CHAPTER 9

WHEN INSTITUTIONAL LOGICS COLLIDE: HOW INTERNATIONAL FIRMS NAVIGATE SUSTAINABILITY VALUES IN GLOBAL MARKETS

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ABSTRACT

This book chapter takes an institutional perspective on competing logics in global markets concerned with sustainability values and how market actors in the form of buyers and sellers attempt to solve these conflicting situations. We do this by identifying competing institutional logics in global market contexts aiming for sustainability values, together with techniques for navigating these competing institutional logics in the organizational field studied. As an empirical illustration, we use a case study of buyers and sellers in two different markets where sustainability has come into focus for their market relationships. This viewpoint allows us to better understand how global market actors deal with the competing institutional logics in their market context. We make three contributions with this research: firstly, we identify the institutional logics in global markets towards sustainability; secondly, we demonstrate how global

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market actors prioritize among the competing logics and their market relationships and thirdly, we outline what this means for the relationship between buyers and sellers in global markets towards sustainability.

Keywords: Sustainability varieties; institutional logics; competing logics; global markets; buyer and seller relationships; case study

INTRODUCTION

Is it possible to create sustainability through global market practices? Research on international business and global markets has for long assumed an efficiency-based logic, prevailing in global markets, stressing financial as well as rational market performance (Buckley & Casson, 2001; Dunning, 2000; Eden & Lenway, 2001; Ruigrok & Van Tulder, 1995). Lately, however, new values based on sustainability have been found to also influence market values (Buckley & Ghauri, 2004; Ioannou & Serafeim, 2015; Kemper & Ballantine, 2019; Lichtenthaler, 2022; Margolis & Walsh, 2003). For international firms active in global markets, formal policies and implementation processes towards sustainability have become particularly valuable (McLoughlin & Meehan, 2021; Silva & Nunes, 2022). For instance, ensuring sustainable supply chains, facilitating sustainable consumption, encouraging sustainable investments and providing sustainable employments (Boyd et al., 2007; Cerne & Jansson, 2019; Elg & Hultman, 2011).

However, variances between the value systems of organizations from different countries and parts of the world are also often stressed by international research (Elg et al., 2015; Håkansson & Johanson, 2001; Lee et al., 2018; Palmer & Quinn, 2005). What is considered to be the desired behaviour in a certain context may, thus, not correspond with values held by actors in another part of the world (Bondy et al., 2012; Meyer & Peng, 2016). Moreover, using market-positioning strategies based upon a social dimension requires legitimacy, not only among other market actors such as financial investors or consumers but also among stakeholders outside markets, involving social and political actors (Du et al., 2007; Elg et al., 2015; Freeman, 1984; Mellahi & Wood, 2003; Suchman, 1995).

Meanwhile, market values have been demonstrated as dependent upon learning and institutionalization, leading to powerful institutional logics (Zajac & Westphal, 2004). For sustainability in global markets, this has been stressed as of particular relevance since, in global markets, not only do the institutional settings in different countries vary (Kostova, 1999) but also the institutional logics market actors follow (Busenitz et al., 2000; Dacin et al., 2002; Kolk & van Tulder, 2010).

In this book chapter, we conceptualize varying sustainability values as contrasting institutional logics when these sustainability values come into conflict with each other. An institutional logic is a set of values, norms and beliefs that are shared by a particular group of actors (Friedland & Alford, 1991; Thornton & Ocasio, 2008), influencing their behaviour (e.g. Genin et al., 2021; Shekhar et al., 2020).

Some logics may be shared by a society or a nation in general, such as basic views about the family and what is right and wrong, whereas others may develop within a certain industry or even within the same organization. Earlier research shows that within a certain area, such as a market, an industry or the public sector, different and contradictory institutional logics are likely to exist (e.g. Genin et al., 2021; Leite & Ingstrup, 2022; Thornton, 2002). The institutional logics approach is, thus, a further development of institutional theory, stressing that actors – from individuals to organizations – can respond in different and conflicting ways when there are competing logics.

From this perspective, we can expect different and competing logics to exist in global markets, involving different organizations, actors and market practices, such as buyer–seller relationships in global markets. One of the more important difficulties that international firms can expect, in terms of sustainability in global markets, is how to understand and bridge these competing institutional logics. Our main purpose in this chapter is, therefore, to explore the institutional logics of sustainability as a global market practice, focussing on competing institutional logics, and how market actors deal with this situation. This is important for explaining and preparing for difficulties in attempts to achieve sustainability in global markets.

For this, we discuss logics on different institutional levels: on a general societal local and global level, on an organizational level and on the market relationship level between buyers and sellers. The chapter will, thus, (a) identify competing logics in global market practices with sustainability, (b) trace different logics as the basis for how sustainability is understood and dealt with in global markets and (c) demonstrate how global market actors overcome competing logics in global market practices with sustainability. This is accomplished by using a case study to demonstrate how buyers and suppliers navigate sustainability variations in global markets. We use navigation as an analytical perspective, since this opens up the existence of varieties in institutional logics within a field, without these competing institutional logics necessarily being changed.

