 2015, IKEA has included in its sustainability reports (IKEA Sustainability Reports FY15–FY22) the section “SDG Index” that presents a description of how it contributes to the reaching of all 17 SDGs. The UN's sustainability goals are cross related to each other. Hence, when IKEA makes efforts to reach a specific SDG, it can positively contribute toward other SDGs.

In the following, we illustrate how IKEA, by setting partnerships with other actors and, therefore, addressing SDG 17, simultaneously contributes to reaching a wider set of SDGs. In doing so, IKEA advances new practices and goals with public actors, civil society organizations, and businesses to have an impact on sustainability

Table 1 Data collection

Data sources	Data
IKEA reports	IKEA Sustainability Report FY15–FY22 Annual Review IKEA Social Entrepreneurship FY19–FY20–FY21
IKEA publications	Guide: Developing and collaborating with social businesses producing products for IKEA (September 2019) Climate action: IKEA signs “Uniting business and governments to recover better” (May 2020) Corporate-Ready: How corporations and social enterprises do business together to drive impact (December 2021) IKEA on media reports on working conditions in Belarus (November 2022)
Interviews with IKEA’s actors gathered on YouTube	1 interview with 12 IKEA sustainable ambassador at Glasgow store 1 interview with IKEA President 4 interviews with Steve Howard, IKEA Chief Sustainability Officer 1 interview with Angela Hultberg, Head of Sustainable Mobility at IKEA 1 interview with Joanna Yarrow, Head of Sustainable & Healthy Living 1 interview with Jan Gardberg, CEO and Chief Sustainability Officer at IKEA Australia 1 interview with Jan-Olof Fechter, Category Area Material and Technique Engineer at IKEA 1 interview with Michael Germann, Creative Leader Material at IKEA 1 interview with Jesper Brodin, Ingka Group CEO 1 interview with Juvencio Maeztu, IKEA Chief Financial Officer 1 interview with Hakan Nordkvist, Head of Sustainability Innovation 1 interview with Pia Heidenmark Cook, IKEA ex-Chief Sustainability Officer
Academic papers, books, and teaching case on IKEA	Andersen and Skjoett-Larsen (2009), Bartlett et al. (2006), Edvardsson and Enquist (2011), Ivarsson and Alvstam (2011), Jonsson and Foss (2011), Klooster (2006), Laurin and Fantazy (2017), Morsing and Roepstorff (2015), Pedersen and Andersen (2006), Rangan et al. (2014), Song (2021), and Van Tulder et al. (2009)
Newspaper articles	Companies Say They Want to Save the Planet—but They Can’t Agree How (The Wall Street of Journal, Dec 2019) Companies From IKEA to Microsoft Call for Clear Climate Policy as They Head to Glasgow (The Wall Street of Journal, Oct 2021) Ikea to go ‘forest positive’ – but serious challenges lie ahead (The Guardian, Dec 2012) Will Ikea’s recycling scheme really make it greener? (The Guardian, Feb 2021) Ikea to invest £3.4bn in renewable energy by 2030 (The

(continued)

Table 1 (continued)

Data sources	Data
	Guardian, Apr 2021) Ikea shows the challenge of sustainability for companies (Financial Times, Nov 2021)
Websites	Ceres website; Financial Times website; IKEA website; IKEA Social Entrepreneurship website; IKEA Foundation website; The Guardian website; United Nations Global Compact; Wikipedia website

over time. At the beginning of this path, the strongest of IKEA’s commitments was to monitor its global supply chain by imposing social and environmental requirements on its suppliers. A surge of interest in collaborating with social businesses and civil society organizations (primarily operating in developing countries) starts to grow together with the need to support public actors in the fight against humanitarian and environmental crises. Therefore, we unveil that IKEA, initially by influencing its suppliers and later acting together with civil society organizations, social businesses, and public actors, has made substantial efforts to align its strategy processes to sustainability challenges. In this regard, we identify how IKEA acts as an international *economic, social, and political actor* to promote sustainability and reach SDGs.

