Strategic Corporate Sustainability in a Post-Acquisition Context

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Abstract: To reach the global sustainability goals, multinationals, regardless of origin, play a significant role. Given their market power and globally distributed operations, they have the position to either accelerate or inhibit sustainability changes. Knowledge about how corporate sustainability (CS) develops within internationalization strategies such as post-acquisition integration is, however, sparse. The purpose of this paper was to analyze and evaluate the development of CS strategies of originally distant companies within an international post-acquisition context. The paper drew on the resource-based view (RBV) to provide a holistically integrated framework for the systematic evaluation of CS strategies and applied the framework to a longitudinal in-depth case study. Findings indicated that long-term perspective, partnering approach and, emphases on learning positively influenced the integration process and the maturity level of the common corporate sustainability strategies. In contributing with an in-depth understanding of strategic CS integration within a post-acquisition case, the study generated implications for proactive management in similar post-acquisition contexts. While the focus of this paper was neither on the differences in legislations and regulations as influencing factors nor on the national and organizational culture and their impact on the integration of strategic CS, these are relevant areas of interest, and future research could consider incorporating those into the new evaluation framework.

Keywords: mergers and acquisitions; corporate sustainability; resource-based view

1. Introduction

The increasing awareness of global ecological degradation as a man-made process driven by industrialization increases the importance of changing unsustainable business practices towards sustainable ones [1–4]. The sustainability strategies of multinational enterprises (MNEs), regardless of their origin, essentially influence the realization of the global sustainability goals [5]. MNEs, given their market power, globally distributed operations, and political influence, are either accelerators or inhibitors of sustainable change [6]. Of particular interest is the inclusion of emergent multinational enterprises (EMNEs) as they operate in an often pressing context characterized by the institutional void [7]. Mergers and acquisitions (M&A) is an undeniably relevant context in which firm values are a prominent and sensitive subject [8–10]. In this context, resources are the main drivers for the valuation of a company, and they are the primary target to create value for shareholders and stakeholders [8,11]. Research on corporate sustainability (CS) and its global nature addresses the interconnectivity between unsustainable business practices and the degradation in the surrounding societies and ecosystems, in contrast to approaching environmental and social problems as externalities. Here CS may be defined as the normative stance founded on the principles of sustainable development [12,13] reflecting the organizational strategic response to context-specific sustainability challenges [14–16] overlapping and converging with the concept of CSR and its practices [12,15,17]. Although there is a lack of
clear distinction between CS and CSR [12]. CS is a more recent concept based on systems science and ecological concerns. CSR is an earlier concept founded in the social movement in the 1950s and forward, based on social responsibilities and ethical principles [18,19]. While in this study we refer to corporate sustainability, our understanding of the concept is similar to Kolk’s [17] suggestion of how to understand more broadly Corporate Social Responsibility in international business: “It seems best to approach social responsibility from the perspective of the issues, whether regulated or not, and pressures from whatever origin and regardless of the specific label or concept, with which MNEs are confronted” (p. 24). Corporate sustainability (CS) in this study covers “environmental issues such as climate change, pollution and resource depletion, and social and ethical dimensions of MNEs activities, inside and outside of the firm, often in connection with communities and workers. MNEs can choose to deal with the range of issues in a reactive or pro-active/pre-emptive manner, address them in their strategies, governance structures and/or organizational processes” [17] (p. 24). I.e., in our view, the broad definition of CSR significantly overlaps how CS is understood. We define CS as “meeting the needs of a firm’s direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, and communities), without compromising its ability to meet the needs of future stakeholders as well” [20] (p. 131). Implementing CS into operational business practices means capturing the complex processes of global sustainability challenges and transforming them into business-specific and real-life practices. This challenging task should be based on a solid foundation and strategic reasoning. While CS conceptualizes a commitment to sustainable development within a business context, the scientific problem is that research rarely provides evidence of systematic examination of CS in various real-life contexts [21], the interconnectedness between advanced and emerging markets [7], and international M&A [17,22]. Mergers are a mutually agreed decision for joint ownership between two organizations. Acquisitions are where one organization takes ownership of another organization. The words mergers and acquisitions (M&A) are commonly used interchangeably in the literature; however, true mergers are rare. Less than 3% of M&As are mergers, actually. In this text, the concept of M&A refers to acquisitions. CS must be driven on a strategic level [2,23–26], with a systematic approach addressing environmental, social, and economic sustainable business practices, simultaneously [7,27,28], in the context in which the company strategy is embedded [2,29,30]. During the integration phase, different approaches to CS across companies require a common conception of CS for the successful pursuit of sustainable objectives [16,31]. Although CS can exert long-term effects in the post-acquisition phase and beyond, there is a lack of strategic perspective on the integration of CS in the post-M&A phase [25], which is both a scientific and a practical problem. [32].

While focusing on the post-acquisition context, this study addressed several critical gaps, specifically the lack of strategic perspective and contextualization of CS evaluation [33]. In doing so, it identified and combined existing tools that support a more holistic analysis of MNEs sustainability strategies within the overall strategic context. The study addressed the following research questions: (1) Which frameworks enable systematic evaluation of essential aspects of strategic implementation of CS in a real-life context? (2) How does an emerging multinational enterprise (EMNE) as an acquirer and an advanced multinational enterprise (AMNE) as the acquired party manage CS integration after a deal closure? This study aimed at a systematic investigation of CS development on a strategic level, which is embedded in an EMNEs acquisition strategy of an AMNE. It explored the conception of CS as a crucial element in business success as it is a strategic resource that provides companies with a competitive edge [29,34]. By consistently using the EMNE and AMNE abbreviations, the anonymity of the participants was secured.

In understanding CS implementation in the post-acquisition context, we provided a novel contribution to the previously phenomenon-driven research in CS [12] by adopting the recent EMNE relevant M&A literature [35]. Examples of relevant theoretical works are Mathews [36], Luo and Tung [37,38], and Madhok and Keyhani [39], which have evident links to the resource-based view (RBV) [40–42], knowledge combination capability of
MNEs [43,44], the natural resource-based view (NRBV) [45], cf. [7], and the stakeholder theory [7,46]. Studies on CSR and/or CS are called for in international business (IB) strategies and, specifically, in EMNE research [6,7] since only a few exists [23] so far. With this background, we developed a novel framework that facilitates the systematic evaluation of the essential aspects of strategic implementation of CS in an empirical context. The critical elements of the framework were drawn from the conceptual discussions of CS evaluation with a strategic perspective. The framework allowed us to systematically evaluate the essential aspects of strategic implementation of CS in a real-life context.

