

# A global marketing logic: local stakeholders' influence in diverse emerging markets

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## Abstract

**Purpose** – The authors discuss a dominant logic as the main idea behind a global marketing logic (GML) of an MNE and investigate how local stakeholders' influence the feasibility of applying the GML in emerging markets. The aim of the paper is to enhance the understanding of the factors that influence the local stakeholders' acceptance of the MNEs' GML and the different activities of MNEs that may increase the acceptance.

**Design/methodology/approach** – The authors apply a qualitative case study method investigating three Swedish MNEs and their activities while implementing a GML in the big emerging markets. The authors study their relationships with business, political and social stakeholders.

**Findings** – The authors identify three persistent contents of the GML: (1) a consistent value chain role across markets, (2) standardized, premium products/services and promotion strategies, (3) a corporate brand-based identity. The development of trust, commitment, legitimacy and power within local stakeholders' relationships influences the approval. The acceptance of the MNE's GML by local stakeholders strengthens its market position.

**Originality/value** – The authors extend the knowledge by investigating the nature of a GML and explain to what extent it may help MNEs to gain a competitive position. The authors also discuss how global and local activities may influence local stakeholders' acceptance. This study contributes towards a better understanding of how and to what extent a GML can be successful.

**Keywords** Global marketing logic, Multinational enterprises, Big emerging markets, Inter-organizational relationships, Stakeholders, Responsiveness

**Paper type** Research paper

## Introduction

It has been argued that multinational enterprises (MNEs) become more competitive through a consistent strategy that can be applied globally (Levitt, 1983; Ghauri *et al.*, 2016), often described as a geocentric view (Simmonds, 1985; Achim *et al.*, 2018; Perlmutter, 1993). At the same time, it has been put forward that MNEs need to recognize different cultural, economic and social factors in their various markets (Leonidou *et al.*, 2018; Rao-Nicholson and Khan, 2017). The importance of a strategic fit between the local context and the global marketing strategy has also been emphasized by other marketing scholars (Katsikeas *et al.*, 2006; Griffith *et al.*, 2012). For an MNE, this involves an ability to be flexible and responsive to change while simultaneously remaining consistent (Gomes *et al.*, 2020). A consistent global

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strategy particularly poses challenges for the relationship between the corporate level of a western MNE and its subsidiaries in distant emerging markets (Zaheer, 1995; Cavusgil *et al.*, 2021; Chung *et al.*, 2012) due to cultural and contextual differences (Wang *et al.*, 2021).

However, a consistent global strategy will rest on a set of deeply rooted cognitive views and assumptions regarding the firm's market offering in the global marketplace. These views and assumptions constitute an MNE's global marketing logic (GML). It is based upon the dominant logic construct (DL), defined as top managers' belief regarding how the firm should do business and the strategic priorities it should adopt (Prahalad and Bettis, 1986; Côté *et al.*, 1999; Kor and Mesko, 2013; Franke and Zu Knyphausen-Aufsess, 2014). Earlier research supports the importance of recognizing managers' perceptions, experiences and knowledge (Niittymies and Pajunen, 2020; Asseraf *et al.*, 2021). Griffith and Hoppner (2013) specifically stress the importance of a global marketing manager's soft skills and cognition.

The acceptance of the GML in a local market is likely to depend upon how it relates to local norms and practices. Studies have discussed how knowledge and practices are transferred from head office to local subsidiaries (Gooderham *et al.*, 2011; Jensen and Szulanski, 2004; Hong and Nguyen, 2009) and have also stressed that such a transfer is particularly challenging when it concerns subsidiaries in emerging markets with different institutional contexts, political systems, etc. (Cavusgil *et al.*, 2021; Meyer, 2002).

The significance of the support that stakeholders can offer for an MNE's international marketing activities is demonstrated by earlier studies (Asseraf and Shoham, 2019; Evers *et al.*, 2012; Tarnovskaya and Biedenbach, 2016). Furthermore, multi-stakeholder view support generally supports value creation and competitive advantages (Tantalo and Priem, 2016; Loureiro *et al.*, 2020; Pera *et al.*, 2016). However, there is limited knowledge about the interaction between local stakeholders and subsidiary managers in relation to the research topic addressed here. It is particularly important to consider whether the GML is compatible with salient local stakeholders' interests and values in order to gain acceptance (Mitchell *et al.*, 1997).

The relationships to business partners are central, but the GML must also be related to the values of stakeholders such as political decision-makers, interest groups, NGOs and media (Child *et al.*, 2013; Cui *et al.*, 2018; Albino-Pimentel *et al.*, 2018). The idea to relate the GML to local stakeholders is supported by earlier research stressing the importance of the embeddedness of a subsidiary in the local network (Isaac *et al.*, 2019), including non-market stakeholders (Lucea and Doh, 2012) and the ability to see beyond the internal organization and recognize the influence from external actors (Prahalad, 2004). The sharing of norms and values in inter-organizational relationships (Elg *et al.*, 2012; Ford and Mouzas, 2010) and the cultural factors may create different interpretations of responsiveness in a relationship (Andersen *et al.*, 2009). Still, there is a gap in our knowledge regarding how the position of a globally oriented MNE is influenced by local stakeholders' perceptions.

The existence of a unique, well-developed GML can be a valuable and unique resource; however, it may become a blinder that prevents managers from responding to new opportunities and market specificities (Franke and Zu Knyphausen-Aufsess, 2014). The MNE thus needs to be able to critically evaluate the relevance of the GML to the local conditions to understand how to increase local acceptance as well as how to be responsive (Meyer and Estrin, 2014). We thus need more knowledge about the factors that permit an MNE to exercise a GML and circumvent from making tactical adaptations (Griffith and Hoppner, 2013) and how these factors may be managed in diverse markets (Leonidou *et al.*, 2018; Cao *et al.*, 2018).

The overall aim is to enhance our understanding of what it is that influences the local stakeholders' reception of an MNE's GML and how the gap between the GML and local stakeholders' perceptions may be managed. We address the following research questions:

- RQ1.* What are the key factors that will explain how business, political and social stakeholders perceive the GML of a foreign MNE?

RQ2. How can an MNE influence local stakeholders' perceptions of the GML in a positive way through different supporting activities?

