Task 1: Analysis of a Master thesis

# What is the main problem or research question?

Companies are increasingly being made responsible for sustainability, and discussions around how to incorporate environmental sustainability into strategy are being made. One example is that innovations with less impact on environment are being pursued. One way for companies to incorporate environmental sustainability into strategy is to create a product portfolio specifically aimed to reduce environmental impact, i.e. a portfolio in which every product has a distinctly less impact on the environment. Such a portfolio has been claimed by researchers to be a successful way of integrating environmental sustainability into strategy, still there are only a handful, if any, empirical studies of this phenomenon (Bönninger & Stenberg, 2014).

This master thesis performs an empirical case study on a multinational industrial company with the research question as follows: “How do HQ-subsidiary dynamics shape the integration of environmental sustainability into strategy?”

As can be seen in the research question, the thesis further focus on the dynamics of the HQ and subsidiary relationships, since these dynamics is deemed as important in explaining the success of actually implementing environmental sustainability in the strategy of multinational company being studied.

# What ‘techniques’ or methods have the author(s) used to gather empirical material?

The thesis “is empirically investigating this topic in a single case study” by having interpretivism as the underlying research paradigm (Bönninger & Stenberg, 2014, p. 15). In a qualitative research strategy, the typical form of a case study is an organization, a group of employees, or an individual (Bryman & Bell, 2011, p. 68).

In line with this, Bönninger and Stenberg (2014) choose to collect primary data through interviews with key personnel in the case company. The authors did 20 interviews with an average length of 45 minutes with HQ managers, subsidiary managers, products owners, environmental specialist and an internal consultant. The particular organization, i.e. the multinational industrial company from which all these respondents work in, was chosen due to their recently launched environmental portfolio.

The interviews were “unstructed interviews conducted in an informal manner where the respondents had the opportunity talk freely about how the environmental portfolio was developed and implemented” (Bönninger & Stenberg, 2014, p. 18), and in addition during these interviews the authors filled in with questions based on what was being discussed. The advantage is stated by the authors to be that an open discovery is important in an empirical study. Also important to note is that two different interview guides were used due to the differences between the respondents’ area of responsibility.

Also, the authors collected secondary data about MNCs with environmental portfolios and similar strategies to gain a general understanding about the topic.

# Is the analysis correctly performed?

The research approach is qualitative and it is using a single case study to infer conclusions. The authors argue that an empirical approach with a single case study based on primary data helps them to discover new phenomenon and to develop new theories as Lervik (2011) suggests.

The analysis is reviewing a complex social context between the HQ and the subsidiaries. It is examining both sides and thus it satisfies the criteria of interpretivism that the research interprets people’s actions in their social world and from their point of view (Bryman & Bell, 2011, p. 57).

Also, the researchers conducted 20 interviews and drew conclusions from them in an inductive approach, which is an important pillar of qualitative research. They analyzed the point of view of different stakeholders in a complex social situation.

Moreover, the authors of the master thesis delimited the scope of their work to an only qualitative study stating that it would be difficult to replicate the work. Due to this the work has a low reliability.

In my opinion, the analysis was correctly performed. The authors could have included interviews from countries outside Europe to have a wider spectrum for their analysis. Focusing only on Europe creates Europe-bias in the research.

# How well does the empirical information and analysis ‘correspond’ or answer, the main problem/research question? Why or why not?

The research question asked that “How do HQ-subsidiary dynamics shape the integration of environmental sustainability into strategy?”

Empirical information addresses the subsidiary dynamics on how the Positive Impact portfolio was integrated into the strategy of the corporation. In chapter 5.2 we can read that “Subsidiary management perceived that they were being overlooked in the product development process and consequently, this caused tension and resistance against the strategy.” This shows how the subsidiary stakeholders reacted to the HQ push. Then about local ownership it states “The first argument in favor of local ownership is that people within subsidiaries and within product development teams are the ones who actually know customer needs and come up with different solutions needed on the market”. In our opinion, the empirical information addresses the main research question.