The primary contribution of this paper was the development and implementation of a contextually relevant holistic evaluation framework for CS strategic integration. The study supported the relevance of the constituent dimensions of scope, substitutability, and goal orientation, as well as the development of legitimate CS objectives for both the target and the acquirer. However, as we studied CS within the EMNE post-M&A context, new insights were gained about the impact of the special context (i.e., cross-border M&A) on the strategic development of CS. The study, thus, responded to the required contextualization [30] of strategic CS integration and provided some remedies for the lack of focus on this area of EMNE research in IB. The practical implications were drawn upon how changes in CS could create leverage points for increased capabilities cf. [7,42] for the acquirer and the target companies during the sensitive post-M&A phase. This could improve managerial decision-making and proactive management of CS in similar post-acquisition contexts. Considering a wider societal perspective, this study generated knowledge regarding the potential impacts of global businesses on sustainable development through their cross-border M&A activities [4,17,24].

This article is organized as follows. Section 2 argues for the theoretical lenses applied and develops the framework which allows a systematic evaluation of the CS integration into real-life context. Section 3 presents the research design as well as the data collection and analysis. In Section 4, the findings of the analysis are presented, and in Section 5, these findings are discussed in light of the theoretical lenses applied. The final section, Section 6, summarizes the theoretical and practical implications and introduces areas of future research based on this study.

2. Literature Review

2.1. CS in EMNEs’ M&A Strategy

Between largely comparable firms (e.g., considering sector-specific dimensions) but also within one MNE’s various location-sites and business units, there are always differences in perceptions and strategies concerning sustainability issues [17]. In an attempt of finding a context in which differences may be more pronounced, we chose the cross-border M&A case of an EMNE acquiring an AMNE. However, we assumed that, after a cross-border acquisition deal, the CS of the target and the parent company would influence each other [47–49] and should develop toward a joint CS strategy. Before we developed our CS evaluation framework, the specificities of EMNEs cross-border acquisitions in advanced economies were considered, which enabled us to draw contextualized interpretations to the evaluation results on this specific case.

EMNEs apply different logics in their internationalization strategies and investments; largely undertaken in the form of M&A deals [9,22,35,38,47,50,51], EMNEs often seek strategic assets [35,52,53] aiming to acquire complementary resources [54] with a long-term perspective, while MNEs from advanced markets look for fast exploitation of the values of the acquired resources [50,55]. From an RBV perspective, M&A deals allow companies to acquire resources, including knowledge and market-relevant advantages [40,41,43,45]. When considering the specificities of EMNEs’ resources [51,56], this perspective explains why they approach internationalization differently than most of their advanced counterparts through springboard incentives and pursuing linkages, leveraging and learning [36–38,53,57,58]—see also the study by Nayyar [59] for a comprehensive review. On the one hand, many of the traditional EMNEs are large, successful business groups that have accumulated substantial
financial resources and are characterized by a greater propensity to ambidexterity, superior organizational resilience, and learning advantages of newness [53]. They also developed substantial relational capabilities and they are politically embedded [51,54,56,57,60,61]. On the other hand, EMNEs lack technology sophistication and experience in highly liberalized markets [62]. When connecting this to the strategic choice of internationalization, M&As present a fitting method to pursue such a strategy rapidly [38,50,59]. According to the study of Buckley and Munjal [54], EMNEs may “create a strategic portfolio of subsidiaries that are firmly embedded in specific local context, which enables them to derive distinct but complementary benefits from these locational contexts” (p. 373).

EMNEs are especially interested in acquiring knowledge through cross-border M&A of AMNEs, as they see an opportunity to learn from the acquired company to become more competitive globally and in their domestic market [9,36,38,59]. Multinational corporations display higher efficiency when it comes to transferring resources, especially knowledge, across borders [37,38]. Business groups are often highly diversified [51,56,62,63] and pursue an efficient organization regarding knowledge transfer, which they expand through cross-border M&A. The achievement of so-called reverse spill-over effects, which refers to the learning of the parent company through knowledge transferred from the target [54,64], supports EMNEs also in overcoming the institutional void in their domestic market [42,57,59,63,65]. Khanna and Palepu [63] coined the term institutional void, which refers to the insufficient support provided by institutions in emerging markets. Institutional voids can be manifested in a lack of rules and regulations to support sustainable development [7,23]. Often an EMNE can be ahead of governmental institutions [17,21,23]; their proactiveness and maturity levels were shown in this study [56]. EMNEs overcome challenges in their domestic market through the acquisition of lacking resources abroad and the subsequent combination with those they already possess [36,53,64]. The international/global presence increases visibility in their markets and, importantly, also in their home market. In both markets, centrality, visibility, and voluntarism of CS as well as CSR are important conditions and relate to the firms’ value creation [7] (p. 602) and competitive advantage. The findings of Tashman et al. [23] also show that the higher the levels of internationalization efforts, the more genuine are the commitments to improving sustainability performance, and it helps firms manage their legitimacy. In this context, CSR is found to have a mediating role in the knowledge-absorptive capacity of CS [66].

When an EMNE carries out a cross-border acquisition, it applies a long-term perspective, which underlines the non-financial element of synergies, especially knowledge, as it is considered a source of long-term value [51,67]. This relates to the EMNE’s intention to collaborate with the target on various strategic issues after the acquisition [9]. CS development, for instance, may also enhance performance and strategic agility [54], i.e., the ability to stay competitive by adapting and augmenting strategic resources. Here, the focus is on the strategic fit and the overall value that the target will add to the EMNE’s business operations [51]. As the strategic fit is considered in the overall value, it refers to how the acquired assets complement the existing resources [38,47,51,53], which is in line with the EMNE’s aim to “share knowledge and best practices” [9] (p. 110). This partnership approach, typical for EMNEs, may be seen as a mix between preservation and symbiosis approaches [9,39,51,58]. While the EMNE has a generally hands-off approach to integration and only conducts minor changes in the daily business decisions [53] and the structure of the company, it establishes channels through which information and knowledge are shared [9]. This incites learning on both sides [36,43,57,59], and the EMNE and the target companies eventually assimilate their business practices by adopting the best-in-class solution [9,51]. Only some parts of the target’s operations are integrated directly into the group’s function, such as financial and the overall strategic planning, to ensure coherence within the group [9,51]. Nevertheless, managers from both companies need to deal with tensions and ambiguity, as the approach mixes the cooperation, integration, and preservation of the target [9,68]. While strategic fit and related task integration are in focus, these need to be in balance with cultural and human integration [69,70]. Generally, the M&A
deal and post-acquisition integration incite changes within the organizations, which are then also reflected in developments related to CS [39, 69, 71].