LITERATURE REVIEW

Sustainability Values in Global Markets

When the concept of sustainable development was globally spread through the Brundtland Report (Brundtland, 1987), it embraced both a global perspective and the inclusiveness of the business sector in the achievement of its goals (Cerne & Jansson, 2019). With the passage of time, this concept has come to be known as business sustainability, which includes not only economic but also environmental and social responsibilities that are expected of businesses (Kolk, 2016; Margolis & Walsh, 2003; Shrivastava, 1995). However, the goals of sustainable development, as outlined in global policies and strategies such as the United Nations' Global Impact initiative, can be interpreted in a variety of ways (Ghauri, 2022; Nederveen Pieterse, 2010).

In this way, despite sustainability being institutionalized in the field of business (Brown et al., 2009; Etzion & Ferraro, 2010; Larrinaga et al., 2020), the combination of economic, ecologic and social sustainability in international business has been difficult (Meyer, 2004; Montiel et al., 2021; Strike et al., 2006). Hence, despite its inherent competing values, sustainability in international business has a common goal of integrating the logics of economic, ecological and social market values (Kolk, 2016). Multiple logics may occur due to variations in the understanding of national sustainability goals, the role of institutions and the economic context (Demirbag et al., 2017; Yang & Rivers, 2009), opening up not only to variations in institutional logics but also for competition between the different logics.

Competing Logics for Sustainability in Global Markets

The institutional logics perspective (Friedland & Alford, 1991; Genin et al., 2021; Leite & Ingstrup, 2022; Thornton & Ocasio, 2008) emphasizes the competition between different logics that may exist in a certain context. Here, logic generally refers to broader cultural beliefs and rules that structure cognition and decision-making. The institutional logic can be regarded as initiated by the three institutional pillars introduced by Scott (2013). They will, thus, draw upon regulative as well as normative and cultural/cognitive beliefs. Some parts of an institutional logic may be shared broadly within a society, whereas they may also be competing logics within a certain organization. For example, Lounsbury (2007) showed that financial management firms in New York City and Boston were based upon different institutional logics regarding long-term versus short-term perspectives and the level of risk-taking.

In this chapter, we focus on global markets as an organizational field (DiMaggio & Powell, 1983), with its own particular institutional order while also being interlinked with other institutional orders, hence being part of an interinstitutional system (Friedland & Alford, 1991). This means that while we can understand global markets as an organizational field connecting local, domestic markets into a transnational order of price as a source of legitimacy, using shareholder activism as a source of authority, and having self-interest as its basis of norms, global markets as an organizational field are also connected to the institutional order of state for redistribution mechanisms, based on democracy as a legitimation source, with bureaucratic domination as the source of authority, and citizenship as its basis of norms. The third institutional order in this interinstitutional system is the corporation, based on hierarchy, with the market position of the firm as its source of legitimacy and top management as its source of authority in combination with firm employment as its basis of norms (Thornton et al., 2012). We can also see a fourth institutional order connected in this system, which is one of the profession, that is frequently interlinked with organizational fields and the institutional order of markets (Suddaby et al., 2007).

This international dimension has been investigated by Tan and Wang (2011) in how multinationals deal with varying organizational logics across markets. They found that sometimes subsidiaries are exposed to institutional pressures to adapt to cultural and legal norms contradicting the firms' domestic market ethical practices. An institutional logic dissonance between the state and firms has also been discovered in the development of a high-speed train sector in China (Genin et al., 2021). Diverging expectations between buyers and sellers can also lead to different expectations concerning long-term orientation, the level of support, quality and dependability between the partners due to the institutionalized views on how to make business (Andersen et al., 2009). Moreover, institutional perspectives can sometimes also explain the development and integration of a global supplier network based on a shared system of norms and values (Deligonul et al., 2013).

Organizational fields like global markets can, in turn, be challenged by demands on sustainability values. For instance, Silva and Figueiredo (2017) have demonstrated how sustainability can be understood as an emerging practice that challenges the institutional logic within an organization. Consequently, the dominant logic in an organizational field can change towards sustainability (McLoughlin & Meehan, 2021). In this way, sustainability in global markets has developed from competitive isomorphism into institutional isomorphism (DiMaggio & Powell, 1983; Tolbert & Zucker, 1983), suggesting sustainability as a corporate social responsibility expected as an institutional logic (Du et al., 2007; Ioannou & Serafeim, 2015).

However, with the institutionalization of sustainability as a corporate social responsibility, the dominant logic of a field, for instance, social movements, can also become changed into a market logic (Bondy et al., 2012). Hence, the meaning and relevance of sustainability in different institutional contexts can be negotiated, redefined or adjusted to different developing market contexts in order to gain legitimacy (Child & Tsai, 2005; Collinson & Wang, 2012; Crilly et al., 2016; Gifford & Kestler, 2008; Kolk & van Tulder, 2010; Lee et al., 2018). This means that a market institutional order may challenge a corporate institutional order in an attempt to achieve alignment for long-term sustainability (Powell, 2011).

Navigation Techniques Among Competing Institutional Logics Towards Sustainability

We see the landscape of sustainability in global markets as a network in which global market actors, such as buyers and sellers, make instrumental choices while being situationally constrained by this social network in which they are embedded, based on Granovetter's (1985) theory of the social embeddedness of rational choice. In line with Bourdieu's (1990) logic of practice, we suppose that global market actors have multiple social identifications that they use in markets, in attempts to create a moral landscape (Cerne, 2021), including sustainability, reproducing and transforming institutional logics according to how this agency is embedded in the institutional logics landscape (Giddens, 1984).