This study thus contributes to our understanding of how MNEs influence local stakeholders' perceptions in an attempt to implement a globally consistent marketing strategy on culturally and structurally different emerging markets, as discussed by [Devinney \(2013\)](#), and how MNEs may facilitate the acceptance through supporting activities. We also contribute by emphasizing the role of socio-political actors in supporting the GML. Overall, the study thus contributes to the international marketing literature on whether or not MNEs need to adapt strategies to markets with different cultures and conditions and how MNEs can implement this strategy (e.g. [Brannen and Voisey, 2012](#); [Cui et al., 2018](#); [Griffith et al., 2012](#)).

### Theoretical background

The DL approach is based on the mindset of the top managers, their previous experiences and institutionalized beliefs regarding the firm's successes and failures ([Kor and Mesko, 2013](#); [Nadkarni and Perez, 2007](#); [Bettis and Prahalad, 1995](#), [Von Krogh and Roos, 1996](#)). It has been described as the DNA of an organization ([Prahalad, 2004](#)). If a firm can drive its businesses based upon a consistent and generally accepted DL, it can achieve a sustainable competitive advantage that creates synergies ([Obloj et al., 2010](#); [Boivin and Roch, 2006](#)). However, [Prahalad \(2004\)](#) stresses that the DL may be a potential blinder for the organization. If managers are narrow-minded, firms may fail to develop their business internationally and take advantage of new circumstances ([Von Krogh and Roos, 1996](#); [Chung et al., 2012](#)). Top managers need to ensure that the DL is dynamic and allows for some flexibility ([Lei et al., 1996](#); [Miller, 1993](#); [Asseraf et al., 2019](#)). A DL thus involves perceptions and a cognitive dimension ([Crilly and Sloan, 2012](#), [Côté et al., 1999](#), [Von Krogh and Roos, 1996](#); [Niittymies and Pajunen, 2020](#)), and is challenging to study empirically ([Boivin and Roch, 2006](#); [Grant, 1988](#)).

#### *A GML and the significant role of local emerging market stakeholders*

We draw upon the DL perspective to analyse the idea of a GML. The main question is whether or not a GML can be applied consistently across markets ([Franke and zu Knyphausen-Aufsess, 2014](#); [Boivin and Roch, 2006](#)). As discussed by [Perlmutter \(1993\)](#), top management in MNEs may strive to develop a geocentric firm supported by practices, policies and procedures – challenged by political as well as economic nationalism. Furthermore, in emerging markets, a GML will have to overcome a spatial as well as a cultural distance ([Obloj et al., 2010](#); [Nadkarni and Perez, 2007](#); [Colman and Grøgaard, 2013](#); [Rao-Nicholson and Khan, 2017](#)). Implementing the GML may require that routines and norms in the local markets are undermined ([Verbeke, 2010](#); [Zander and Zander, 2010](#)), which may cause conflicts and have a dysfunctional effect. It is thus important to improve our understanding of how to balance a GML and the local context that may support it ([Leonidou et al., 2018](#)).

It has been discussed how MNEs adopt strategies to markets with different cultures and conditions (e.g. [Brannen and Voisey, 2012](#); [Cui et al., 2018](#); [Griffith et al., 2012](#); [Srivastava et al., 2020](#)). In this vein, research points at the complexity and volatility of the global environment that the firm needs to manage, and the need to balance adaptation and consistency ([Tan and Wang, 2011](#); [Peng, 2012](#); [Zaheer, 1995](#); [Elg et al., 2008](#); [Doz, 2011](#); [Morris et al., 2014](#); [Roth and Kostova, 2003](#); [Meyer and Estrin, 2014](#); [Asseraf et al., 2019](#); [Gomes et al., 2020](#)). For example, [Nonaka et al. \(2016\)](#) discussed the complex, uncertain and constantly changing environment that MNEs face and that dynamic capabilities are required to be both creative and adaptive. However, MNEs may also use their power base to influence institutionalized norms and avoid adaptation ([Blumentritt and Rehbein, 2008](#); [Djelic et al., 2005](#)).

The application of a GML in emerging markets becomes an interactive process involving corporate managers, subsidiary managers and a set of local stakeholders. Our focus is on how the subsidiaries' stakeholder relationships will influence the reception of the ideas making up the GML. Earlier studies imply that stakeholders make different interpretations of claims and statements made by a focal firm, which will influence relationships with them (Crilly *et al.*, 2016; Lane and Lubatkin, 1998) and that the diffusion of the GML may be affected by local circumstances, such as cultural distance, and local institutionalized norms and expectations (Franke and Zu Knyphausen-Aufsess, 2014; Zander and Zander, 2010). However, there is limited knowledge about how local stakeholders influence the functioning of subsidiaries in different markets and their ability to implement the MNE's globally consistent marketing approach (Devinney *et al.*, 2013).

The relevance of the logic will be evaluated during local interactions between subsidiary managers and critical stakeholders. If it makes sense and becomes a source of support in developing local business and strengthening critical relationships, it is more likely to be adopted. We will consider not only business relationships but also the impact of political and social actors. This is in line with earlier research that has recognized the idea of an aggregated market that involves business as well as socio-political actors (Bonardi *et al.*, 2005; Oliver and Holzinger, 2008; Albino-Pimentel *et al.*, 2018; Cui *et al.*, 2018) such as NGOs, local interest groups and media (e.g. Hadjikhani *et al.*, 2012; Elg *et al.*, 2017).

#### *Our preliminary theoretical approach*

Earlier research suggests the concepts of trust, legitimacy and commitment as suitable for understanding the nature of relationships and have applied them to understand an MNE's relationships in foreign markets (Hadjikhani *et al.*, 2008; Johanson and Vahlne, 2009). In an earlier study on MNEs in India, Elg *et al.* (2015) suggested power as a complementary concept based upon the view that resource dependencies may be an important factor in explaining to what extent an MNE is able to influence the institutional structure in foreign markets (Child and Tsai, 2005; Cook and Rice, 2003; Gelan, 2009). Palmatier (2008) further shows how control of valuable resources may also shape relationships.