4.1 *IKEA as an Economic Actor in Promoting Sustainability*

IKEA employs its strong internationalization experience to cooperate with approximately 1600 suppliers (IKEA, n.d.-d). Since 2000, IKEA has worked with its suppliers worldwide to monitor the social and environmental impact of its entire global supply chain. It ensures suppliers’ compliance with specific sustainability requirements through the adoption of the “IWAY” code of conduct.

IWAY is the IKEA way for responsibly procuring products, services, materials, and components. It sets clear expectations and ways of working for environmental, social, and working conditions, as well as animal welfare, and is mandatory for all suppliers and service providers that work with IKEA (IKEA, n.d.-d)

Dealing with a pioneer like IKEA, whose orders are typically huge, represents an appealing opportunity for suppliers. IKEA’s dimension, reputation, and corporate history are aspects that strongly attract suppliers (Andersen & Skjoett-Larsen, 2009). However, the relationships between IKEA and its suppliers are worthy of further scrutiny. On the one hand, IKEA suppliers are expected to show a specific commitment to sustainability issues and work with the IWAY. On the other hand, IKEA needs to employ mechanisms to monitor and measure suppliers’ conformance to the code of conduct. From a conceptual perspective, in this regard, Andersen and Skjoett-Larsen (2009) identify two internal mechanisms used by the global retailer:

knowledge-enhancing mechanisms and knowledge-controlling mechanisms. The *knowledge-enhancing mechanisms* consist of enhancing and maintaining the abilities and skills of IKEA suppliers in addressing sustainability issues. For instance, these mechanisms involve training courses, sharing experience among suppliers' employees, and visits to suppliers' plants. The example of IKEA illustrates that, in building sustainable supply chains, MNEs should cascade sustainability requirements to their tier-one and lower-tier suppliers, but it requires substantial effort. With the "trading to purchasing" approach, each of IKEA's 16 regional trading areas has a purchasing team that monitors all aspects of the productive processes carried out by suppliers and verifies the correct implementation of the IWAY code of conduct. This approach leads to building long-term relationships based on developing capabilities of fewer suppliers rather than engaging in short-term relationships with many suppliers having a unique focus on the sourcing of materials and products (Andersen & Skjoett-Larsen, 2009).

The *knowledge-controlling mechanisms* involve performance measurement systems and the presence of "change agents" who play a central role by encouraging IKEA suppliers to work toward sustainability goals. The performance measurement systems evaluate suppliers' conformance to IWAY on a four-step staircase model (i.e., Must, Basic, Advanced, and Excellent). IKEA suppliers make significant investments to reach a good score and prove their reliability. Additionally, the implementation of these systems occurs at both global and local levels. At the global level, IKEA sets equal IWAY monitoring standards. It verifies suppliers' compliance through IKEA auditors and independent third-party auditors. In contrast, at the local level, it works with the supplier's purchasing team to establish appropriate sustainability targets "based on their individual business and regional setups," capacity-building, and learning activities (IKEA, n.d.-a).

With our long-term approach, we seek to create sustainable change for the better wherever we are present. We take our responsibility seriously to ensure we have embedded processes to identify and minimise risks through robust due diligence processes, including verification by third-party auditors (IKEA on media reports on working conditions in Belarus—IKEA Publication)

The auditing systems are crucial to verify the suppliers' conformance to IKEA's requirements. For instance, in its wood supply chain:

Ikea relies on three layers of protection in its wood supply chain, according to Ulf Johansson, wood supply and forestry manager at Inter Ikea. Suppliers have to present an annual wood procurement plan; a team of 40 internal wood supply specialists do about 200 audits each year; and Ikea also uses third-party auditors, both in announced and unannounced visits (Financial Times, 2021)

Therefore, the IWAY code of conduct and related mechanisms represent corporate instruments through which IKEA operates privately within its supply chain for the promotion of sustainability, requires its global suppliers and service providers to observe sustainability requirements, and, in doing so, addresses SDG 4 "Quality education," SDG 8 "Decent work and economic growth," and SDG 15 "Life on land."

In addressing SDG 4, IKEA provides training to develop suppliers' capabilities in responsible recruitment, include young workers in its supply chain, and guarantee child safeguarding. Specifically, IKEA works with an affiliate of Save the Children "which works with companies to address child rights issues in supply chains" (IKEA Sustainability Report FY22, p. 43) to identify potential negative impacts on children rights who work in the lower tiers of its supply chain. Through the IWAY audits, IKEA can verify if their suppliers employ child labor.