The analysis part of the essay talks about dual embeddedness on subsidiary behavior, the conflicting interests and the subsidiary management squeeze, the limited impact of Positive Impact on subsidiaries, the increasing HQ pressure and the importance of procedural justice and about the role of boundary spanners to increase identification. In our opinion, the analysis corresponds well to the main research question and it answers it from multiple perspectives.

# Do you think the thesis succeeds in answering its questions? Why or why not? (This may be linked to the following question)

The thesis has a clear strategy to answer its questions. It has a theoretical background about the MECH Group, its organisational structure, about the HQ and its subsidiaries. Then it represents the methodology, explains that it is a qualitative research and has a section for validity and reliability. Also, it shows the empirical findings that come from the interviews and then it analysis the findings. Then it concludes the results.

In our opinion, the thesis work shows the HQ-subsidiary dynamics well and shows how difficult it is to implement an environmental strategy with an HQ push to a locally embedded subsidiaries. What challenges do the subsidiaries have and how these challenges are resolved.

The thesis answers it questions, it follows the main line well and it does succeeds its questions. It shows the research question from multiple points of views: from the subsidiaries perspective, from the sales people’s perspective and from the HQ’s perspective. It also gives three ways in which the problems could be mitigated and / or solved. The problems can be solved by implementing a long-term view for environmental sustainability in the subsidiaries everyday life.

# What are the strengths and weaknesses of the thesis?

To start with the weaknesses, the finding’s of the thesis rely on one case study. This is a good method to explore new problems. However, it would be interesting if these problems appear at other MNC companies.

Moreover, it would be interesting to test the conclusions from the thesis. This could be done with doing quantitative studies with other MNC companies who have a similar strategy. This way it could be ensured that the conclusions really solve the problems or there is another deeper root for the problems.

Also, the thesis is relying on one European company. The results that the authors proposed might only work in Europe. It would be interesting to see how the results could be applied in other continents or regions.

In addition, the thesis relies heavily on interviews form the MECH Group. The local embeddednes of the subsidiaries or the market demands are viewed only form the Group’s point of view. Interviews could have been done with the Group’s customers to see if they desire environmental products and how valuable these solutions would be for them.

On the other hand, the thesis is very structured and has an understandable logic. It is easy to get to the conclusions just by reading the other parts of the work. The thesis work represents the problems and then clearly answeres them.

Besides, the primary data of 20 interviews was well complied and the right assumptions were made from them. This also shows that the methodology behind the work is stable.

Likewise, the analysis clearly and understandably shows how dual embeddedness affects subsidiary behaviour, what the conflicting interests are and why the Positive Impact has a limited enforcing power on subsidiaries.

# Propose an alternative method to answer its chosen research questions. Argue why this method would likely lead to different results. Argue whether your results would likely be better, worse or equivalent to answer that particular research questions.

Our alternative method would be a mixed methodology with qualitative and quantitative research. We would first start with the qualitative unstructured and semi-structured interviews to explore problems, organisational stakeholders and get a deep understanding of the situation. Then we would test the results with quantitative surveys at other MNC companies with environmental product portfolios first in Europe, and then in other continents to see what problems they have and to get feedback on our discoveries.

In addition, the thesis heavily relies on the assumption that the market is not mature enough for environmental sustainability. We would like had to do interviews with customers in this sector to test the assumptions on whether the market is not mature enough or is there another reason why the customers don’t ask for environmental solutions.

Bönninger, M., & Stenberg, J. (2014). *Integrating Environment Sustainability into Strategy: How headquarters-subsidiary dynamics shape the integration across locally embedded subsidiaries.* (Master Degree Project), University of Gothenburg School of Business, Economics and Law.

Bryman, A., & Bell, E. (2011). *Business research methods* (Vol. 3.). Oxford: Oxford University Press.