A high degree of commitment and trust reduces uncertainty as well as the power disadvantages for the focal firm (Cook and Rice, 2003). Trust and commitment in marketing relationships have been studied for decades (e.g. Johanson and Vahlne, 2009; Morgan and Hunt, 1994). There are several definitions of trust. In general, it concerns a firm's specific reliance on a certain actor as well as the more general reputation that the actor has regarding his/her credibility and reliability (Jarillo, 1988; Morgan and Hunt, 1994; Anderson *et al.*, 1994). Commitment represents a certain actor's willingness to invest in a relationship and make repeated transactions and is based upon the benefits from maintaining a continuous relationship (Cook and Emerson, 1978; Morgan and Hunt, 1994; Hadjikhani *et al.*, 2008). We suggest that the GML is evaluated by local stakeholders based upon the extent to which it benefits the partner and justifies their commitment, respects local culture and values and makes the MNE trustworthy.

To achieve legitimacy, organizations adapt to norms and practices that are institutionalized, and it will thus be necessary for an MNE to ponder to what extent the GML will have to conform to different local conditions (Roth and Kostova, 2003; Tan and Wang, 2011; Peng, 2012). There will likely be tensions when it is confronted with national institutional norms and structures (Boddeyn and Doh, 2011). In this case, whether the GML can create a power advantage to influence local actors as well as institutionalized structures is an important matter (Blumentritt and Rehbein, 2008; Child and Tsai, 2005; Djelic *et al.*, 2005; Tan and Wang, 2011).

Figure 1 sums up our tentative approach based on previous literature. Our point of departure is in the GML adopted by top managers through the firm's history, previous

experiences and personal views on how things should be done. It is expected to consist of several parts that represent the perceptions and assumptions held by the head office. Corporate managers will introduce the GML into emerging markets through their subsidiaries and encourage local managers to embrace the main ideas behind it. The subsidiary managers introduced the GML to local stakeholders through interactions that will influence stakeholder perceptions and to what extent GML may be challenged. The logic will be evaluated by business partners as well as political and social stakeholders in the host market and lead to varying levels of trust, commitment, legitimacy and power in relationships.

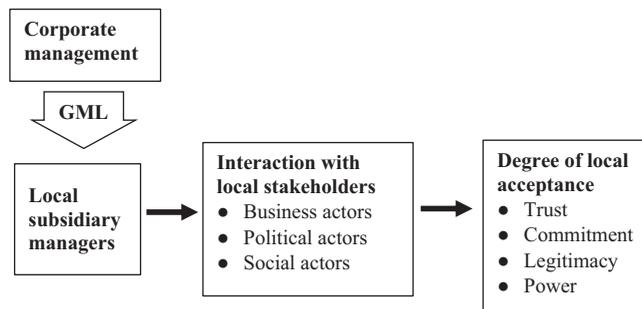
### Research method

Qualitative case study research is appropriate for studying complex topics where an in-depth understanding and additional theory development are objectives (Eisenhardt and Graebner, 2007; Ghauri *et al.*, 2020). The area and research questions we are focusing on are complex, and the underlying logic and ideas behind respondents' stories can be challenging to uncover. As suggested by earlier scholars (Franke and Zu Knyphausen-Aufsess, 2014; Crilly and Sloan, 2012), a qualitative method is thus considered most fitting.

#### *A case study of three Swedish MNEs*

Case study research has also been used to capture the complexity of inter-organizational relationships and networks across markets (Easton, 2010, Elg and Ghauri, 2019). Griffith and Hoppner (2013) further support the idea that case studies are a relevant approach for capturing managers' decisions and beliefs. As argued by Bettis and Prahalad (1995), a fruitful approach for studying cognitive, logical structures could be in-depth interviews with managers about how they view the firm's strategy and the industry characteristics. The nature of our research particularly required an embedded case design (Yin, 2018). We needed to investigate the cases on two levels – the HQ-level as well as local offices and partners and to analyse strategic documents intended for employees as well as external partners – to get a rich and multi-faceted understanding.

We started the empirical work by contacting 11 multinationals that were suitable for the purpose. The ambition was to establish co-operation with 2–3 companies. The complex nature of the research questions required deep and extensive access to the companies. This was one essential criterion. Furthermore, involving MNEs representing different industries and product areas helped to ensure that the identified patterns were not only industry-specific but could still be compared to enhance our understanding (Ghauri, 2004). Additional criteria were that the firms were present in several emerging markets, had a global, geocentric strategy and thus expected to apply a GML. We ended up involving three Swedish MNEs that



**Figure 1.**  
A tentative model for analysing the transfer of a GML to a local emerging market

corresponded with our criteria. The firms were world market leaders within their product niche. *Tetra Pak* is the largest of the firms, with around 25,000 employees. The firm developed aseptic packaging technology, which can keep liquid food fresh at room temperature for up to 12 months without preservatives. Today, the firm operates in over 160 countries. *Tetra Pak* has defined and developed aseptic packages and is often regarded as synonymous with the category as such. *Axis Communication* invented and launched the first digital network camera in 1996. Since then, it has been driving the development from analogue to digital surveillance technology worldwide. *Axis* operates in about 180 countries through its own subsidiaries or business partners and has approximately 3,600 employees. *Thule* is world-leading within the area of products for sports and utility transportation – though not present in India. The product range includes load carriers and accessories, tow bar systems, trailers, etc. They put a lot of emphasis on developing the value chain and relationships with key business partners. *Thule* products are sold in 140 markets, and the MNE has about 2,400 employees.

#### *Design and content of the empirical work*

Our research involved interviews at the head office in Sweden as well as the local subsidiary level in four of the biggest and most significant emerging markets - Brazil, Russia, India and China. While among the most developed emerging markets, they also have a high degree of uncertainty and have significant cultural differences. [Figure 2](#) gives an overview of the research process and the steps in the empirical work. The research project was funded by a major research foundation, and data collection ended in 2016. As illustrated by [Figure 2](#), the empirical work was rather extensive and took several years. After the project ended, we have, however, maintained contacts with the involved MNEs and followed them through annual reports, personal contacts, etc., as there was no funding that allowed us to do any additional empirical work.

Our research method can be described as abductive ([Alvesson and Skoldberg, 2018](#)). This means that we started with a preliminary conceptual framework that emerged out of the literature, outlined in the previous section. During the research process, this framework was refined and developed further based upon empirical insights, resulting in a final model discussed in the final parts.

