

Exploring The Drivers and Challenges of Multinational Enterprises Subsidiaries Engagement With The United Nations Sustainable Development Goals: A Systematic Literature Review

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Resumo

The purpose of this article is to examine what is known about the drivers and barriers subsidiaries from multinational enterprises (MNEs) face in their initiatives to incorporate the United Nations Sustainable Development Goals (UN SDGs) into their strategy. Considering SDGs' adoption only in 2016 and the private sector importance as a critical actor in achieving them, learning more about the dynamics between MNEs and host countries is essential to make advances and relevant contributions. Ghauri, Strange and Cooke (2021) affirm that SDGs poses both challenges and opportunities for MNEs - new realities such as sustainable development and climate change will impact firms' strategies: global value chains activities locations will be affected by energy transitions, investors and consumers green activists will demand strategies diversity and green technologies offer new opportunities to be explored. Organizations still face challenges in incorporating the SDGs into their strategic agendas. International Business (IB) research on drivers and challenges MNEs subsidiaries are facing to incorporate the SDGs into their strategy remains lacking. From the SDGs standpoint, our studies deepen their scope in 4 out of the 17 SDGs: decent work and economic growth (SDG #8), responsible consumption and production (SDG #12), climate change action (SDG #13) and partnership for sustainable development (SDG #17). Despite we recognize all SDGs are interconnected, the selection criteria relies on two pillars: the effective contribution MNEs subsidiaries can make in the goals achievement as the main drivers considering their specific features, and relevance of recent facts MNES and their subsidiaries are related to, considering issues as the climate change, waste generation and unemployment rates all over the world (especially higher at developing economies). The SDGs choice is also supported by The State of Progress: Business Contributions to the SDGs report, a 2020-2021 study developed by the Global Reporting Initiative (GRI), which listed SDGs # 8, 12 and 13 as the most common goals publicly supported by companies and the most prioritized goals by businesses. Finally, these SDSs were also chosen considering their impact on global and local value chains, and through partnerships engagement due to MNEs ability to influence different stakeholders to work together for a common purpose. To assess what is known so far about the MNEs subsidiaries drivers and barriers and SDGs from an IB scholarship perspective, we conducted a systematic search of relevant articles in key IB academic journals. The process encompassed three steps: data collection, data analysis, and synthesis. Regarding data collection, we started consulting Web of Science, Scopus and EBSCO Business Source Premier databases to search for the articles. At this stage, we considered the period ranging from 2015 up to and including June 2024, aligned with our intention to cover all literature on the topic since the SDGs launch. We focused on the articles in English and selected the Web of Science categories: Management, Business, Economics, Environmental Studies and Development Studies and Scopus subject areas: Economics, Econometrics, and Finance, Business, Management & Accounting and Environmental Science. As usually is done in literature reviews, we ran a keyword search on the titles, abstracts and keywords provided by authors. The Boolean operators enabled us to create a unique search algorithm used to identify relevant articles on subsidiaries, and terms

related to the chosen SDGs and their correspondent United Nations indicators. We focused our findings on the journals listed in the 2021 Academic Journal Guide by the Chartered Association of Business Schools (CABS-AJG, 2021). Considering our goals, we restricted the search to fields of knowledge “Strat” and “IB&Area” and found 368 articles from 45 journals. At this stage, a careful abstract analysis was conducted to select those aligned with the paper objective (128 papers) to be fully read and submitted to the inclusion/exclusion criteria. This procedure identified 28 articles from 16 journals. In the analysis phase, Atlas ti was used to organize documents and code deductive and inductive categories. The findings revealed the following drivers considering the approaches adopted by subsidiaries in incorporating the SDGs: 1. Regulatory and Policy Drivers - a) Government mandates and legislation on mandatory CSR spending b) local regulations and c) international agreements and guidelines. 2. Market and Competitive Pressure - Legitimacy and brand reputation: influence of competitors, consumers and market expectations. 3. Internal Strategic Drivers - Alignment to corporate strategy and objectives - a) SDGs integration into corporate strategy; b) Resource allocation for Green Innovation; c) Environmental policies and aligning subsidiary practices with corporate and SDGs. 4. Stakeholder Influence: pressure from NGOs, consultants, auditors, local community, employees and shareholders 5. Technological Innovation and Competitive Advantage - enhancing investments in R&D for efficient sustainable innovation 6. Cultural and Market Diversity - tailoring CSR strategies to different countries and balancing global and local needs. Regarding challenges, the highlighted topics were: 1. Cultural and Organizational Challenges - a) Perception and Vision Misalignment: differences in vision and perception about industry dynamics; b) vertical-collectivist cultural norms; c) Cultural obligations impacting in absenteeism and moonlighting; 2. Strategic and Governance Challenges - a) Alliance Management: Challenges in managing alliances across different cultures; b) Regulatory Compliance and Pressure: Difficulty in applying uniform standards across diverse regions, c) Implementation of CSR Strategies - gap between HQ and Subsidiaries; 3. Economic and Operational Challenges - Resource Allocation. 4. Legitimacy and Compliance Challenges - Effective Pressure Mechanisms: challenges in applying effective legitimacy pressure in emerging economies; 5. Managing Cross-Border Alliances: difficulties in coordinating cultural meanings in international strategic alliances. Six themes were identified regarding future research opportunities: 1. Internal Organizational Dynamics, 2. Cultural and Institutional Contexts, 3. Multi-Stakeholder Processes and Partnerships, 4. Innovation and Strategy, 5. Geographic and Temporal Dimensions and 6. Research Methodologies and Data Sources. Our main contribution lies in providing an overview of the IB literature on MNEs subsidiaries and the SDGs incorporation, offering drivers, challenges and research avenues to be explored by scholars in the future. References Ghauri, P., Strange, R., Cooke, F. L. (2021) Research on international business: The new realities. *International Business Review*, 30, 2, 101794. GRI (2022) State of Progress: Business Contributions to the SDGs. Available at <https://www.globalreporting.org/media/ab5lun0h/stg-gri-report-final.pdf>

Palavras Chave

Multinational Enterprises Subsidiaries, Sustainable Development Goals (SDGs), Subsidiaries Strategy