Moreover, the code of conduct IWAY works to reach SDG 8 and ensures decent and meaningful work. In this regard, IKEA has enlarged the IWAY system by creating the new "IWAY Digital Platform Work Section" and imposing supplier to conform to new requirements regarding minimum social and working conditions for digital platform workers who act for, or on behalf of, the Swedish MNE.

Legislation around labour conditions and social protection for digital platform workers remains lacking in most countries (. . .) our aim is to have a dialogue around the social and working conditions of platform workers, take learnings from implementing the section requirements in our value chain. . . (IKEA Sustainability Report FY22, p. 49)

Through the implementation of IWAY, IKEA unveils its commitment to environmental issues and to the achievement of several SDGs related to the environment. Specifically, it contributes positively to SDG 15 by sourcing wood, cotton, food, and other materials from sustainable sources. For instance, by imposing environmental standards on suppliers in the Forestry Section of IWAY, IKEA reported that more than 98% of the wood used in its supply chain in 2020 was FSC-certified or recycled (IKEA Sustainability Report FY20, p. 44).

4.2 *IKEA as a Social Actor in Promoting Sustainability*

IKEA has engaged in several partnerships with social businesses and civil society organizations that increasingly advocate concern for environmental and social issues, particularly in developing countries.

I think that what we can expect from brands like IKEA is to lead their industry through advocacy and collaboration. . . not only their own company (Head of Sustainability Innovation, in INGKA Group Sustainability)

The global Swedish retailer designs three types of partnerships, i.e., "Developing product," "Accelerating for impact," and "Local services" (IKEA, n.d.-c). IKEA establishes "Developing product" partnerships with social businesses, "Accelerating for impact" partnerships with civil society organizations, and "Local services" partnerships with local social businesses and civil society organizations.

Developing product partnerships aim to create social impact products through social entrepreneurship. Social businesses differentiate from regular IKEA suppliers because they integrate the business goal with the social one and create working opportunities for marginalized and vulnerable people that IKEA would not reach through its regular value chain. For instance, the partnership with the nonprofit

organization “Jordan River Foundation” has given jobs to around 250 refugee women and local women in Jordan, and around 1200 family members are positively impacted (IKEA, n.d.-c). In doing so, IKEA is capable of addressing other SDGs such as SDG 1 “No poverty” and SDG 2 “Zero hunger.” Additionally, IKEA strategically selects social business partners by evaluating if the social goals of its partners are aligned with IKEA’s business goals and not just for philanthropy reasons:

When entering a relationship with IKEA, the social business should be aware that IKEA is looking for volume and to scale up the production in a way that is beneficial from a people, planet and cost perspective (Guide—Developing and collaborating with social businesses connected to the IKEA value chain)

Accelerating for impact partnerships establish plans of action with civil society organizations and IKEA co-workers to support their expansion and reach a bigger social change. For instance, the Swedish retailer is among the founding members of the Forest Stewardship Council (Rangan et al., 2014). The Forest Stewardship Council certification programs constitute civil society’s efforts that support MNEs in choosing sustainable sources for their products and work toward the 2030 Agenda, specifically to address SDGs as SDG 12 “Responsible consumption and production,” SDG 13 “Climate action,” SDG 14 “Life below water,” and SDG 15 “Life on land.”

Nowadays, IKEA actively participates in the Forest Stewardship Council chamber to certify sustainable sourcing of raw materials, renewable energy sources, and responsible forestry. As a member of the Forest Stewardship Council, IKEA is seen as a trusted MNE by the end-user market and acquires authority in the elaboration of certification and standards schemes for being forest positive.

By partnering with a certification programme, we have full trust that our suppliers doing the sourcing and the whole supply chain is following the standards that are set up (IKEA, n.d.-e)

The Forest Stewardship Council’s members gain increasing legitimacy and reflect a concept of *participatory inclusiveness* by promoting active and collaborative dialogues with social businesses and local communities and working together for sustainable solutions (Klooster, 2006, 2010). In this regard, Mena and Palazzo (2012) argue that the Forest Stewardship Council provides MNEs with both input and output legitimacy, which means that its certification and standards schemes are considered credible and effective and constitute a set of codified knowledge and information on social and environmental issues that are complementary tools to wholly corporate codes of conduct (Cashore, 2002).