2.2. Framework for Evaluating Corporate Sustainability Integration

The evaluation of CS performance is still an under-researched area [21, 72]. CS varies in practice and in theory, and its implementation based on different conceptions of CS consequently results in different outcomes, spanning from symbolic to substantial cf. [16, 73]. When evaluating the comprehensiveness of CS implementation, we acknowledge Lankoski’s [16] three general constituent dimensions: scope, substitutability, and goal orientation. The constituent dimensions underpin the firm-specific conception of CS and, hence, are relevant to consider within and across the sustainability elements.

Although the concept of sustainability varies depending on, e.g., the business context in which the CS strategy is embedded, the constituent dimensions suggested by Lankoski [16] are useful for evaluating the comprehensiveness of CS (Figure 1) because of their generality. The scope of CS relates to the elements included (social, ecological, and economic) being described as narrow or broad. Substitutability pictures the degree of allowing for substitution among sustainability issues; substitutability can be weak or strong. Goal orientation relates to objectives of the sustainability strategies and ranges from relative to absolute. The first combination indicates a high level of comprehensiveness, with the scope indicating a broad conception of sustainability. This includes a variety of sustainability issues, including social, environmental, and economic. Substitutability is limited and supports strong sustainability by considering each sustainability element as equally important and not substitutable with each other. Regarding goal orientation, sustainability is absolute in the sense that it is measured against a critical objective. Accordingly, CS can be characterized in terms of comprehensiveness in varying degrees (Table 1). At the lowest level of comprehensiveness, it encompasses fewer sustainability issues, allows substitution between different sustainability elements, and is measured in softer and more relative goals.

![Figure 1. Constituent dimensions and maturity levels of the corporate sustainability (CS) strategy.](image-url)
Table 1. Typologies of CS, based on Lankoski [16] (p. 854).

| No. | Alternative Conceptions of Sustainability | Strategic Objectives of CS |
|-----|------------------------------------------|---------------------------|
|     | Scope | Substitut-ability | Goal Orientation | Achieving a critical outcome for each individual CS element (social, environmental, economic) |
| 1   | Broad | Strong       | Absolute       | Exceeding the reference performance in each individual CS element (social, environmental, economic) |
| 2   | Broad | Strong       | Relative       | Achieving a critical outcome aggregated across all CS elements (social, environmental, economic) |
| 3   | Broad | Weak        | Absolute       | Exceeding the reference performance aggregated across all three CS elements |
| 4   | Broad | Weak        | Relative       | Achieving a critical outcome for each individual CS element (limited) |
| 5   | Narrow| Strong      | Absolute       | Exceeding the reference performance in each individual CS element (limited) |
| 6   | Narrow| Strong      | Relative       | Achieving a critical outcome aggregated across all CS elements (limited) |
| 7   | Narrow| Weak        | Absolute       | Exceeding the aggregate reference performance aggregated across all CS elements (limited) |
| 8   | Narrow| Weak        | Relative       | Exceeding the aggregate reference performance aggregated across all CS elements (limited) |

In the attempt to evaluate the strategic implementation of CS, Baumgartner and Ebner [14] present a framework of sustainability profiles and maturity evaluation. These sustainability profiles are based on the fundamental economic, ecological, and social dimensions of CS and are ranked according to their degree of maturity [14]. The model complements the comprehensiveness analysis of Lankoski [16] (Figure 1).

Depending on the specific business practices and the maturity of the sustainability dimensions, different strategies emerge based on a four-level maturity grid [14]. Levels 1 and 2 represent a rudimentary (beginning) to the elementary level of CS, marked by legislative compliance or initial implementation of CS slightly above the related legislations. Levels 3 and 4 are called satisfying and sophisticated levels, respectively. They are characterized by CS implementation above the industry index or with outstanding performance.

The matrix of sustainability dimension and maturity levels of businesses generates four strategy profiles (see Sections 4 and 5, and Appendix A, Table A1) that reflect industry-and business-specific contexts cf. [73] and may be modified accordingly. The sustainability profiles are introverted, extroverted, conservative, and visionary strategies and facilitate identification, evaluation, and development of increased sophistication [14]. Baumgartner and Ebner [14] further divide the extroverted and the visionary strategies. An extroverted strategy is conventional when the focus is on the external communication of the sustainability commitment, a task primarily assigned to the PR department. The transformative extrovert strategy extends beyond communication; with such a strategy, a company is a driver for corporate sustainability in society [74]. Similar to Aragón-Correa and Sharma’s [29] contingent RBV, reactive to more proactive strategies can be seen in a continuum. Baumgartner and Ebner [14] differentiate between visionary strategies as those with more conventional (outside-in) and systemic (combined outside-in and inside-out) perspectives.

As a tri-dimensional concept, CS applies social, environmental, and economic sustainability to a business context committing businesses to “reconsider their role within society to re-align all their business institutions (such as mission, vision, policy deployment, decision-making, reporting, corporate affairs, etcetera) to this new orientation” [15] (p. 97). As a context- and organization-specific approach, CS is manifested differently depending upon the industrial arrangement, institutional structures, the context-specific value system, and ambition levels. The fit between the organizational level of ambition
and context-specific complexity essentially influences both the interpretation and outcome of CS [75]. Context and organizational dependency thus call for CS to be customized and differentiated rather than a “one-solution-fits-all” concept [12,75].

CS can be interpreted in different ways due to underlying assumptions and understandings. These differences can exist within one company but are usually more pronounced across companies and industries [76]. The scope, substitutability, and goal orientation of sustainability change over time, which may make the establishment of a common conception [16] and the institutionalization of integration mechanisms [69] difficult at the onset. The strategic sustainability engagement in M&A is assumed to evolve, and conflicts may also arise due to the different CS conceptions of the parties.

In essence, the literature review leads to different logics between EMNEs and AMNEs at the time of deal-closure and changes of CS strategies in the post-acquisition phase based on the expectation of learning and resource transfer within their internationalization strategies. Following these outcomes of the literature review, the analytical framework employed for data collection and analyses is represented in Figure 2. It provided a broad view of the context and outline of systematic examination of CS integration according to the research aims. The starting point represented the CS anchored to the strategic level of both the target and acquirer companies. As displayed, CS incorporated economic, ecological, and social considerations into the business strategy. These three elements were interdependent, and the business environment influenced each one [21,54,73,77,78]. This point is illustrated through the dashed line around the three elements.