Considering the nature of our study, when investigating the cases, we have followed a purposeful sampling procedure to facilitate information-rich cases to achieve maximum understanding rather than to achieve generalizability ([Ghauri et al., 2020](#); [Miles et al., 2019](#); [Patton, 2014](#)). As explained by [Creswell \(2007, p. 125\)](#), the respondents were selected “because they can purposefully inform an understanding of the research problem and the central phenomenon in the study”. Moreover, in this case, “the researcher can select at site level and at participant level” (p. 126). The HQ level was essential to include since this part of the study enabled us to understand the MNEs’ global strategy and to capture the GML that the strategy was based upon. We interviewed 16 top managers in Sweden. This included the CEO or vice president, as well as global managers responsible for areas such as supply chain, marketing, brand management, stakeholder relationships, internal communication and HRM. In addition, we studied documents that outlined and explained the strategy, such as annual reports, business plans, guidelines for employees and marketing material. The focus here was the accounts presented by managers when they explained why they developed their strategy in a certain direction, as well as arguments used in different documents when explaining the global strategy. This enabled us to uncover more deeply rooted, taken-for-granted cognitive perceptions and identify the underlying parts of the GML presented in the next part.

We then carried out 55 interviews in the four markets with local subsidiary managers and 26 with external relationship partners, such as customers, alliance partners and retailers. We interviewed local managers responsible for similar areas as those covered at HQ level,



**Figure 2.**  
The research process

including country, marketing, sales, brand and supply chain managers. It was important to cover local managers with responsibilities similar to those interviewed at the HQ level because it enabled us to follow up on the same issues and compare the local perceptions to those of top managers. Some interviews covered specific areas and lasted around 45 min, while others were more complex – for example, with country managers – and lasted for up to 2½ hours. We also analysed local documents covering strategic and operational issues. At least two members of the research team were present during interviews both at HQ level and in the emerging markets.

When conducting studies in the local markets and interviewing local managers and stakeholders, there was a risk that we would be perceived as representing the Swedish head office and that respondents might hesitate to be open. It was, therefore, important to explain that we came from an independent state-owned university and that material from local interviews would not be shared without the respondents' consent and that no names would be disclosed in any of the reports. Furthermore, only one member of the research team was of Swedish origin, so we were not heavily influenced by institutionalized Swedish norms and were not considered "spies" from the HQ. However, the issue of multiculturalism also concerns conducting interviews in a foreign language and the challenges this involves (Zhang *et al.*, 2016). These problems were reduced by the fact that respondents worked for global firms, often using English as their daily language at work. With a few exceptions in China, interviews were thus in English. For interviews in China, whenever held in Chinese, we had an interpreter present in case something needed clarification. The full interviews were later also transcribed and translated into English.

Interviews on both corporate and local levels usually took the form of structured conversations. Our ambition was to let respondents talk as freely as possible around a number of broad themes, hoping that they would cover our topics of interest without us having to ask detailed and potentially leading questions. As a basis for an interview, we thus had a set of broad topics that emerged out of our research questions and the tentative framework. These were shared with the respondents in advance. We also had a more detailed checklist of issues and aspects (e.g. activities supporting the relationship to a certain stakeholder) that we wanted to cover. If some issues were not brought up by respondents, we asked specific questions. We discussed the firm's strategy, key success factors, threats, opportunities, important external stakeholders and current market challenges. During the next step, we would discuss relationships with external stakeholders more specifically. When interviewing local stakeholders, we built upon the same areas but in the reverse direction. In addition, of the 81 respondents, there were only five expatriates, so most managers were significantly embedded in local norms and culture.

The analysis was done using NVIVO 11. We followed an explicit, clearly defined process, ensuring a systematic and transparent procedure (c.f. Sinkovics *et al.*, 2008; Ghauri and Firth, 2009). We identified statements where respondents reflected upon their strategic choices and actions and accounted for underlying assumptions. We then categorized these accounts based upon the underlying logic that they referred to. Through the analysis of top management accounts, we identified three frequently recurring parts of the GML as the foundations of the firms' strategy. After that, we coded the local respondents' accounts within each category based upon whether they covered aspects to do with trust, commitment, legitimacy and/or power, and identified positive and negative themes. Finally, we found certain themes that occurred for all the logic and across the four different aspects. These concerned activities connect the corporate GML and the local context. International business research is a very complex area involving multiple environments and data sets and needs systematic handling (Sinkovics *et al.*, 2008). This made the use of NVIVO valuable.

### Empirical findings – the parts of the GML

A first step in the empirical analysis was to focus on the material gathered during the study of the HQ level and the perceptions, assumptions and arguments that were the foundations of the MNEs' global marketing strategy. The analysis enabled us to identify three parts of a GML that recurred in all three companies.

Firstly, top managers repeatedly stressed the importance of a **consistent role in the value chain** across markets, where the firm's responsibilities, market strategy and relationships should be the same and involve long-term transparent stakeholder interactions.

For example, Axis managers clearly stressed that the firm should always have the main responsibility for the network cameras, while different partners would carry out other tasks, such as installations. It was also non-negotiable that they should never do direct business with the final customer in the value chain – this was a task for distributors. Thule kept the resellers and retailers under strict control, and they were expected to follow the templates provided and used by Thule worldwide. A part of the consistency was also interaction based on long-term stakeholder relationships. This view included business partners as well as other stakeholders in the society. As explained by a Tetra Pak manager

You are talking about relationships to everyone in the value chain, to the government etc. For us it takes 15 to 20 years. You have a similar thing in Brazil, Russia - and in India, we are still waiting. . . . If anything is part of our strategy, then it is that we have gone to these markets long before they were financially attractive for a stand-alone investment. (Swedish corporate manager)

A second building block of the GML was to offer all markets **standardized, premium products, services and market support**. One view stressed by top managers was that the need for local adaptations was exaggerated and that diversions were problematic since they might jeopardize the positioning, value-adding and high quality. For example

. . . say pricing. There might be different prices for different cost structures, different opportunities in the market but basically, we have to understand that we have commercial as well as a legal compliant basis for pricing decisions, so that cannot be handled locally. That has been centralized. When you look at marketing and product management and the question of how we can bring innovations to the markets, I would say it has grown to a more transparent and global market, a global industry as well as a more complex reality. (Swedish corporate manager)

Thirdly, top managers stressed the importance of a **brand-based organizational identity**, where brand values drive the business and the relationships to stakeholders. Established organizational characteristics were translated into a “branding language”. Several managers described how they educated their employees in the branding logic and basic values and that it was also essential to communicate the brand image to stakeholders. The brand was described as the glue that would hold the value chain together and coordinate behaviour:

We work with branding on a regular basis with employees. In the last year we have started to present our branding philosophy to distributors and resellers, and internally. We communicate not only how Axis can benefit from a strong brand, but also how our business partners can benefit from that (Swedish corporate manager)

These were recurrent parts points in documents, as well as when top managers tried to explain and justify the MNE’s overall strategy and competitive strengths. Below, we discussed how the three GML components were perceived by local managers and stakeholders.