For this analysis, we are inspired by Thornton et al.'s (2012) typology of change in field-level institutional logics. This typology includes changes to institutional logics through replacement, blending, assimilation and elaboration. The technique of replacement means that the user substitutes one institutional logic with a logic found in another institutional field, for instance, an editorial logic with a market logic (Thornton, 2004). Blending as a navigation technique refers to how institutional logics users combine logics from different institutional fields for an explanation, critique or other purposes. An example of this is the blending of professional logics with market logics (Lounsbury, 2005). The navigation technique of blending is similar to that of assimilation in that different logics are combined, although here the difference is that the core elements of the dominant logics remain, including new practices and symbols in the new logic, for instance, the change of academic logics with the help of market logics (Murray, 2010). Finally, the technique of elaboration means that an institutional logic as a dominant logic is developed with new practices, reinforcing this institutional logic rather than changing it, for example, independence in shareholder value logics (Shipilov et al., 2010).

While we see these as possible techniques for handling competing institutional logics in global markets towards sustainability, we understand these techniques as not necessarily changing the institutional logics but rather helping market actors navigate them towards legitimacy in terms of sustainability in global markets. In this sense, we are inspired by paradox research, suggesting that paradoxes may remain while social actors handle this situation in different ways (Smith & Lewis, 2011). This means that global market actors sometimes solve the problem with competing institutional logics rather than the logics themselves. This navigation technique typology is used to analyse a case study of competing institutional logics in global markets towards sustainability.

Our Theoretical Perspective

Fig. 1 summarizes the theoretical perspective based on previous research, as outlined above.

From this perspective, it is not uncommon that sustainability values collide in global market practices towards sustainability due to different economic, ecological and social values. These values are likely to influence rational choice in market decisions, while rational choice in organizational fields has also been found to be socially embedded (Granovetter, 1985; Uzzi, 1997; Zukin & Dimaggio, 1990). Also, we add Thornton et al.'s (2012) suggestion of a community logic as an order of institutional logic, based on the understanding that sustainability goals may vary between the local and the global in international business, leaving the community as an order of institutional logic as a basis for sustainability practices in global markets (Husted & Allen, 2006). Finally, we include the profession's institutional order, which is that of a relational network, with personal expertise as the source of legitimacy and professional associations serving as an authority and emphasizing status in the profession as the basis of attention (Thornton et al., 2012). In this chapter, we focus on when the involved institutional logics collide and how relevant market actors solve this situation. We do this through an analysis of navigation techniques in global markets characterized by competing institutional logics in terms of sustainability.

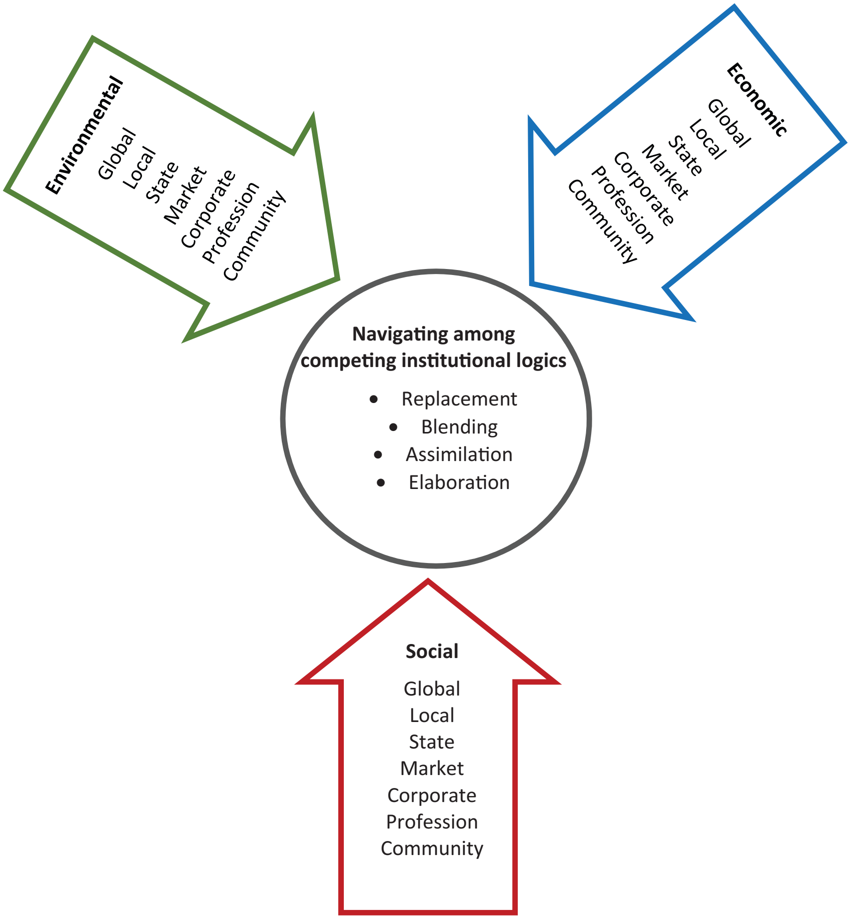

Fig. 1. Balancing Competing Institutional Logics on Different Levels.