Lastly, local service partnerships consist of collaborative agreements established between IKEA franchisees and local social businesses and civil society organizations. The goals underlying these partnerships vary according to the local market, as IKEA wants to offer customized products and services that do not compromise local communities and their social values.

Hence, as a social actor, IKEA works to define sustainable goals at a global level by collaborating with well-established civil society organizations and taking part in decision-making processes to set sustainability standards (e.g., Forest Stewardship

Council and its chamber system) and at a local level by connecting IKEA's business with those of social businesses (e.g., Jordan River Foundation) that, operating locally, support the MNE to create new opportunities to address the social and environmental challenges faced by local communities.

4.3 IKEA as a Political Actor in Promoting Sustainability

Nowadays, MNEs influence and favor governments' sustainability actions in various ways, e.g., becoming their partners, lobbying, controlling regulatory agencies, or through campaign funding. Their collaboration with public actors represents an essential piece of the entire puzzle toward building a more sustainable world and supporting governments by providing new sustainable solutions to collective problems in their communities, offering global public goods, and establishing sustainability rules (Scherer et al., 2014; Scherer & Palazzo, 2011).

This is a problem for which you need good government policy and incentives (...) you need public capital to help de-risk some blended finance especially in the poorer developing countries where actual private struggles to get the energy transition. The good news is that it's a solvable problem (...) we have a full suite of solutions and governments can help in innovation... (But the only) governments can take many years and that can be the death of an entrepreneur and the death of a technology (Chief Sustainability Officer, IKEA)

Operating in more than 50 countries worldwide, IKEA is forced to obey a multitude of laws and regulations, recognize political frameworks, and handle institutional differences. The Swedish MNE has proved to prompt active political intervention for more incisive regulation of issues connected to climate action and clean energy, respectively, SDG 7 and SDG 13.

Before the elaboration of the 2030 Agenda, a coalition of business leaders coordinated by Ceres and involving IKEA, with the name of BICEP (Business for Innovative Climate and Energy Policy), lobbied the US government in 2008 to require regulation to curb climate change (The Guardian, 2021). This project is classified as a public policy that demands policymakers to work to create progressive climate change legislation.

With interventions of this type, today IKEA addresses SDG 7 "Affordable and clean energy" and SDG 13 "Climate action." Investments in renewable energy and the use of electric vehicles for in-home furniture deliveries represent actions that IKEA has carried out to translate formal policies into practices. In 2019, IKEA invested 200 million euros to speed up action to become climate positive by 2030, by focusing on two portfolios—the first aims to use 100% renewable energy and the second invests in projects for reforestation and responsible forest management (IKEA, n.d.-e).

At IKEA US, we believe that businesses, governments, and the public alike must work together to address the existential threat of climate change and create a better future for all. That is why we urge Congress to include robust funding for strong climate measures as it considers the Build Back Better Act. We at IKEA understand that this will require sacrifices

to make a positive difference, and we are committed to continuing to do our part to mitigate climate change (IKEA US President)

In 2020, IKEA advanced its commitment to climate action by signing “Uniting business and governments to recover better” (IKEA, n.d.-f). With this climate advocacy effort, IKEA joined 155 businesses in the UN-backed statement to ask governments for a resilient, zero-carbon economy and positive recovery. IKEA is making many efforts to address the aim of the UN-backed statement and become climate positive and circular by 2030. Among these, a key initiative consists of shifting transportation from road to intermodal.¹ In 2022, by collaborating with the transport service provider KLOG, the logistics service provider CFL multimodal, and the fashion retailer Inditex, IKEA replaced 4500 trucks with the block train and reduced CO₂ emissions by 5100 tons per year (IKEA, n.d.-f) on the Poland-Spain-Poland corridor. In doing so, it alters the way through which the transport industry works, increases the intermodal share in the European railway network, and influences political decisions to launch rail investment. Indeed, fostering the railway sector is part of one of the goals of the European Green Deal (European Union Agency for Railways, 2020).