Figure 2. Map of strategic CS evaluation in post-acquisition integration.

As we sought to understand strategic CS integration in the EMNE–AMNE M&A context, we focused on constituent dimensions of CS, the maturity level of CS strategies, and the integration of common CS strategies. The analytical questions to guide the empirical study were as follows:

- What is the understanding of corporate sustainability of the acquirer and the target over time?
- How comprehensive are the CS strategies of the acquirer and the target in terms of scope, substitutability, and goal orientation?
- What are the strategic elements incorporated by the acquirer and the target in each sustainability element, and how do those elements change over time? This approach helped to identify their sustainability profiles and degree of maturity.
- What are the influences and learnings between the companies and their strategic CS convergence (or divergence) during the post-acquisition phase? In other words, this helped to shed light on the institutionalization of integration mechanisms and the emergence of common CS conception.
3. Research Method

3.1. Research Design and Case Selection

The empirical research design was an in-depth longitudinal single-case study. This design provided deep insights into the CS specificities of the acquirer and target companies and the integration process with concrete examples of the elements incorporated into the analytical framework [79].

As M&A integration processes are intertwined and complex, the tasks and activities of integration can be temporally, contextually, and situationally critical as strategic integration unfolds. The main advantage of opting for a single-case study was the richness in key relations for illustrating the framework’s theoretical elements. In line with Siggelkow [79], the single case could provide novel and illustrative insights on CS integration in the M&A context. A case rich in information regarding the specific phenomenon of study [80,81] was selected. Beyond the case’s theoretical and contextual relevance, this acquisition case was selected because of the impactfulness of both the acquirer and the target in their own right. The AMNE is a technology leader, and the EMNE is a large emerging key competitor globally cf. [82]. Given the impact of the case companies nationally and globally, we assumed that learning from the evaluation of the CS integration within their M&A context would bring a high value of actionable insights to other similar processes. In contrast to the chosen qualitative approach, with quantitative approaches, such learning and insights would not be achievable, as these companies and their strategic processes are most probably statistical outliers [83].

To study CS strategic integration (essentially the change at both acquirer and target), there is an evident need for a longitudinal data set and, thus, a longitudinal research design, which fits the definitions and theories (Section 2). From a methodological perspective, time and timing are challenging when it comes to deciding when to enter the field and how to bracket the phenomenon, as the boundaries of the process are often vague and difficult to pinpoint even with hindsight [84]. Some phenomena can be expected to take place at a certain point in time, but for other phenomena, the interest may be on pre- and post-change circumstances, like in the case of post-M&A integration and, within it, strategic CS integration. The deal closure of an acquisition always has a fixed date. To study changes in CS of the acquirer and the target, we collected data a year before the deal closure (pre-change circumstances) and after the deal date for another 6 years. This timescale was in accordance with previous work [70,85,86], as the period of 5–7 years has commonly been applied to determine whether convergence and synergies between the acquirer and the target firms’ strategies have been achieved. We considered this timescale relevant also for CS strategic integration. The longitudinal design here aimed to capture how the scope, substitutability, and goal orientation of sustainability evolves within the integration process cf. [16,87]. Employing the analytical framework (Figure 2) at several time points within the entire study period, we followed the temporal progression of activities cf. [88]. The primary unit of analysis was the case companies’ CS strategies, defined by their conception of CS and by the three constituent dimensions of scope, substitutability, and goal orientation. The in-depth understanding included the logic, purposes, and mechanisms of the converging CS strategies.

3.2. Data Collection

Heterogeneous data were collected from a variety of sources to allow for triangulation. The documentary data represented a major part of the data on which the study is built. Secondary data is suitable when researchers have little control over events [89]. Documentary data is further recommended [90,91] for reviewing past events as superior to interview data. In such cases, interviews are better used only as an additional source of information to avoid personal bias. While the role of the different authors shifted in collecting and analyzing the data, the full account of the longitudinal data collection is presented in Table 2.
Table 2. Data collection.

| Phase | Secondary Data | Primary Data 1 | Primary Data 2 | Primary Data 3 |
|-------|----------------|----------------|----------------|----------------|
| Time  | 2010–2017       | Spring 2012    | Spring 2016    | Spring 2017    |
|       | Seven-year period | First year after the deal | Later phase of post-integration | End of integration phase |
| Data collection method | Documentary data collection | Semi-structured background interviews at the industry cluster | Semi-structured background interviews at the industry cluster | Semi-structured interviews on CS integration |
| Data sources | Annual reports, sustainability reports, policy documents, websites and internal news letters (4 times/year) | Research Manager, Consultants, Research Professor, CEO Cluster Mngmt Org. | CEO | HR Manager, HSEQ (health, safety, environment, and quality) Manager, Production Manager, Technical Manager, CEO |
| Data handling | Documenting stored in a physical and digital database | Audiotaped, transcribed, and selected excerpts for this paper | Audiotaped, transcribed, and selected excerpts for this paper | Audiotaped, transcribed, and analyzed (coded in full) for this paper |

Documents, reports, and other related data sources were obtained online, including annual reports as well as dedicated sustainability reports (in accordance with the Global Reporting Initiative (GRI) standard, Amsterdam, The Netherlands) from both the target and the acquirer. From the AMNE, sustainability reports covering the fiscal years of 2010–2016 (excluded 2011, not issued) and reports from EMNE covering the fiscal years of 2011–2016 were analyzed. In addition, policies and certificates from both cases as additional information sources on the background of changes and developments to which the sustainability reports pointed were also investigated. Since the AMNE and the EMNE group have dedicated websites regarding their sustainability activities and strategies, the information there was accessed and analyzed as well. To a lesser extent, information from tertiary sources, such as journal articles with a special focus on CS issues, was also used. We considered the reports as reliable data because they are tools of corporate communication directed to stakeholders [24] regarding sustainable business activities, and eventually, they may stimulate the integration process of the organization [28]. The documentary material was analyzed prior to the interviews.

Aside from background interviews conducted in 2012 and 2016 (Appendix A, Table A2), five people at the acquired company with different business backgrounds were interviewed in April 2017 (Appendix A, Table A3). The aim of the interviews was to verify the collected documentary information and to close potential information gaps. The inter-subjective communication with the knowledgeable informants also facilitated the interpretation of the data [92]. The interviewees were selected based on their managerial positions and direct involvement in decision making and long-term strategy development, including the CS from the AMNE side.

