

MNEs and SDGs in developing countries Opportunities for institutional entrepreneurship

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Research question: Whilst operating in developing countries, multinational enterprises (MNEs) stumble across institutional voids, that are characterised by absence or irregularities in formal regulation in host countries that obscure a smooth market transaction. These voids also affect the delivery sustainability policies and the achievement of United Nations Sustainable Development Goals (SDGs). Our study examines how MNEs can engage in institutional entrepreneurship to affect and change the rules in host countries to achieve SDGs.

Theoretical framework: We position our paper within a growing field in the international business discipline that investigates an interaction of MNEs with SDGs (Montiel et al, 2021; Liou and Rao-Nicholson, 2021). Based on the literature on institutional voids and institutional uncertainty, we examine the institutional entrepreneurship and opportunities for “affecting and changing the institutional rules” (Rana and Sørensen, 2021).

Method: This study is based on a qualitative analysis of 29 semi-structured interviews in a waste management sector in Brazil, particularly with MNEs and their stakeholders, including consultants, waste management companies, waste pickers, non-governmental organisations, and state authorities. The interviews are coded and analysed using Gioia methodology to generate themes on institutional entrepreneurship (Gioia et al., 2013).

Findings: We reveal that in the conditions of institutional uncertainty in a developing country, MNEs have the opportunity and flexibility to engage in institutional entrepreneurship and to deliver on SDG policies by addressing institutional voids in the country. Institutional voids occur when formal rules obscure SDG implementation and MNE managers particulate in “rule changing” by transgressing the existing rules and siding with informal institutions thus challenging the existing rules within a host nation. The transgression consists of three steps: 1) mapping institutional boundaries and opportunities for entrepreneurship; 2) strategizing for SDG achievement; and 3) implementing transgressions with elements of incremental substitution of institutional voids with informal institutions, and coalition building to change ineffective formal rules.