Therefore, taking part in private–public initiatives is a clear sign of how MNEs, like IKEA, are proactive and pressure governments to recognize their responsibility in sustainability challenges and demand more actions and regulatory efforts to reduce the impact of climate and humanitarian crises on economies and financial markets to favor the transition toward a sustainable planet.

4.4 The Sustainability Work of the IKEA Foundation: The Interplay of the Economic, Social, and Political Roles

In 2009, IKEA expanded its scope to include the new mission “to improve the lives of vulnerable children by enabling their families to create sustainable livelihoods, and fight and cope with climate change” through the IKEA Foundation (IKEA, n.d.-b). In this way, IKEA carries out social and environmental actions and spends many efforts to reach SDG 13 “Climate action.”

IKEA Foundation is founded by the proprietor of IKEA, Ingvar Kamprad, and it was born to develop interior design and architecture but then changed its mission to social and environmental issues. IKEA Foundation builds organizational settings involving actors “who know the most about the areas we want to support” and provides them with the conditions to “live up to the standards that we are promoting” (The way we work—IKEA, n.d.-b).

Sustainability goals and programs created by IKEA Foundation are designed in close collaboration with a multitude of actors, among these, some of the most

¹Intermodal means that the longest part of the transportation distance is done by rail, inland waterways, or shortsea and that the shorter distances are carried out by road (IKEA, n.d.-g).

important NGOs (e.g., Save the Children), nonprofit organizations (e.g., Ceres, 2022), and government agencies (e.g., US Agency for International Development). IKEA foundation's commitment consists in working with "local and national governments to ensure sustainability and help people help themselves to a better life" (IKEA, n.d.-b). It requires societies to change cultural values and social beliefs "about what's acceptable and what's possible" (Molly Fannon at UN Live for "Global We for Climate Action" supported by IKEA Foundation).

Through IKEA Foundation, IKEA builds organizational settings that bridge economic, social, and political roles and their interplay and supports a change for sustainability both at global and local levels.

As well as supporting green entrepreneurs to form and grow successful businesses, we also invest in programmes that create conditions in which they can thrive. This means working with governments, business associations and cooperatives, sharing knowledge and bringing together like-minded organisations to achieve greater results (Employment & Entrepreneurship, IKEA Foundation)

A successful attempt of bridging multiple actors to set a common plan and act toward the 2030 Agenda was the recent COP27 summit where the IKEA Foundation "(brought) together business and philanthropy to fight climate change" (IKEA, n.d.-b). Specifically, IKEA hosted 20 representatives among businesses, policymakers, and civil society groups to discuss at a roundtable and talk about the necessity to invest in infrastructure to advance new technologies for the reduction of global warming. Building hydrogen fueling stations and charging stations, facilitating firms' finance access, and providing climate-friendly regulation are all examples of how public actors are key players to support private actors in facing the climate crisis.

Therefore, the Swedish MNE, through the IKEA Foundation, acts in direct collaboration with other businesses, public actors, and civil society organizations by joining them in specific initiatives toward sustainability and setting common plans, sharing opinions and expertise. The IKEA Foundation allows IKEA to perform a bridging institutional role.

To offer a fine-grained understanding of IKEA's actions toward sustainability issues and its multiple roles, we illustrate our case study in a graphical representation (Fig. 1).

5 Discussion

In line with the 2030 Agenda and the 17th Sustainable Development Goal ("Partnerships for the goals"), national governments delegate part of their control and regulatory functions and decentralize their power leaving room for negotiation and persuasion in a collaborative climate with private actors (Mayer & Phillips, 2017; Rahim, 2017). When public actors, civil society organizations, and businesses are