CASE STUDY OF COMPETING INSTITUTIONAL LOGICS IN GLOBAL MARKETS TOWARDS SUSTAINABILITY

The analysis was applied to a case study of international firms and their sustainability practices in global markets. Considering that our aim is to capture the practice of how conflicting, institutional logics are handled in global markets where buyers and sellers meet, we are influenced by Bourdieu's (1977) practice theory, opening up a case study consisting of real-life situations in global markets (Flyvbjerg, 2011). Our case study aims in this way to understand market building (Mair et al., 2012), requiring an approach that allows for deeper insights into complex phenomena where traditional statistical analysis is not helpful for theory development (Merriam, 1998).

Our case study includes international firms in the form of two retailers with headquarters in Sweden and a selection of their suppliers with headquarters in the People's Republic of China, more specifically in the Guangdong province. Due to confidentiality reasons, all involved international firms will be kept anonymous. While one of the retailers was active in the garment industry, categorized as a fashion retailer, the other retailer was part of the home improvement industry, categorized as a do-it-yourself (DIY) retailer. Both retailers source their products in global supply markets, mainly in China, where these retailers suggested that we observe their meetings with relevant suppliers in the People's Republic of China (Guangdong province) and conduct interviews with nine of the selected suppliers. We, therefore, followed a snowball approach in our case study, letting one instance of empirical material collection inform the next (Dusek et al., 2015; Farquharson, 2005).

The fashion retailer (Retailer 1) in this study is one of the top 10 market leaders within the Swedish garment industry. In 2020, it had a turnover of approximately 500 million Euro and around 4,000 employees. Swedish retailers within the garment industry typically source globally, rebrand the globally sourced items within their retailer brand and often sell internationally – a process similar to most other European and North American fashion retailers, who generally focus on similar social issues in their sustainability communication, mostly on working conditions on supplier sites and the environment (Cerne, 2019). The fashion retailer in this study expanded internationally through global sourcing and opening stores in their closer geographical environment, like other Scandinavian countries and Northern Europe. Their business strategy was to offer fashion clothing of a reasonable quality at rather low prices through bulk buying.

The home improvement retailer (Retailer 2) is an internationally expanding firm that is almost 100 years old. It is one of the leading market actors in Sweden and has over 200 stores in Sweden, Norway, Finland and the United Kingdom. With a total turnover of approximately 800 million euros and 4,500 employees in 2020/2021, the firm is one of the largest home improvement chains in Scandinavia. The home improvement retailer sells approximately 15,000 items through both physical stores and online sales. It focusses on five product categories (hardware, home, multimedia, electrical and leisure), and a combination of own brands and manufacturer brands. Just like the fashion retailer, the business model is built on excellence in distribution rather than production. In 2020, the firm sourced its range from around 1,200 suppliers. About 50% of the range was sourced from Asia.

The work with sustainability for the studied fashion retailer was initiated at the end of the 1990s by media attention and pressure from social movement organizations, which expressed concern about working conditions at supplier sites. Extensive work with policies and guidelines, as well as employee education, was initiated both at the Swedish headquarters and in overseas offices. For the home improvement retailer, sustainability work was initiated after two critical and investigative reports regarding their purchasing operations in China were published by a social movement organization. It was argued that the home improvement retailer had no systematic and well-developed approach for following up on social and environmental responsibilities in relation to suppliers in distant markets. This initiated substantial internal activities within the home improvement retailer in order to develop and implement a sustainability approach covering supplier relationships. The home improvement retailer published guidelines describing what was expected from suppliers and the responsibilities that consumers could expect from this retailer in relation to suppliers.

The empirical material consists of interviews in Sweden and overseas offices in Hong Kong, together with interviews and field notes from observations in the People's Republic of China (Guangdong Province), as well as corporate documents in the form of reports, agreements and guidelines published in English. All the empirical material was constructed into written text, including transcripts of interviews, field notes from observations and documents already existing in text form. We treat them as accounts (Laplume et al., 2008; Meyer & Rowan, 1977; Scott & Lyman, 1968) of how international firms handle competing institutional logics in global markets towards sustainability.

In the next part of this chapter, we outline our analysis of how these market actors navigate competing institutional logics in global markets towards sustainability. In this analysis work, we first classified the material based on the institutions that were traced. Thereafter, we identified the logics expressed regarding these institutions. After this, we tracked the logic that clearly collided in the accounts. Thereafter, we used the navigation techniques approach as described in the part foregoing this case description, illustrated in Table 1, to find the solutions used by the studied market actors to solve these competing logics.

NAVIGATING COMPETING INSTITUTIONAL LOGICS IN GLOBAL MARKETS TOWARDS SUSTAINABILITY

In this part, we present our analysis of how buyers and sellers in global markets navigate contradictory institutional logics with the help of the various navigation techniques of replacement, blending, assimilation and elaboration. We group these activities into one where market actors use these techniques to *support* global market practices as a way towards sustainability, and a second one where market actors use these navigation techniques to *contest* global market practices as a way towards sustainability. We outline this below and summarize this analysis in Table 1.