#### *A consistent role in the value chain*

Below, we thus discussed how local actors perceived the logic of having a consistent and clear role in the value chain across markets based on a long-term orientation. Overall, this part of the logic was reinforced by local managers. A consistent relationship helped to develop trust in relations to business partners. For example, retailers trusted Thule to back them up with material and support and only to sell their products through registered network partners. Local Axis managers argued that it was a strength that other actors in the network knew that Axis had a strict business model and would not sell to end customers, while competitors like Pelco and Bosch had a more mixed value chain strategy and sometimes went directly to end customers. The trust created by a consistent and robust business model also led to more

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harmony and openness in the relationship due to the lack of conflicting goals. As put by a business partner

Our goal and market strategy are the same as Axis. We are a long-term partner with Axis and our sales model is exactly the same. We do not sell to end users. If we have a lot of University projects for example, we will not sell directly to the University but only to our partners, our distributors. We have three global offices in Canada, Germany and China. But we have partners in more than 100 countries. (Business partner, India)

The consistent value chain model safeguarded the business interests of partners in the network as well as created new business opportunities for them. In addition, the firms offered valuable resources through their value chain strategy due to the focus on training and knowledge exchange, involving sharing the firms' global market experiences. All three MNEs offered local training and shared their experiences with local actors. These aspects demonstrated and further increased commitment.

Local respondents were also proud of the innovativeness of their business model and how it would provide new insights and opportunities for partners. For example, Tetra Pak managers highlighted the responsibility that the firm takes for issues concerning new processes and technology, as well as their role in increasing the awareness of sustainability in local markets. Thule managers expressed a similar view when discussing the firm's positioning as a sustainable company. In addition to training and knowledge sharing within single business relationships, both Axis and Tetra Pak offered seminars and programs for a wider audience. One example is Tetra Pak's training program and research centre built in China, which is also open to social and political actors.

The firm's role in the value chain as a knowledge provider created legitimacy not only in relation to business partners but also in the society. It also led to a wider network, including local decision-makers that could become a significant power base. Furthermore, the knowledge transfer and training activities may represent valuable and rare resources, strengthening the focal firm's power. The other side of the coin was the need to monitor external actors to deal with threats to the preferred order and to ensure that the global value chain model was followed. Again, respondents expressed the need to educate the market to gain local acceptance as well as the need for monitoring. For example, from Thule's perspective, this would mean ensuring that other business partners remain committed to fulfilling their roles and responsibilities. Otherwise, it could jeopardize Thule's reputation. The long-term view on relationships was supported by local managers in a remarkably strong way. As put by a Tetra Pak manager about Russian partners' way of doing business

... It is a very personal type of decision and very hierarchical. It is driven very much from this very individual, a very strong individual, who has built his business from the ground up. The way we deal with them is very much on a traditional Russian B2B type of approach. Very much about relations, trust and long-term partnership that needs to be developed. (Local manager, Russia)

This account touches on arguments continually put forward by respondents. Firstly, relationships are personal, created and developed by individuals. Secondly, a business must have a long-term perspective to develop trust. Thirdly, a relationship orientation is in line with the Russian culture. Interestingly, respondents in all four markets stressed that a long-term orientation was essential to build a business in their culture and to show commitment. For example, Chinese respondents referred to the traditions of Guan-xi. The interaction orientation was also strengthened as it integrated the parties and created a high degree of transparency between the focal firm and business partners. The high degree of integration also supported the legitimacy of the focal firm as being involved in the partner's business processes. Here, it was also evident that the fact that some relationships were global and then reproduced on the local level strengthened the ties between the firms:

In almost every marketing event you will also see Aimetis because we sponsor them for all marketing events because we have the same channels, customers and partners. It makes sense to have a common booth, they show hardware, and we show the software and together we can show a total solution. How we can use the camera with our software. People know that we are two companies, but they also know that together we have a long-term partnership and that we are very close. (Software partner, China)

Local managers also emphasized long-term orientation when discussing non-business stakeholders and taking broader social responsibility. This had to do with building a legitimate position in the society, showing that the firm had long-term, serious intentions and that their products and services would offer unique benefits for the society. In the case of the Axis, this was partly because governments and other non-business actors were decision-makers in big projects, such as the building of airports and city surveillance systems. Another aspect stressed by several respondents was the environmental dimension. Oftentimes, the logic revealed that close relationships with non-business stakeholders were a way of exchanging mutual benefits and supporting each other's goals.

Finally, the interaction-oriented logic also embraced the idea of creating a network of influencers and business partners that would interact to support the focal firm's position. Axis managers described a list of important business partners, media, consultants and experts who could be contacted to support a certain business project. Tetra Pak also discussed the importance of building relationships with respected influencers in the society, who could then interact with other stakeholders:

We approach the consumers via nutritionists because we feel that a nutritionist is in the consumers' eyes more credible. Nutritionists must be convinced though. The ones we have on board are very familiar with our technology, why it is important, how it is better, and we have taken them to a factory so that they can see it with their own eyes. With that conviction, they can inform people. (Local manager, India)

This networking logic was thus expressed when discussing the relationships with very different stakeholders, such as bloggers, journalists, NGOs, government actors at different levels, etc.