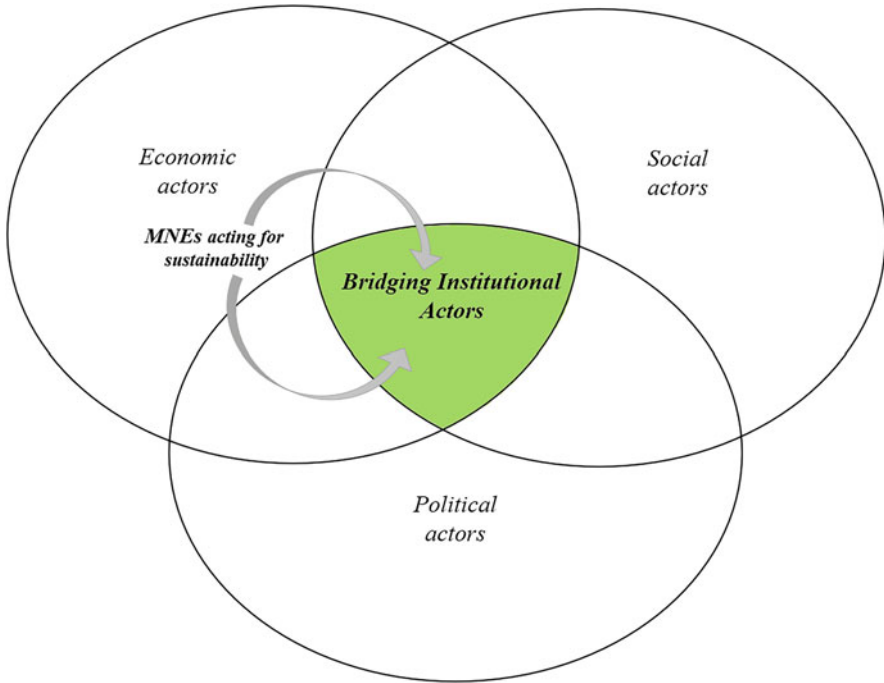


Fig. 1 The conceptual framework of MNEs' roles for sustainability (the authors)

embedded in organizational settings for sustainability, they set conditions to prompt a change toward sustainability.

First of all, our analysis of IKEA shows how MNEs perform multiple roles and involve different actors to define sustainability goals. However, institutional logics informing the roles that MNEs play can be very different since they represent “the socially constructed, historical patterns of material practices, assumptions, values, beliefs, and rules by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their social reality” (Thornton & Ocasio, 1999, p. 804). Considering our study, we argue that, when MNEs activate collaborations with public actors, civil society organizations, and businesses to define sustainability goals, MNEs perform a *bridging institutional role*. MNEs build new organizational settings and combine different institutional logics (Tracey et al., 2011). By analyzing the IKEA case, new insights are unveiled on this potential bridging institutional role that, entrusted to MNEs, intersects economic, social, and political roles.

I would say it's about accepting and acknowledging that business does not exist in a closed world, in an ecosystem and so on. . .the license to operate is dependent on this complex trust building with customers, co-workers, with society and shareholders (IKEA President)

As economic actors promoting sustainability, MNEs impose their suppliers, geographically dispersed, to be conformant to sustainability requirements by employing

corporate codes of conduct through which they monitor suppliers' practices, evaluate, and audit their sustainability performances, certify their products, and ensure positive incentives to reduce the incidence of suppliers' opportunism and potential negative impact on the MNE's value chain (Andersen & Skjoett-Larsen, 2009; Yu, 2008).

As social actors promoting sustainability, MNEs work with NGOs, not-for-profit organizations, and other social businesses to set standards and soft laws and operate with local communities. By setting partnerships with local businesses and organizations, IKEA creates a social change in local communities and affects the way social issues are addressed globally. In doing so, MNEs are demanded "to temper (their) power and influence by recognizing and responding to local concerns in the pursuit of (their) own objectives" (Bird & Smucker, 2007, p. 1) and find common ground between global sustainability rules and local needs of host countries where they operate (Bird & Smucker, 2007). On the one hand, NGOs and the entire civil society prove regulatory efforts that have the advantage of allowing a more timely definition of rules relative to formal legal systems and are enforced chiefly through reputation and peer pressure (Kourula & Laasonen, 2010; Laasonen et al., 2012; Vogel, 2008). On the other hand, as social actors, MNEs employ resources and capabilities to create opportunities to reduce poverty and empower local employees. In doing so, they go beyond the mono-dimensional objective of making a profit and pursue social change (Desa, 2012; Di Domenico et al., 2010; Peredo & McLean, 2006). Hence, civil society organizations together with businesses endow local communities with financial, technical, and social assistance to directly involve them in creating and adopting sustainable solutions and generating positive change (Lumpkin & Bacq, 2019).