Supporting Global Market Practices Towards Sustainability with Institutional Logics Navigation

In the first category of how market actors use navigation techniques for handling competing institutional logics, we share examples of how this was expressed by the market actors in their accounts, together with the techniques we found as their way of handling the competing logics. One frequently upcoming issue in terms of sustainability in global markets was social conditions at local production sites, and how buyers in the global market sometimes felt that it could be difficult to

Table 1. Navigation of Competing Institutional Logics in Global Markets Towards Sustainability.

Competing Institutional Logics	Navigation Techniques	Solutions	Results on How to Keep Market Relationships Intact
Global market economy Local law Global social	Blending + replacement	Legitimacy through explanation	Cognition
Local community Global social Moral	Replacement	Legitimacy through correct moral acts	Moral arguing
Local legal Global social Economic market	Assimilation	Legitimacy through alternative logic	Variation
Local education Global education Global market	Replacement	Legitimacy through suggestions for new competencies in markets	Suggesting modification of network into a hierarchy
Local sustainability Local legal Local community	Blending	Contesting global market logic of control	Stressing local competence
Local professional Global professional Local professional	Blending	Contesting with professional competence	Stressing global sustainability policies as impossible to implement
Global market rights Local market rights Global market competence	Replacement	Contesting with moral rights	Relocation of priorities in market practices
Local business Global market Local sustainability business	Elaboration + replacement	Contesting global market cultures	Taking advice

implement economic compensation for overtime in the supply network, as in the following example:

> [A]ll these factories work on piece-rate, being paid for how much they produce. If you work forty hours, you are paid what you produce in these forty hours, if you work a hundred hours, you are paid for that. But we push for paying them overtime as well, and to be able to pay the overtime, you have to register the working time. 'Why should I do that? I am on piece-rate!'. This is the kind of discussion you get into; where you have to explain why, and then they may be unaware of that this is Chinese law, giving everyone the right to paid overtime. (Manager 2 in Retailer 1, interview)

In this account, a manager at Retailer 1 describes how the market in which the buyer and the seller operate is based on agreements to pay per piece rather than per hour used in the production of the pieces. There is an economic logic in the global market to pay per piece produced. Meanwhile, demands on sustainability, based on the social wellness of employees in the production, are based on how many hours employees work in the production. This leads to differences in economic logics due to global sustainability demands based on a different logic (social globally). This social sustainability logic is supported by the local (Chinese) law, which the buyer here describes as a solution and institutional logic to follow in the business negotiations.

In this way, we see that the buyer here first uses the technique of blending to demonstrate how the economic logic (paying per piece) in this organizational field is changed by the entry of a social logic (paying per hour). To overcome this, the buyer uses a replacement technique, suggesting that while the seller is described here as having cognitive problems with the competing economic and social logics, the institutional logic of the law as connected to the local environment in the form of the People's Republic of China, works as an explanatory factor. In this way, the buyer indirectly suggests that this collision of logics can be handled and is of minor importance in this relationship.

Another manager at the same international firm (Retailer 1) describes a situation where the same competing logics can be solved in a different way:

> After a lot of ifs and buts, he [the seller] then admits that he has prepared the [accounting] books for us, and then, after a lot of ifs and buts, he shows us the real ones. And then we usually say that, in order to get the real books, we say that, 'We accept the overtime hours you have, as long as we can see the real books'. In some way it is …. We have to winkle out the real books too, in order to say that we accept them. And once we can see the real books, and the real hours, we start a …. We try starting a work with the suppliers to reduce them [the overtime hours]. And then we say that 'Well, try reducing these hours now, for the next time we come back, by 10%, and pay the overtime hours …. If you take 10% this year, you can pay 10% next year', so that we kind of work on it, both to reduce the overtime hours and to pay for the hours. (Manager 1 in Retailer 1, interview)

This manager also blends different institutional logics, which suggests local, community logics based on collective relationships of working overtime without payment as competing with global, social logics of economic compensation for worked hours. This account, however, also suggests an ethical dilemma between following the law (paying overtime which is the right thing to do according to Chinese law) and telling the truth (demonstrating that they have lied in the official books and showed books with what is assumed to be true figures). To tell the truth means that the law has been broken, which, in turn, is solved by a moral logic, the logic of forgiveness. As a result, this manager proposes overcoming these competing logics by replacement, in which one institutional logic replaces another logic in this institutional field.

Another situation exposed in our study was when discussions on overtime suggested different categories of compensation:

> What I mean is, for example, when he [the buyer representative] gives the advice to me: 'It is not allowed to work over, for example, ten hours working time'. I can ask, because the order is very tight in time, 'Can I use this sort of period, to finish [in] time?', and then we use some vacation for the worker to replace the time. So, we can use a sort of double [co-operation]. He [the buyer representative] asks me to not allow this time - we suggest just another solution to compensate the fault. (Supplier 1 of Retailer 1, field notes)

In this case, the locally legal logic (Chinese law) is in line with the globally social logic (economic compensation for overtime work) despite the fact that, at a first glance, this does not appear to be in line with the economic logic in this institutional field, which is that more working hours than planned for, are required to meet market demand (an order of more products produced and delivered). The seller here describes how he comes up with a solution in the form of an alternative economic logic, namely, compensating worked hours with free hours (vacation). This proposal is a change both in economic and in social logic since compensation is paid in time rather than in economic value, meaning that both market demands and social demands on working conditions can be met through the navigation technique of assimilation. This means that features of one logic are merged into a dominant logic, where the primary features of the dominant logic remain, although with new practices and characters imported into the dominant logic.