The interviews were built upon the information gathered from the documentary data as well as on the literature review, and focused on CS strategic development and integration from the perspectives of the person’s expertise and position. The face-to-face interviews on the AMNE premise lasted from 45 min to one hour. We recorded each interview after asking interviewees for their consent to do so. In order to avoid misunderstandings, we asked the respondent to make corrections (if needed) on the transcribed versions. The semi-structured design presented the possibility to gather more information from the respondents than a structured interview would and allowed for adaptability to the specific knowledge and insights an interviewee might provide [93]. Other extensive interviews were conducted with one consultant and managers and experts in the cluster in which the AMNE was embedded in during 2012 (the year after the takeover), and in 2016. These
interviews provided valuable background information on the actual deal, the overall integration process, and the role and position of the AMNE in the surrounding industrial cluster. All this background information had relevance for a better understanding of the context of the CS integration in focus.

3.3. Data Analyses

The data analyses focused on tracking changes and the influences of the integration process during the years of study (2010–2017). Essentially, the analyses were structured around the coding categories (Appendix A, Table A4) derived from the analytical framework. The analysis was initiated using open coding, grouping, and aggregating the content into higher-level categories and themes using the coding techniques of the so-called axial and selective coding from the grounded theory methodology [94].

On the pages of documents (approximately 200 pages), we searched for single words, sentences, and paragraphs that were related to the social, ecological, and economical dimensions of CS. For the axial coding, we were using the constituent dimensions of scope, substitutability, and goal orientation. The selective coding grouped the results so that we could continue to evaluate them to the maturity levels. First, in accordance with our analytical framework (see Figure 2), the target and acquirer companies’ CS was seen through the lens of its constituent dimensions, scope, goal orientation, and substitutability [16]. Since the study was in the context of a post-acquisition integration process, this step was conducted at several points during the integration to depict changes (documented in the forthcoming tables in Section 4). Secondly, the target’s and the acquirer’s CS strategic actions and resources were individually evaluated. The result of these categorizations was evaluated into the respective maturity levels throughout the integration period. In line with Baumgartner and Ebner [14], the classification of different categories within the three CS elements (economic, social, environmental) into four levels, from beginning to sophisticated, allowed us to identify the CS strategy profile of the company. Similarly, as above, this evaluation of the CS strategies was conducted every year (see in results) to capture developments during the integration period for the two companies after acquisition. The third and last step entailed the assessment of the integration of CS throughout the integration period. This was supported by the previous steps, which, once combined, revealed the influence of the companies on each other’s CS strategy, their development, and the potential learning effects and assumed convergence of the CS implemented across both companies.

After coding the documentary data and related documents, the information was organized in a data table according to the respective categories and divided by fiscal year and company. After the analyzed documentary data had been organized in the data table, information received during the interviews were coded and analyzed in a similar way and added to the data table. These, altogether, helped us follow developments over time and compare the AMNE and EMNE in the various categories (see Section 4). This facilitated the identification of mutual influences and potential learning relationships.

In Section 3, we present our data collection and research strategy in detail so to render our process trustworthy, as transparent and open as possible. As suggested by Denscombe [93], we applied triangulation techniques through the combination of different data sources to enhance the credibility and confirmability of our research. Further, the different types of data allowed to evaluate the records from various multiple perspectives to address potential discrepancies. The analytical framework was essential in coding documentary material, developing the interview guide, and coding the interviews similarly as the documents. In order to capture change over time, the repetitively issued documentary material was analyzed through yearly iterative cycles from deal closure to 2017. Together with triangulation of the data sources, this procedure enhanced the dependability of our research, although interpretive-qualitative research was hardly “repeatable under the same circumstances in another place” [95] (p. 246). The steps suggested in the analytical framework and the concepts incorporated into it are generally applicable to other cases.
for a more holistic, actionable evaluation of strategic CS integration. While the analytical framework supports the transferability and dependability of our findings, the contextual explanations would most probably differ in other cases.

4. Findings

Strategic reasons vary between companies, ranging from normative-ethical to purely economic motives [96]. In general, however, CS engagement must generate both societal and business value in order to leverage long-term business success [2,17,73]. When analyzing the empirical data related to the foundation and strategic reason for committing to CS (see representative quotes from the analyzed data in Appendix A, row Q1), both companies clearly acknowledged the global sustainability challenges as the foundation of the business-specific CS (sustainability reports of both the EMNE and the AMNE, 2016). Although the findings showed that both the EMNE and the AMNE included a normative foundation early on, this foundation was leveraged by the coordination and the managerial engagement at the group level at the EMNE. The common sustainability framework created in 2012 constituted a joint point of departure. The EMNEs sustainability strategy emphasized the necessity to prepare the business proactively for future challenges. This preparation was supported by the creation of complementary and superior capabilities based on the additional resources both companies can access through the acquisition.

Related to learning, the AMNE and the EMNE seemed to develop the foundation of their common sustainability strategy along with the transfer of knowledge and group-level coordination (Appendix A, Table A5, row Q2).

The findings showed that the EMNE and the AMNE aligned when establishing economic growth (Appendix A, Table A5, row Q3) as the primary strategic reason for CS. The companies’ commitment to CS was described as increasingly important for long-term business success and to meet stakeholder’s expectations. While CS became a precondition to legitimize business activities, it was still subordinated to economic growth.

The secondary strategic reason differed between companies (Appendix A, Table A3, row Q4); they reflected these differences in business contexts and the related approaches of generating societal and business value. The EMNE highly anchored CS in the social dimension, especially externally, while the AMNE mainly focused on the environmental dimension. This input showed that the different business contexts differed regarding their resource endowment. The EMNE originated in an emerging country with lacking infrastructure, thus aiming to contribute to social development (Appendix A, Table A5, row Q5) by reducing poverty and improving the livelihood in rural areas and in locations where the company is situated.

The AMNE’s strategic reason for committing to CS was dominated by environmental motives, e.g., reducing water and air emissions, safeguarding a sustainable forestry industry, and developing substitutions for fossil-oil-based products. The AMNE’s environmental profile (Appendix A, Table A5, row Q6) was well established in the business operations and added societal value through ecological conservation and the transition toward a bio-economy.