Finally, as political actors promoting sustainability, MNEs set the "rules of the game" to ensure legal and social order (North, 1990) and reduce the level of inequality and corruption. MNEs tend to play this role especially in those countries where governments show a scarce commitment to enacting compulsory sustainability legislation (i.e., hard laws). For instance, IKEA urges policymakers to provide national plans and calls on them to align policies and recovery plans to bold climate action (Uniting Business and Governments to Recover Better—United Nations Global Compact, n.d.). Extant research (Gugler & Shi, 2009; Lin-Hi & Blumberg, 2017; Mayer & Gereffi, 2010; Parmigiani & Rivera-Santos, 2015; Scherer et al., 2014) contests the absence of coordinated public interventions in the field of sustainability and talks about "public governance deficit, institutional voids, public regulatory gap." Nevertheless, some notable exceptions need to be considered, namely the Montreal Protocol, the Kyoto Protocol, and the Paris Agreement. These global agreements represent the shift, required by sustainability challenges, from public national governance to a global one.² Public actors may play the role of

²Moved by a logic of deliberative democracy national governments collaborate in global governance settings (e.g., United Nations) to find a common consensus in the decision-making processes for the reduction of climate change impact, pursuing social and environmental issues and

“intentional architects” that facilitate the building of new organizational settings in which MNEs with political authority define sustainability goals, bridge multiple roles, and combine different institutional logics (Dauvergne & Lister, 2012; Scherer & Palazzo, 2011; Tracey et al., 2011).

Drawing upon the findings of the IKEA case study, we also build a conceptual framework that illustrates the multiple roles and their potential intersection under the name of *bridging institutional role*. Bridging institutional role combines “aspects of established institutional logics and their associated practices” to create new organizational forms (Tracey et al., 2011, p. 60). MNEs, as bridging institutional actors, combine economic, social, and political roles by reuniting businesses, civil society organizations, and public actors in organizational settings established to define sustainability goals and guide change toward a sustainable planet.

Therefore, for each role of MNEs, we identify actors and institutional logics by which they are moved and mechanisms they employ to define sustainability goals. We reveal that *bridging institutional actors* may represent a visionary way to work at both global and local levels and create a change to influence the way sustainability issues are differently addressed by economic, social, and political actors. These roles leverage different mechanisms and institutional logics. Specifically, MNEs are demanded to reduce the dissonance between the institutional logics that guide actors operating in different country contexts (Kostova, 1999; Regné & Edman, 2014; Streeck & Thelen, 2005). Friedland and Alford (1991) acknowledge that institutional logics can develop at multiple levels of analysis and different institutional logics can co-exist and interact with each other (Thornton & Ocasio, 2008). This is what occurs when MNEs need to ensure their compliance with sustainability in all countries where they operate. On the one hand, given the multifaceted nature of institutional contexts, MNEs need to involve governments, businesses, and societies to deal with sustainability challenges (Montiel et al., 2021). On the other hand, MNEs provide the impetus for a sustainability change when they combine the different institutional logics of public actors, civil society organizations, and businesses and require them to abandon existing practices and cognitive schemas in favor of the new sustainability ones that they are championing (Doh et al., 2019; Zietsma & Lawrence, 2010).

Finally, we evoke the idea of institutional entrepreneurship. Institutional entrepreneurship research pays great attention to exploring under which conditions MNEs can shape and alter institutions across countries and act as institutional makers (Hall & Thelen, 2009; Hardy & Maguire, 2008; Streeck & Thelen, 2005). For instance, Fortwengel and Jackson (2016) entrust MNEs with the role of institutional entrepreneurs that create networks with local actors, transfer apprenticeship practices from Germany to the USA, and lead institutional change in the labor market of the host country. We borrow this conceptualization of institutional entrepreneurship to

achievement of a more sustainable planet (Fung, 2003; Smith, 2003). The idea of the deliberative interpretation of democracy sets the premises to enlarge the participation in organizational settings for sustainability and involve other actors besides the public ones (Reinecke & Donaghey, 2021).