The sellers in our study (the suppliers to the retailers) often also described by the buyers (the retailers) as requiring education regarding what the social responsibilities of corporations are in terms of sustainability, as one of the retailers expressed in their sustainability report:

> Some producers have deficient knowledge about which demands and rules they need to follow or how to fulfil these demands and rules. During the audits, our auditors inform the producers about our requirements and the areas in need of improvement. We have produced educational materials within the fields of health and safety, human resources, and the environment, acting as a support in producer aspirations for improvements of their operations. During the last year, we have carried through the education of 120 factories. (Retailer 2, Sustainability Report)

Here, the buyer uses a navigation technique to replace a local institutional logic of education with a global institutional logic of education through a global market logic. This suggests buyers in a new institutional role that we normally do not see as one for international buying firms, namely as an educational institution in society (Meyer & Rowan, 2006). Thus, rather than expressing that suppliers are expected to follow the corporate guidelines of the buyer, this buyer here suggests that their corporate guidelines are part of education. In this way, the buyer proposes, in line with (Bourdieu & Passeron, 1977), that they as a buyer, in a powerful market situation, have assets in terms of sustainability cognition that they can offer to teach to their suppliers.

Contesting Global Market Practices Towards Sustainability with Institutional Logics Navigation

Consequently, in many of the accounts, sustainability was suggested to follow a market logic where customers (the buyer) lead the sustainability work based on a global logic and where the seller (the supplier) follows the demands of the customers since the local logic was described as less sustainable than the global one. However, according to some accounts, this assumption of logics was contested, implying that the local logic of sustainability was supported both by local legal logics (environmental law in China) and by local community logics (employers of future generations), drawing on the inter-generational objectives in sustainability values:

> First of all, China gives high priority to environmental protection. For example, we invested more than 3 million RMB in environmental equipment this year. We are strictly required to

> reach the standard the country settled when it comes to discharging waste, fog emission and use of oil paint. So firstly, it is the requirement of Chinese government. And secondly, for a factory, you must take these factors into account for better development in the future. You should offer good working conditions for the employees, especially these post-80 and post-90 generations. (Supplier 2 of Retailer 1, field notes)

Here, the navigation technique of blending is used; although rather than overcoming competing institutional logics, the blending is here used in a way that suggests international market practices of controlling suppliers as unnecessary, based on the proposition that this control is made at other institutional levels, namely, the local and national levels of legal institutions in combination with a community institutional level. In this way, this particular business relationship between the buyer and the seller is not explicitly challenged and hence kept intact.

Meanwhile, the contesting of institutional logics was also made by buyer representatives. For instance, safety measures at factories were sometimes stated as difficult to implement, as in the following account:

> Same thing. The first part for me, I would think, [is] that the factory must know why and what am I doing, but for the workers, sometimes it is not [whether] I am going to tell them, it is to make them believe in me, to make them believe that I am working for them. The workers I'm talking about is not 20 or 30 years old; some of these are 40 or 50 years old, [and] they don't want to change for something they think is silly. They think: 'Even if it hurt me, it is just a small pin over there … why should I use that long, thick iron thing for me to work? It is useless!' That is what they think. It is hard to change the workers, especially for … it is really for their own [sake]. They may even barely have gone to primary school. They think it is worthless. It is worthless. They do not think… why it is worth wearing, especially for some chemical worker. Ask them to use a goggle, the mask, the whole set of things … [sigh] Even [if] I know [that] it is good for them, but even sometimes, when I see they are wearing the whole thing, in the middle of the factories, [laughter] forty degrees, they all sweat [laughter]. Sometimes this… for them, they think the future is so… How do I say this? It is not comfortable, for them, this may be why they refuse to wear it. But for this point, I can't blame the factory. They put right everything. They teach them, they tell them everything. 'The reason why you are wearing it is because the chemical is harmful, you may get hurt'. They tell them everything, they teach them, even week by week. They will do monthly. But the point is at the end, the worker is just thinking, 'at that point, I am just too hot, so I'm not going to wear them!' But if then I'm there, [and] I saw that, I can't blame the factory. (Manager 3 in Retailer 1, interview)

In this account, the respondent uses the technique of blending three professional logics competing in this described situation. These professional logics are the competence of the factory worker in the production scenario, the competence of the buyer in terms of security, and the competence of the selling organization concerning education. In this way, the manager can gain legitimacy by contesting using professional competencies, while also emphasizing global sustainability policies and preserving the market relationship with this supplier.

In perspectives on sustainable supply chain management, it is often assumed that firms have the competence to take responsibility for supply chain actions, which, in turn, has been described as unrealistic in terms of how much each actor can influence (Amaeshi et al., 2008). However, from Western perspectives, it is rarely questioned whether market actors in their buying roles have the right to control other market actors such as suppliers. When the sellers (the suppliers) in our study were asked how they control their suppliers in terms of sustainability strategies and policies being implemented, answers were generally that in China, it is not possible to control suppliers, like in the following account:

> We have no right to control the supplier. (Supplier 1 of Retailer 1, interview)

Here, this market actor uses the navigation technique of replacement in that global market logic is replaced by local market logic, using a moral logic of rights to declare that in this context, this market actor has no right to control another market actor. Hence, the dominant logic is challenged, and thus contested, by an alternative logic, resulting in the fact that the global market relationship can be kept intact due to the statement that the moral logic of rights is here declared to be prioritized over the duty to check sustainability practices in the extended supply chain. Consequently, different institutional logics are used to describe how buyers and sellers in the global market suggest their rights to control other members of the same organizational field.