#### *A standardized premium level market offering*

Local managers had mixed opinions about this part of the GML. In general, they had substantial respect for the MNEs' services and innovativeness, and local actors had a high degree of trust in the competence levels and market offerings and product commitment:

The design, the quality, the warranty of 5 years and that the product is exactly the same all over the world. It is the best product in the world, and it makes me very proud. I also like that it is connected to sports and so it was the perfect match for me. (Thule retailer, Brazil)

In other words, premium values and support offered to other actors will also increase commitment because it creates a perception of offering something unique. On the other hand, offering similar conditions to developing markets and western markets was sometimes difficult to accept. Communication and promotion activities should thus be more adapted to local conditions and culture and less based on western market priorities. Another critical area that sometimes appeared to challenge local managers' faith in the whole logic behind a globally consistent offering was pricing. All the three studied companies were positioned as high-quality/high-price firms. This lack of local responsiveness could sometimes undermine commitment. The lack of flexibility concerned the whole marketing mix and how it could combine product alternatives, prices, discounts, services, etc.:

There can be certain things that may not be required all the time for all markets. You can cut certain features and you can cut certain things that are not required at all . . . If you are not meeting the criteria, then you are out. Even if you have done all the hard work. (Local manager, India)

Low responsiveness to local values could also be negative for the firms' legitimacy. On the other hand, respondents described how their high degree of innovativeness and technological level led to them being regarded as a force in lifting local standards and contributing to a more advanced society. Furthermore, the high quality enabled the firms to do business with high-prestige actors, which further enhanced their local legitimacy. Tetra Pak's educational project discussed above is a good example, as well as Axis' ability to get involved in high-profile projects such as the surveillance of football stadiums during the world cup in Brazil, China's art museum and the China Pavilion. The high degree of technological competence consequently represented by the products and services could also support the firms' power positions and influence political decision making. This was stressed by the Tetra Pak case:

Tetra Pak is an active participant in the NGOs and the dairy union. There is a union of dairy producers and within this NGO there was a working group that was working closely with the government, the parliament committee, and some ministries to set up the definitions and prepare the draft of the document. We were part of that group and were contributing with our global knowledge and experience about the technologies. (Local manager, China)

At the same time, having a recognized and "objectively" high level of competence and product quality did not always open doors to influence. The enforcement of laws and regulations and the difficulty in predicting the actions of local decision-makers sometimes undermined the possibility of developing a strong power position. Respondents expressed frustration over the fact that political actors sometimes disregarded regulations working in favour of the western MNE's market offering and preferred to support local and sometimes even government-controlled companies.

#### *A brand based organizational identity*

Corporate managers in all MNEs expressed the importance of the firm's brand, the core values related to it and the consistencies it allows in strategies. A substantial effort had been put into branding work, making the brand values a part of the culture. In fact, it appeared that the established organizational characteristics were translated into a "branding language". When it comes to the brand orientation logic, there was a stronger contrast between the corporate view and the reasoning presented by local managers. One aspect was that brand values may not fit into a certain culture. The most important insight here, however, was that local managers usually did not use a branding language when they discussed the firm's strategic activities and accounted for performance and market behaviour. The absence of a brand orientation is, of course more difficult to illustrate. Still, scepticism regarding the brand as a selling point in relation to network partners did come through:

Usually most of the distributors do not focus a lot on branding but bringing the community of what they sell together, keep them informed of what is the latest and greatest, what are the technical capabilities etc. – but less branding. (Local manager, Russia)

In other words, the brand may not always increase trust in the firm's products and capabilities. The brand-based logic and supporting brand values communicated through corporate activities were also seen as too abstract and not closely related to the daily work. The local respondents would rather communicate more tangible aspects such as the benefits of the actual products and services. When asked to elaborate on the culture and identity of their firms, local employees would bring up the brand and associated brand values less often and rather emphasize country of origin aspects:

Because in China they still think that most of the European and Western countries have very good technology, it is a kind of quality assurance. This is why we still have that Swedish heritage there. And it says anti-bacteria, anti-light, anti-oxygen, no preservatives, no need for fridge and also good taste and recyclable. (Local manager, China)

Nevertheless, sometimes respondents related their organization and culture to the branding logic. The biggest difference was that while corporate managers would spontaneously base their accounts for the corporate strategy and mission on a branding logic, local managers would often not refer to the brand when discussing the firm's market strategy:

What I use in a marketing perspective is that I will not try to sell to you the brand, but the technology. And if they are looking for a nice brand, then we are the right brand. So first understand the technology and then choose the right brand. (Local manager, Brazil)

When explicitly asked about the brand, local managers could relate to it and would recognize the importance of the brand for marketing purposes. At the same time, they accounted for the firm's performance more in terms of products, innovation, service and technology as the main drivers. The main exception from this, however, was when dealing with global partners, such as distributors and customers. In those cases, the brand had a stronger role as an identity creator since there was already an ongoing, long-term relationship between the actors.

**Analysis and conclusions**

The three parts of the GML gained a varying degree of support in these emerging markets. Below, we will explain this pattern by applying the key concepts of trust, commitment, legitimacy and power, as illustrated by Table 1. Then, we will present and discuss MNE activities on different levels that may support local stakeholder acceptance of the GML.

*Why a varied reception for the GML?*

While the consistent value chain role was received positively by local stakeholders, there were mixed views upon the standardized market offering, and the brand-based identity had a

	<b>Consistent value chain role</b>	<b>Standardized market offering</b>	<b>Brand based identity</b>
<i>Trust</i>	Dependable Harmony with local actors Transparency Personal linkages	High competence level Reliable quality and support	Reputation from products, competence, and personal bonds
<i>Commitment</i>	Resource provider Business opportunities Integrated business systems	Lack of local responsiveness Unique values to local market actors	Support from global partner links Lack of local recognition
<i>Legitimacy</i>	Broad social responsibility Stable local presence Correspond to local values	Raise local standards Links to legitimate actors Westernized marketing mix	Limited correlation with local values Country of origin identity
<i>Power</i>	Influential network position Competing political interests Non-business actor support	Involvement in local development projects Expert advisor	Low bargaining power from brand



+ Degree of congruence between a global logic and local perceptions —

**Table 1.**  
Overview of our empirical findings

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limited local acceptance. The table thus illustrates how the four key concepts influenced local acceptance. For example, it shows that, among other things, a consistent value chain role created trust since the MNEs were regarded as dependable and transparent. Below, we discussed the influence of the four key concepts more based on the table.

**Trust** was influenced positively by the consistent value chain role and long-term orientation. This meant that business partners could be sure that the MNEs were dependable and predictable and because the long-term orientation harmonized with local actor interests. The close interactions and personal linkages also created transparency and made it possible for external actors to evaluate and understand the focal firms' interests and intentions. The standardized market offering also strengthened trust in the relationships since it was based on the MNEs' high competence level, a reliable and consistent high quality and a strong system for support. To the extent that the brand identity was well known among local actors, the MNEs' reputation also increased trust in relationships.