Table 2 The multiple roles of MNEs emerging in IKEA case

Role	Actors	Mechanisms employed for sustainability	Mechanisms employed by IKEA
Economic actors	MNEs and actors belong to their supply chains	Codes of conduct Corporate standards	IWAY Code of Conduct
Social actors	NGOs Not-for-profit organizations Social businesses Social service organizations	Civil standards Soft laws Programs with local communities	Partnerships: – Developing product – Accelerating for impact – Local services
Political actor	National governments Regional institutions Local institutions Inter-governmental organizations Government agencies	Hard laws International treaties	BICEP Public Policy UN-backed statement
Bridging institutional actors	Actors bridging businesses, social and public actors with different logics	Goals and programs set by private–public partnerships	IKEA Foundation

show how MNEs collaborate with multiple actors, engage in forms of collective agency, and create sustainable change by altering institutions across countries (Doh et al., 2019; Fortwengel & Jackson, 2016; Greenwood & Suddaby, 2006) (Table 2).

6 Conclusions

This chapter represents the way through which MNEs, by interacting with institutions and societies, shape their economic, social, and political roles. While a clear picture of these roles and their interplay remains a challenge to interpret how MNEs deal with sustainability goals, we conduct a qualitative analysis of IKEA and illustrate the role it plays as a *bridging institutional actor*. In doing so, this chapter offers two main contributions. First, it contributes to international business research because it provides a deeper understanding of the ways through which MNEs coordinate public actors, civil society organizations, and businesses and collaborate with them to drive global and local sustainable impact. For instance, MNEs can benefit from autonomous entities (e.g., foundations) that, by employing business’s proceeds and remaining outside the market dynamics and far from shareholders’ pressures, can make a great commitment toward sustainability. Therefore, this chapter extends the knowledge about how MNEs may perform multiple roles, and it suggests that economic, social, and political roles are intertwined, and their intersection can provide new opportunities to promote sustainable development.

Second, by analyzing and discussing the IKEA case, we shed light on intriguing insights into their role of bridging institutional actors as a construct across international business and social issues in management studies. It partially echoes the definition of bridging institutional entrepreneurship because it considers the importance of multiple roles of MNEs without a focus on opportunity discovery and/or recognition (Tracey et al., 2011). On the one hand, by playing the role of a bridging institutional actor, MNEs provide innovative solutions for sustainability by employing capabilities and resources of all involved actors. For instance, public actors provide authority and public legitimacy, MNEs offer financial and technical capabilities, and civil society organizations confer scientific expertise and deep experience in working with local communities (Doh et al., 2019). On the other hand, the bridging institutional role allows MNEs to reconcile the different institutional logics, diverging interests, and independent efforts of economic, social, and political roles and remove some of the constraints facing each of them. For instance, governments suffer from slow bureaucracy, and civil society organizations lack the policymaking capability and managerial know-how, while MNEs possess a shallow knowledge of local contexts and societies' needs in countries where they operate (Doh et al., 2019; Van Aalst et al., 2008).

Notwithstanding these contributions, this chapter presents some limitations that suggest the groundwork for future research advancements. First, the chapter relies on data gathered from online sources, while fieldwork could provide more fine-grained context-specific data and capture a deeper understanding of the phenomenon. Although fieldwork could be the most preferred approach to carry out a case study, implementing it requires a long-time horizon: interviews and/or observations entail a lot of time and effort, access to the organization has to be negotiated, and large quantities of data need to be analyzed and coded.

Second, we study how MNEs define sustainability goals; however, it would be interesting to consider some specific sets of sustainability goals underlying environmental or social issues to investigate the ways through which MNEs deal with environmental problems and social concerns, the specific actors with whom they collaborate, and organizational settings that need to be designated according to the different reachable goals.

Lastly, our case study offers a remarkable insight about how one of the largest and most famous MNEs that actively deals with sustainability challenges and defines sustainability goals by performing multiple roles; however, our research could be extended by comparing multiple case studies on other MNEs and their sustainability strategies such as exploring the entire retail sector. In this regard, we call for papers that design a benchmark to be drawn on industry practices to unveil how a single firm can offer a multifaced contribution toward sustainability.

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