Some sellers proposed not only a different business culture between Swedish and Chinese international firms, but also a different institutional logic in how to make business, as in the following account:

Supplier:	I think there is a cultural difference. In Western countries, business is business. But here in China, business has a lot to do with *guanxi*.
	(…)
Interviewer:	For your own company, what would you say is the most important factor for sustainability? What drives sustainability?
Supplier (to Retailer):	Well, I am really not sure about this. What do you think?
Retailer:	He is asking for your opinions in this question.
Supplier:	It makes me feel like I am bragging if I answer this question.
Retailer:	It's okay. We would like to know what the boss is thinking, your own reflections.
Supplier:	Well, I think first, it is the persistence. We have been doing this [sustainable actions] for a long time, which is hard and demanding. This is also a cornerstone of our company's further development. Secondly, we have been trying to adapt ourselves to be consistent with the macro environment. Thirdly, it is also about continuous innovation. Our R&D develops new products to create more values for our customers, and then we gain more profits from this.
	(…)
	We assume that a factory with bad working environment is not capable of producing good and functional products. (Supplier 2 of Retailer 2, and Retailer 2, in an interview with the researcher)

Indeed, in global markets, companies do business in different ways, something that may lead to various, moral contexts (Schleper et al., 2017). One example is the widespread practice of guanxi, as this supplier mentions here. The system of guanxi is known for emphasizing personal connections and long-term relationships (Millington et al., 2005). In this account from our study, the supplier suggests different business logics in this organizational field, where, in Western companies, the social and the economic logics are not mixed, but for the Chinese company, there is a close connectedness between the economic and the social. Furthermore, in this account, the supplier suggests that it is not polite, and hence against social logic, to describe sustainability as something part of the organizational culture, as suggested here, but since the foreign visitors insist, this supplier suggests sustainability as closely connected to economic logics.

In this sense, this supplier uses a global institutional logic to demonstrate the incompetence among many global firms from the West to establish a connection between the economic and the social, combining it with an institutional logic that suggests sustainability as the natural part of the local market logic. With this navigation technique in combination, this supplier contests the global market's stereotyping of Chinese firms as incapable of sustainability. While asking for the business partner's approval ('What do you think?'), the seller cherishes this relationship by translating it into one where two business partners, suggested as competent in sustainability as part of their market practices, cooperate towards sustainability.

Table 1 summarizes this analysis, demonstrating the competing logics, navigation techniques used, solutions reached and what it meant for the market relationships studied.

DISCUSSION: OUTCOMES OF THE NAVIGATION AMONG COMPETING INSTITUTIONAL LOGICS

Corporate reporting on sustainability in international business and global markets often has as one of its objectives to display market actors like buyers and sellers as having a common goal of global sustainability, handling this on the local level by solving competing norms and values among themselves (Cerne, 2019). However, in this study, we have suggested through findings from an empirical study that international firms and their buyers and sellers in global markets do not really solve the competing logics in the international business landscape, but rather solve the situation by letting these competing logics remain as possible to navigate around with the help of different navigation techniques where *replacement, blending, assimilation and elaboration* are used.

While Smith and Lewis (2011) suggest that paradoxical environments such as organizational fields can lead to virtuous cycles of managing tensions, we did not see this as a possible result in our study in terms of sustainability. Rather, our study demonstrates how market actors in organizational fields like global markets take the sustainability risk to reinforce existing structures and agency (Giddens, 1984), with the risk of making existing dialectics permanent (Clegg et al., 2002).

Sustainability demands, both from market actors and from actors outside markets, influencing market work, like social movement organizations, can create a threat to the organizational environment and the connectedness of the system (Pfeffer & Salancik, 1978). Yet, with the market value that sustainability demands have become connected to (Ioannou & Serafeim, 2015), market actors like retailers are likely to work towards the integration of sustainability values in supply markets and the organizational connectedness between the retailer and its suppliers as well as the suppliers of its suppliers.

Consequently, as our findings indicate, buyers and sellers in the market we studied, treat competing institutional logics differently, implying that for Swedish buyers in global markets, offering sustainability education to their suppliers, as well as control measures of the implementation of sustainability policies and practices, whereas this is unthinkable for Chinese suppliers when they are the buyers, and thus customers, of their own suppliers. Chinese suppliers described it as impolite to position their own organization as sustainable and had to have sustainability as organizational value for a long time despite the fact that sustainability was declared to be a critical component of sound business practices.

Meanwhile, for all market actors in our study, it appears that the main objective, in their accounts on sustainability in global markets, is to preserve their market relationships intact, even if this is done in different ways. Furthermore, while the accounts at first glance seem rather non-confrontational, we can also find room in them for supporting but also contesting suggested hierarchies in global markets. Therefore, market actors may not solve the competing logics, but rather let them remain while navigating around them in order to maintain market relationships.