4.1. The CS Conceptions

During the studied period, the common scope of sustainability changed from narrow to broad, covering all three CS elements—social, environmental, and economic. This change can be understood as an increased level of comprehensiveness [16]. To enable the analysis of the sustainability-related scope and trace changes throughout the period, a variety of sustainability documents were coded into social, environmental, and economic dimensions. Overall, the developments within the scope of both parties were influenced by the post-acquisition integration, primarily referring to the transfer of knowledge, experience exchange, and long-term collaboration. Both companies acknowledged the understanding of sustainability as broad, but naturally also with individual differences and focus areas, as mentioned earlier. A broad scope was aligned with the normative foundation of CS
as a common point of departure. Typical differences within the scope related to different focus areas in line with the commitment to CS. In general, the scope of the EMNE, as the acquirer and dominating party, has not been imposed on the AMNE, which was illustrated by the continuous individual focus of the different scopes throughout the analyzed period (Appendix A, Table A5, row Q7). Analyzing the scope related to environmental issues revealed another relationship as the integration process extended the scope of the EMNE in the environmental dimensions. The AMNE, the target company, influenced the EMNE, the acquirer, representing an active transfer of knowledge between the parties as well as the assessment of the AMNEs capabilities as valuable and complementary to the acquirer (Appendix A, Table A5, rows Q8 and Q9).

The acquisition of a high-profile company in the environmental domain and the following knowledge exchange increased the EMNE-respective capabilities and left them with an advantage over competitors, lacking a respective engagement. However, this was considered the relationship between the scope and the economic strategic reason for committing to CS cf. [97]. Since the AMNE had a well-established sustainability profile through which it derived a competitive advantage, limiting the environmental scope of CS would potentially induce a business risk. As a bio-refinery with products substituting for counterparts based on fossil oil, the AMNE strongly depends on the environmental profile as the foundation of its business activity. The economic scope, nevertheless, was described as a precondition of the business’s success.

According to the findings, substitutability distinguished the conception of CS between the acquirer and the target. The EMNE demonstrated a weaker form of sustainability throughout the analyzed period, substituting for lower achievements within one dimension with higher achievements in another area (Appendix A, Table A5, row Q10). The CS of the AMNE demonstrated a low degree of substitutability during the examined period, including all three elements individually measured against their own objectives. The social dimension, initially described as weaker than the environmental and economic dimensions, was strengthened through the influence of the new parent company as well as through the AMNE’s own initiative (Appendix A, Table A5, row Q11).

The analysis revealed a soft integration approach and double-loop learning, which aligned the parties in the common process of positive development and strengthening CS levels.

The findings showed that the goal orientation of the EMNE was relative through the analyzed period, while the goal orientation of the AMNE changed from absolute to relative. The relative goal orientation of the EMNE was exemplified using the Higg Index as an external benchmark and by aggregated measures on the group level. The adaptation of the relative goal orientation at the AMNE could, therefore, be understood as a logical consequence of the post-acquisition integration. Despite the organizational autonomy mandated to the AMNE, the integration required the establishment of a common strategy and overall objectives to which all businesses within the group can adhere [34]. The adaptation of a relative goal orientation was twofold. It was positive since it was inclusive and aimed for the entire business group to reach a high level of CS, but it also set constraints regarding the evaluation of the effectiveness between the strategic intention and its implementation in practice. Managers handled tensions and ambiguity [50,68] as the risk of conflicts was detected in relation to the different conceptions of CS. The integration process mitigated the differences because of the high degree of interdependence and through the transfer of knowledge. Even though, before the acquisition in 2010, the AMNE displayed a higher critical goal orientation, the convergence of this constituent dimension supported the overall alignment of CS conceptions. According to Lankoski [16], this overcomes a potential limitation in the comprehensiveness of CS. The post-acquisition integration of CS started off with different conceptions of CS between the acquirer and the target. These were assessed in scope, substitutability, and goal orientation (Table 3).
### Table 3. Integration process and conceptions of CS. Based on Lankoski [16] (p. 854).

| Company/Year | Scope | Substitutability | Goal Orientation | General Objectives of Strategic CS | Rank of Comprehensiveness of CS * |
|--------------|-------|------------------|------------------|-----------------------------------|----------------------------------|
| AMNE/2010    | Broad | Strong           | Absolute         | to achieve critical outcome for each individual CS element | 1                                |
| EMNE/2010    | Narrow| Weak             | Relative         | to exceed reference performance in the environmental element | 8                                |
| AMNE/2016    | Broad | Strong           | Relative         | to exceed reference performance in each CS element | 2                                |
| EMNE/2016    | Broad | Weak             | Relative         | to exceed reference performance across all three CS elements | 4                                |

* The rank indicates the level of comprehensiveness regarding CS. A broad, strong, and absolute sustainability represents the highest level of comprehensiveness, while a narrow, weak, and relative sustainability corresponds to the lowest level of comprehensiveness.

4.2. Maturity Level and CS Profiles

In addition to the evaluation of the individual aspects related to the social, environmental, and economic dimensions of CS, we assessed the maturity level and their development in all three dimensions of the CS for the EMNE and the AMNE. This analysis was based on the work of Baumgartner and Ebner [14], who highlighted the need to evaluate key sustainability issues as they determined the degree to which sustainability goals are reached. For example, ‘helping village people’ and ‘building/supporting hospitals’ for workers were categorized into the external sustainability dimension as elements of health and safety and human capital development. The ‘forest management policies’ were elements of the environmental dimension. The maturity of the individual aspects had four levels: beginning, elementary, satisfying, and sophisticated (in Appendix A, Tables A6–A9). The more integrated the individual CS aspect in the overall strategy, the higher its maturity level. Figure 3 below shows a convergence of the strategies between 2010 and 2016 in most of the categories, which indicates an improvement for the EMNE and in some areas for the AMNE as well. CS, in this case M&A, reflected the commitment to a long-term strategy whose actions were, therefore, designed to change business practices substantially through organizational learning. Although we rigorously analyzed the data in yearly cycles, the use of the last year of the analyzed period, 2016, as a comparison could be justified. Indeed, M&A learning is a time-consuming process [98]; as we saw, the acquisition took place in 2011, group-wide sustainability strategy started in 2012 and took effect gradually.

In 2010, the EMNE displayed a conventional extroverted strategy, with most of the aspects being elementary, some even on a beginning level. The company’s strong engagement in external social activities communicated the image of good corporate citizenship. This was reflected in the maturity level of this category, which reached the highest stage at the EMNE in 2010. In line with the group’s vision, this sustainability strategy focused on the external CSR activities, while its engagement lacked in other areas, thus, accounting for a missing overarching CS approach. The AMNE, on the other hand, displayed higher maturity levels and thus followed a transformative extroverted strategy. However, a company emphasizes the social aspects of its CS strategy because “society reacts sensitively to whether they are fulfilled or not” [14] (p. 84).
In 2016, both companies showed similar maturity levels across the different CS aspects, with most of them having been developed to a higher stage. Both companies now follow a visionary strategy, with the aim of becoming a leader in CS and continuously improving their sustainability engagement. Differences were observed in the goal-setting behaviors of the companies; while the EMNE used external benchmarks to define its relative objectives, the AMNE always oriented its definition of CS goals towards internal measures and its own capabilities and resources to determine improvement potential. Therefore, the EMNE’s strategy could be classified as conventional visionary, while the AMNE’s was systemic visionary [14].