The level of **stakeholder commitment** was also strengthened by the consistent value chain role. This included offering valuable resources and business opportunities to partners, including training, knowledge exchange and links to critical actors in the MNEs' network. The closeness and long-term view also meant that the MNEs became integrated into the business partners' activities and strategic decision-making. The high quality of the MNEs' market offering in terms of product, market expertise and services further supported commitment. On the other hand, the standardized market offerings sometimes meant that partners did not feel that they could get tailor-made solutions in line with their needs and that local managers felt that they could not compete with other firms on equal terms. Some partners as well as managers were disappointed, which had a negative influence on stakeholder commitment to the relationship. The brand-based identity was positive for local managers representing global partners because some of them worked with the brands globally and were, therefore, committed to them as symbols for reliability and good business opportunities. Still, many local partners, as well as managers, seldom brought up branding aspects as something that could build a local business or generate stakeholder interest.

The MNEs' **legitimacy** also increased since they consistently took responsibility for the value chain. Their clear intention to have a stable and long-term local market presence also supported their legitimacy as responsible corporate citizens as it corresponded well with the local culture. The high quality of the standardized market offering, including innovative products and solutions, would be perceived as lifting local standards and contributing to the development of the community. The involvement in high-profile projects with high social prestige would also strengthen their local legitimacy. At the same time, the standardized market offering was not viewed as completely suitable for these markets. It was perceived to be too advanced and highly priced. The standardized promotion material and messages that were supposed to be communicated externally were also, to some extent, perceived as being developed mostly to fit western market conditions and culture. The same can be said about brand identity. It seemed that some brand values stressed as central at the corporate level had a limited connection with local values and norms. This limited the legitimacy of the brand. When discussing identity, internal managers, as well as external actors, tended to be more convinced by the country-of-origin aspect than the brand.

The consistent value chain role also led to increased local **power and influence** because it created a strong network position through long-term contacts with political decision-makers as well as social actors. The MNEs were able to build personal relations with non-business stakeholders such as media and opinion leaders that would, in turn, influence public opinion. At the same time, it should be acknowledged that the political landscape was complex and also involved interests working against the MNEs. For example, the local, regional and national political interests may differ. The standardized and high-profile market offering led to power advantages because innovative products and services offered meant

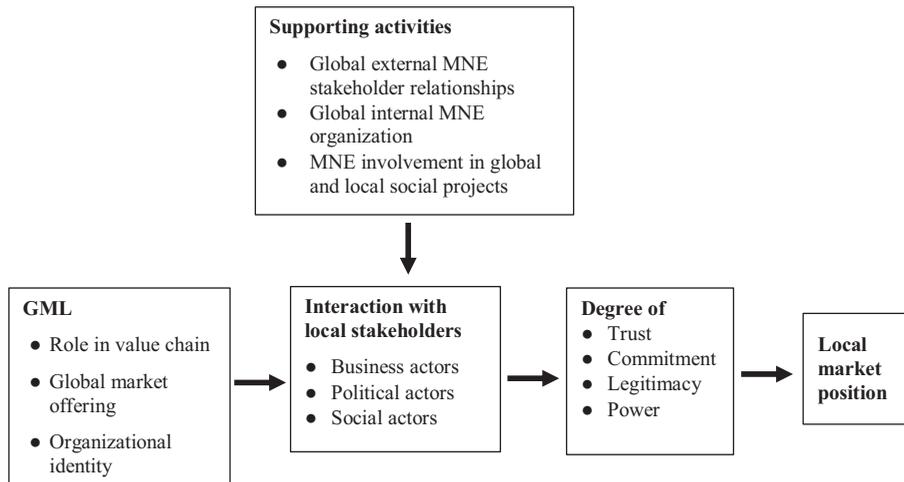
that the firms would gain respect in the local community. Sometimes they had an advisory role that enabled them to influence political decision-making as well as being involved in local development projects as expert advisors. The relatively weak positioning, however, meant that the brand as such created limited power advantages.

*MNE activities that support the GML*

We have shown that the local acceptance of the GML will depend on how the different parts of the logic influence trust, commitment, legitimacy, and power within stakeholder relationships. In turn, this is also an issue of how well it corresponds with local cultural values and practices. In addition, we have identified three main activities that may enhance trust, commitment, legitimacy and power in relation to the GML, and thus the impact of the GML on the local competitive position (see Figure 3).

Firstly, the involvement of MNEs' **global network relationships** can support the acceptance of the GML among local stakeholders. The respondents often referred to different types of international linkages to political and social actors. For example, the collaboration with a certain NGO on an international level will lead to expectations and standards that managers in the focal emerging market will experience as legitimate. This was illustrated by Tetra Pak's school milk and educational projects that were implemented in many markets and stressed the firm's role as leading in technology, with political support as well as NGO involvement. Global business partners also had a role in supporting the GML. They knew the focal MNE from other markets and expected a similar logic to be followed worldwide. For example, if distributors in India and China that belonged to an international company were aware that the global logic had led to success and improved performance for them in other markets, it would have a positive effect on trust and commitment. It will also be legitimized if it is already accepted in the relationship between the MNE and the distributor.

In addition, the MNE can involve the **internal global organization**. It was made possible for local managers to share best practices across markets and for subsidiaries to get additional support for the GML. The internal organization also made it possible to let external stakeholders visit the firms' locations in other countries of interest and to participate in exhibitions and trade shows in other markets with the support of the MNE. All these international linkages within the firms served as glue and a harmonizing factor in gaining



**Figure 3.**  
A framework for the introduction of a global marketing logic in emerging markets

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support for the GML. Corporate involvement in local stakeholder relationships also served as symbolic support for the GML. Top managers' local presence is one important aspect. In addition, local educational programmes and training — involving top managers from HQ as well as local managers, business partners and experts and political decision-makers — are likely to give support to the GML. Largely, the material used for these events was designed at the corporate level, with minor local adaptations.

**Involvement in local social activities** and projects appeared to increase internal support for the GML and the acceptance of the logic among stakeholders. The study shows how the MNEs participated in different social projects – both locally and on a global level – that promoted sustainability, the level of education, technological development and active life. These enhanced the view of the firms as credible members of the society. We proposed two factors that may lead to a high degree of impact from social involvement. Firstly, the social activities need to have high visibility so that stakeholders in the community become aware of them. For example, interactions with opinion leaders, such as local experts and media, can increase the awareness of the firms' role as responsible citizens. Secondly, most of the MNEs' involvement in social activities directly related to the core business and had logical links to the parts of the GML. This makes it more likely that stakeholders appreciate the value and understand the impact that the social involvements have and that the nature of the GML is an essential part of the support for developing the local society.