CONCLUSIONS AND IMPLICATIONS

This chapter investigates competing institutional logics in global markets towards sustainability, and how the studied market actors attempt to solve situations with competing logics in order to maintain their established market relationships. In this way, our study contributes to the understanding of challenges when working with sustainability on an international level (cf. Pisani et al., 2017). While earlier studies on institutional logics in global markets towards sustainability focussed on implementation difficulties (Lee et al., 2018; Tan & Wang, 2011; Yang & Rivers, 2009), we have contributed to the understanding of how global market actors use techniques to navigate around competing logics, leaving the competing logics behind, while this helps them more to save their market relationships rather than sustainability problems and its competing logics in global markets.

Overall, this chapter contributes in several ways to the theoretical understanding of institutional logics. Firstly, it stresses that the institutional logic that governs relationships between buyers and sellers in global markets has to be understood at different levels, including values at a societal level on a more general level, in combination with those at a market level and a more operational level, as well as a more internal logic at the corporate, organizational level. Secondly, we have discussed how market actors actually do not attempt to solve the competing logics themselves, but rather how they prioritize maintaining the market relationships, demonstrating how the competing logics can be navigated without adventuring the market relationships. Thirdly, this means that the competing institutional logics are not solved in terms of how to implement sustainability values in this organizational field although the internal market relationships are not challenged by external demands on sustainability.

Firstly, we emphasize institutional logics outside the focal relationship and develop an approach that makes a distinction between logics on three analytical levels – the society, the supply chain and the focal organization. We show how these logics will shape what happens within the relationships in the implementation of sustainability. This is a contribution to the understanding of how local sustainability views may differ (cf. Burritt et al., 2020) and the importance of navigating among a set of stakeholders with different interests (Lichtenthaler, 2022). We have identified multiple and potentially competing logics on all three levels. For society, we discuss the importance of understanding taken-for-granted logics concerning societal institutions such as the role of government, professions and their impact on buyer–supplier relationships.

From a business network perspective, our study suggests that it is insufficient to focus on the local supplier that the buyer is involved with. A more relevant focus appears to be the business network in the global market that the buyer is entering, and institutional logics in relation to sustainability values. In our study, we found that it can be very difficult for retailers to go beyond the first tier because it is not in line with the logics within the local network. This view is also supported by more general business network studies. For example, Ford and Mouzas (2010) discuss how firms should relate to different norms and practices in their supplier network, and the need to set an agenda and decide to what extent to conform and to take on conflicts. This appears to be especially central for sustainability aspects. On the organizational level, the importance of turning sustainability into a business case is illustrated (Carroll & Shabana, 2010), and the definition of a business case may differ between buyers and sellers.

Secondly, the chapter sheds light on how legitimacy is related to sustainability in global markets, particularly between buyers and sellers. Existing studies show how sustainability activities may support legitimacy (Brønn & Vidaver-Cohen, 2009; Fuchs & Kalfagianni, 2009; Handelman & Arnold, 1999), the importance of ethical behaviour in emerging markets (Perry & Towers, 2009) and that the institutional norms regarding what is to be considered as legitimate social behaviour will vary due to cultural differences (Tan & Wang, 2011). As discussed in the literature section, institutionalized norms and behaviour is to a large extent a way for an actor to achieve legitimacy within a certain setting, which can be a nation, an industry or a certain organization. Our findings highlight the importance of a customer-oriented, market-based perspective on sustainability, which is similar to a market-orientation perspective (cf. Maignan & Ferrell, 2004). This means that the parties will mainly adapt their views on what is socially acceptable to the norms of their customers in order to gain legitimacy in their relationship with them. In this way, there is a risk that sustainability as understood by the wider society gets lost. However, the institutional logic is also shaped by various institutional actors, mostly media or social movement organizations, but also public administrators representing national governments. For example, both the studied retailers intensified their sustainability work due to criticism from social movement organizations.

Thirdly, this also implies that the legitimacy that global market actors aspire to achieve within their respective national contexts is rather different. For the buyer, it appears that the most important thing is to gain legitimacy in their home market, while suppliers find it difficult to maintain their local legitimacy if they completely follow the codes developed by global buying firms. The suppliers' social legitimacy within their local setting means they must respect the norms of political actors, local organizations, etc. The institutional logics of these two settings may not always correspond.

Sustainability is a highly complex issue for actors in global markets. With customer orientation as a dominant logic in the relationship between buyers and sellers, low-income countries' sustainability strategies may become part of isomorphic processes to gain legitimacy in an audit society, rather than contributing to the sustainable development that many firms include in their sustainability strategies. From a strategic point of view, the isomorphic process of making competing logics integrate into a customer-oriented process does not provide much of an advantage since these risks becoming more or less part of horizontal cooperation to maintain the status quo in global value chains.

This is an explorative study, aiming to shed further light on the contrasting institutional logics guiding global markets. More research is, therefore, required. Firstly, studying retailers as well as suppliers might influence the dimensions of institutional logic as well as the views and expectations expressed by the parties in this study. For example, suppliers may have discussed the issues more freely if they did not have to consider that we as researchers represented the same institutional context as the buyers. Furthermore, this has been a rather limited study, focussing on two product areas and nine suppliers. The field of how international firms navigate sustainability in global markets is a complex one that needs the study of more actors and more organizational fields. We hope that our study can be a step in that direction.

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