### 4.3. The Integration of CS Strategies

Before the acquisition, the CS at the EMNE focused more on social matters than on environmental ones, while, at the AMNE, environmental matters were prioritized. For both companies, the economic elements were linked to the two other categories in the sense that they represented a prerequisite for the activities in the social and environmental elements. During integration, the CS of the two companies converged through the rapprochement and mutual influence on the constituent dimensions of CS. This led to an overall strengthening and harmonization of the CS. In terms of the environmental dimension, the AMNE influenced the common CS the most from the start (Appendix A, Table A5, row Q12).
Meanwhile, in the social element, the EMNE contributed strongly. This was in line with its initial focus and emphasized the learning effects between the two companies. Overall, we could see that the CS evolved towards one system throughout the integration (Appendix A, Table A5, row Q13), and both companies are now striving towards a common aim, as defined in the EMNE group’s sustainability strategy. The findings showed that the CS strategies of both companies increased in maturity and sophistication. Despite the overall positive development, the target company, which had displayed a higher level of CS before the acquisition, lowered the comprehensiveness of its CS strategy to allow its parent company to catch up. The EMNE established various communication channels, which allowed the exchange of knowledge and, thus, incited organizational learning also in the field of CS (Internal newsletters 2010–2017). The internal news, published 4 times/year, was an excellent source of information about joint cultural programs, corporate competitions, and awards as well as it documented all visits of management and personnel between the EMNE and AMNE. The most powerful internal stakeholders, i.e., top management in the EMNE group, drove the integration through the establishment of a common sustainability strategy. Their commitment ensured coherence and alignment of the CS strategy across the entire business group (Appendix A, Table A5, row Q14).

In sum, the common sustainability strategy implemented by both companies displayed an extended conception and, thus, greater comprehensiveness of CS. The findings indicated that the EMNE improved to a larger extent than the AMNE (Figure 3). This implied that the AMNE, as the target, added value to the acquirer through the transfer of knowledge, best practices, and complementary resources.

5. Discussion

By combining the existing framework of Lankoski [16] and Baumgartner and Ebner [14], we responded to the many calls [7,17,21,28,99] for holistic understanding and a more systematic approach to address environmental, social, and economic sustainable business practices simultaneously. When applying it to a post-acquisition integration process, in this case, between the acquirer and the target, the perception and CS strategies derived from both emerging and advanced markets were of particular interest [7,30]. In this section, we discuss the evaluation framework and provide theoretically connected explanations. The empirical research was designed as an in-depth longitudinal case study with the aim of ‘testing’ our evaluation framework. Indeed, in this study, the longitudinal case was instrumental in evaluating the capacity of the new framework and to analyze changes during a strategic integration process.

First, we evaluated the comprehensiveness of the CS integration during the post-acquisition phase (2010–2016). Most importantly, we identified that the actual scope of CS aligned towards a broadened and more comprehensive conception of sustainability. The degree of substitutability did, however, remain a significant difference between the acquirer and the target through the study period, indicating the support of a stronger type of sustainability within the target company than implemented by the acquirer [7,42,53,59]. The alignment of the constituent dimension of goal orientation indicated potential impairment of comprehensiveness. The AMNE’s absolute goal orientation reversed towards a relative type to accommodate the common conception of CS of the new owner, the EMNE group. By further applying the framework, we evaluated actual sustainability profiles and degrees of change in maturity-level of the CS strategies [14], where ‘linkages, leverage and learning’ become visible [36,59]. Figure 3 shows the results of the convergence of the strategies between 2010 and 2016 in most of the categories, which indicated improvements for the EMNE, and in some areas, for the AMNE as well. The EMNE improved to a larger extent than the AMNE, which implied that the target added value to the acquirer [100]. Next, we interpret these findings with the help of the recent EMNE relevant M&A literature (Section 2.1).

The EMNE group aimed at acquiring complementary resources with a long-term perspective. This long term-perspective and the accompanying soft-approach to integration
emphasized on learning [22,35,38,42,47,50,51,53]. The efficient transfer of knowledge supported the expansion through cross-border M&A, and as the parent company learned from the target [42,54,64] it developed new sustainability capabilities and resources. The internal-vari-uous degree of substitutability may also indicate an adoption to national settings [17], the propensity to ambidexterity [53], and the EMNE’s relatively weaker institutional framework [42].

The progress in conception and maturity of strategic corporate sustainability indicated that the EMNE aimed beyond the regulations of governmental institutions [42], with the potential to lever corporate sustainability practices [7,14,63] beyond its competitors [17]. Over time, the sustainability technologies acquired from the AMNE (the target) could be combined with those already possessed [64,65]. The gradual development indicated that the reverse spill-over effects increased the EMNE’s competitive edge in the domestic market [42,63,64] and the degree of corporate sustainability at AB’s globally distributed subsidiaries [7,17].

The strategic changes in both companies were incremental and not visible immediately, which reflected the time needed to establish channels for the exchange of information and the generation of superior knowledge through organizational learning [101]. As our analysis suggested, the integration of CS was incremental using a soft and collaborative approach. This fits the overall post-acquisition integration approach of the EMNE and EMNEs in general [9]. To summarize the changes towards comprehensiveness, as started in 2012 but took effect in 2016: the scope strengthened, goal orientation weakened (at least temporarily) at the target, and substitutability did not change at the acquirer, yet. This reflects the depth of the changes necessary to create and deploy a strategic resource efficiently and effectively across a large business organization (the EMNE in the League of Fortune 500).

The original difference in the emphasis of social and environmental secondary elements was in line with Hart and Dowell [102] and Khanna and Palepu [63], who present the relationship between the business environment and the focus of CS. Furthermore, it linked to the RBV and stakeholder perspective. The former states that companies possess different resources according to their environment and business activity. These resources are then deployed to generate value and create a competitive advantage [40–42,103]. Hart [45] emphasizes that a company’s competitive advantage is strengthened if the operation meets the expectation of stakeholders. As the AMNE’s relationship with the environment is especially pronounced, the importance of the environmental element of CS is also high. The company’s dependence on natural resources is its business foundation, and, thus, without it, it would cease to exist. The natural-RBV supported this by emphasizing a company’s interrelationship with the environment and the increasing necessity to engage in actions mitigating the negative environmental impact in a global perspective [7,45,104]. As the AMNE mostly focused on the environmental dimension, this finding aligned with the attention that the society and other stakeholders devoted to this issue. In the context of its dependence and impact on natural resources, the company fulfilled all important criteria to reduce its most prominent impact by focusing on environmental issues and, thus, also contributed to society’s well-being cf. [97].