### Contributions and future research

Our study opened the black box and explained how an MNE can exercise a GML in diverse emerging markets. It also revealed the impact that the MNE's global relationships to political, social and business actors can have on how it is received in different emerging markets. This has not been considered in earlier research. Overall, earlier research has demonstrated the importance of converging norms and values within inter-firm relationships and broader networks more generally (Håkansson and Snehota, 1995; Elg *et al.*, 2012; Ford and Mouzas, 2010; Cui *et al.*, 2018). Some studies have shown that the firms' DL will help to explain the success of inter-organizational collaborative alliances (Lane and Lubatkin, 1998; Boivin and Roch, 2006). We, however, extended our knowledge to the culturally more different emerging markets and put additional emphasis on the interaction with political and social actors in the transfer of a GML, and how considering the constructs of trust, commitment, legitimacy and power can help us understand the degree of local acceptance. We have also identified activities that MNEs may apply in order to increase the degree of acceptance.

#### *The nature of the GML and how it relates to stakeholders*

Even though each firm may have a different GML, we have identified three general dimensions that are likely to be included. Firstly, the MNE needs to consider its role in the value chain. The three companies studied here all decided to have a rather specific and limited role. Other MNEs, for example, the global retailer IKEA, may have a broader approach that means that it more or less controls all actors in the chain (c.f. Ghauri *et al.*, 2008). Furthermore, the logic needs to consider the market offering and to what degree different parts of the marketing mix should be standardized. For example, McDonald's can be considered as applying a GML. Nevertheless, the product range and dishes offered in different markets vary considerably. Finally, the logic would incorporate a view on the organizational identity and what the MNE stands for, internally and externally. This is often expressed in terms of branding, but it does not necessarily have to be the case. It can also be expressed through the country of origin and consistent strategies.

Our study also explained the mechanisms that an MNE may use to enhance the local reception of a GML through establishing trust, commitment, legitimacy and power in

stakeholders' relationships. Moreover, the study detailed how an MNE can increase local acceptance in remote markets by mobilizing global and local linkages and structures. Our study has made a significant contribution, as it explained the constraints that MNEs can face while trying to exercise a GML; it also explained how an MNE may facilitate the adoption of its GML through interactions with local stakeholders. This dimension is particularly overlooked by earlier studies.

The study demonstrated that social activities in collaboration with NGOs may gain legitimacy for the GML. It is critical to recognize the importance of linking local relationships to the MNEs' global set of ties to business partners as well as to NGOs. The structure of the internal organization and the possibility to offer stakeholders a broader set of resources was also highlighted. A third type of supportive activity was the MNEs' local social involvement outside. This relates to a recent study of MNEs' reputation, stressing the role of social/environmental responsibility (Swoboda and Batton, 2020).

However, the study supported the view that it is critical to be flexible when introducing the parts of a GML in a new context (Von Krogh and Roos, 1996, Prahalad, 2004; Asseraf *et al.*, 2019; Gomes *et al.*, 2020). Drawing upon earlier studies, this research stresses the importance of allowing local tactical decisions regarding the implementation of the GML and suggests that the GML needs to be combined with some decentralized decision-making (Chung *et al.*, 2012). We have illustrated the challenges of emerging markets, where cultural, structural and political factors are different and influence critical stakeholders; we have highlighted why an MNE may face difficulties when trying to maintain its brand image and identity. This is consistent with earlier studies (c.f. Wan *et al.*, 2015; Nie and Wang, 2021). Our research suggests that the country of origin and reference effects may have a considerable role in shaping the MNE's local identity (c.f. Chen *et al.*, 2020).

In a wider perspective, this paper introduced the role of the GML in relation to other types of inter-market exchanges, such as learning and the transfer of practices (Van Wijk *et al.*, 2008; Brannen and Voisey, 2012). If locally accepted, the GML may support transfer and create a greater local willingness to absorb corporate knowledge. This links to Peltokorpi and Yamao (2017), who showed that a shared vision supports knowledge transfer. In addition, at least for emerging markets, the stakeholders' influence has been highlighted as a major factor in explaining local willingness to adopt corporate ideas as well as knowledge and practices.

From a managerial point of view, the study illustrated that the GML developed by top management is likely to meet different degrees of resistance in emerging markets. It is thus important to predict how different parts of the logic will correspond with the interests and values of local stakeholders. In particular, the paper stressed the importance of using supporting activities that can facilitate the interactions of local managers. Furthermore, the study highlights the importance of recognizing the role of social and political actors and how they influence local trust, commitment, legitimacy and power.

#### *Limitations and future research*

This is an in-depth qualitative study of Swedish MNEs in four markets. The ambition was to focus on the transfer of a GML to emerging markets. Many of these rapidly growing markets have similar conditions when it comes to political uncertainty and constant change, the need for support in developing the infrastructure and standards of living. We, therefore, argue that the type of challenges and supportive activities identified here will be similar for firms that originate from western markets and have a global geocentric strategy.

Nevertheless, some limitations should be discussed that may influence the applicability of the results in other contexts given that this is a qualitative case study of three companies. One concerns culture and the fact that the three studied MNEs were Swedish. The culture of the home country might influence the view upon the GML and how the firms approach local stakeholders. It is thus possible that partly different patterns would emerge if we have

studied, for example, French or American MNEs. Another aspect is that although the firms represented different industries, their products were all rather advanced, based on a high degree of innovativeness and on driving the market within their industries. A firm with a less innovative approach operating in a more mature industry, such as Fast-Moving Consumer Goods, may face different challenges and operate with a different type of GML. This may also be the case for MNEs within the service sector.

One issue for future research is thus to compare the GML of different MNEs from different industries and with different strategic foundations, as well as from different countries. This could generate further knowledge regarding how different parts of the GML vary due to different firm properties, as well as how different activities used to support the GML may be useful depending on the context. Furthermore, we need more understanding of the specificity of relationships with different socio-political stakeholders and how they may support the GML in different contexts.

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