The individual sustainability focus maintained at the EMNE followed the expectations related to the integration approach, characterized by a high degree of strategic interdepen-dence and organizational autonomy [63]. Also, the learning processes aligned well with the theoretical consideration regarding the leverage of common capabilities with the aim of double-loop learning [9,36,47,58,68,105] and supported the points made in the recent literature. The analysis of data from 2010–2011 to 2015–2016 revealed that both companies learned from each other and developed capabilities based on knowledge exchange and the sharing of best practices. The AMNE was set as a lighthouse for CS engagement, and the EMNE benefitted from the experience of this company regarding sustainability deployment and reporting throughout the analyzed period [42,105].
The establishment of stable, two-way communication channels facilitated a continuous exchange of CS-related best practices and knowledge across internal and external stakeholder groups. Despite the knowledge exchange being initiated in 2011, its significance increased over the years as the EMNE group showed growing acknowledgment and commitment regarding the strategic importance of CS. In this context, the AMNE group also displayed high consideration for the experience and other sustainability resources present at the AMNE [38,47]. Therefore, those were leveraged to benefit the entire business group [54] through a unified sustainability strategy. The general strategy needed to be adapted according to the differences in the business contexts, stakeholder expectations, and resources. The EMNE group secured this by allowing a high degree of organizational autonomy yet established a common framework as guidance. While the EMNE established a common level of understanding, it provided the target with the necessary degree of flexibility to successfully integrate the overall framework into its strategy.

While we focused on the strategic fit as a driver of CS integration within the EMNE’s M&A context, concerning task integration, cultural, and human integration [69,70] were also visible in the case. Our focus was not on emotions, like in the study of Bansal [69], but as strategic sustainability engagement in this M&A case evolved, the establishment of a common conception [16] and the institutionalization of integration mechanisms [69] were accompanied by human integration. In this, the primary role was taken by the top-management on both sides, and specifically the target-side top-management mitigated some conflicts that arose due to the different CS conception and maturity levels of the parties. The common view on sustainability was grounded on a normative stance throughout the study period, and the EMNE aimed to fill institutional voids [7].

6. Conclusions

This study developed a framework and evaluated strategic CS integration after the cross-border acquisition. The main contribution of this study was the holistic evaluation framework and the true possibility to apply it in a real-life strategic context. When considering these theoretical contributions, together with the first research question, it became clear that the constituent dimensions were a general measure that needed to be complemented with maturity levels to allow tracking changes in the CS strategy. Tracking developments by examining shifts in the constituent dimensions only was too vague of a measure on which to base a well-founded analysis. In addition, the constituent dimensions referred to the CS, its conceptions, and the related objectives without addressing the topic of the respective strategy (Tables 1–3, Figure 3). Since the strategy, however, defines the path of a company to reach the specified objectives, it was important to consider the development in the CS strategy together with its constituent dimensions. Therefore, the complementary assessment of the maturity levels facilitated the creation of a more complete picture of strategic CS. The coherent and group-wise CS strategy may be argued to represent the actual CS performance, rather than a misrepresentation of engaging in CS decoupling [23].

Addressing CS within the EMNE post-M&A context through a longitudinal single case study responded well to calls of contextualization and the needed strategic approach to CS. The blending of the conceptual arguments (Sections 2.1 and 2.2) and the findings from the analysis facilitated the understanding of the strategies relating to CS integration. The study highlighted the impact of the special context on CS and added to the existing knowledge about how EMNEs proceed when integrating complementary resources and capabilities of the acquired company, e.g., [57–59]. We contend the long-term perspective that the more partnering kind of soft approach to M&A integration with emphases on learning supported strategic CS integration as one of the key strategic resources. We believe, in light of today’s global challenges, that this is a valid approach for many more EMNEs as well as for AMNEs. Beyond the conceptual work and presenting the combined framework based on our literature review, we tried to show the world of the case companies with those details related to the conceptual arguments. Indeed, the study identified critical practical issues, such as the importance of establishing a common conception of CS.
In addressing the second research question regarding how strategic CS integration was managed by the case companies, the study (1) demonstrated the relevance of CS strategic integration in EMNEs’ acquisition context [42]. It confirmed that (2) CS was considered a valuable resource that positively impacted a company’s financials. During the post-acquisition integration, it became increasingly prioritized after basic systems were coordinated, such as financial reporting and technical processes. The improvement of CS brought not only financial but also social and societal value [7]. (3) The integration of CS was a complex and time-consuming process and took effect gradually [50]. (4) The disparity in resources at the respective companies, combined with the difference in stakeholder demands, lead to divergence in the secondary strategic reasons and the focus of CS. (5) To overcome the potential conflicts emerging due to the different conceptions of CS, the transfer of knowledge and a soft integration approach were crucial [39,49,59]. Also, (6) the target’s acceptance and understanding regarding the necessity of consolidating CS strategies were significant to enable the acquirer to capture valuable information for developing a group-wide CS strategy. (7) For these reasons, the CS integration needed to be well-anchored among the management of both the acquirer and the target to generate a common understanding and approval for necessary changes.

This research demonstrated some limitations, which allow us to make suggestions for future research to extend our understanding of strategic CS integration within the M&A context. There are major differences across the emerging markets, and their EMNEs are a very heterogeneous group of companies, so their acquisition strategies are diverse, see [106,107]. The same is true for advanced markets and the heterogeneity of advanced market AMNEs. The study purposefully did not address national and organizational cultures and institutions but analyzed differences through the resource and knowledge-based views and stakeholder perspectives, which underlie the recent EMNE M&A literature. Nevertheless, the issue of national and organizational cultures and their impact on the strategic integration of CS are relevant areas of interest in research. Since culture is one of the defining factors for organizational behavior, it could offer additional insights into this topic. Furthermore, research with an institutional view, for example, could bring in aspects such as differences in legislations and regulations as influencing factors of CS.

This study was carried out as a single longitudinal case study. While specific features (temporality, contextuality, and situation) of the EMNE and the AMNE company might not be entirely shared by other acquirers and targets, future studies could build on our analytical framework and the insights presented here. The analytical framework, as well as the concepts incorporated in it, are general enough to facilitate meaningful application to other cases to gain a more holistic, actionable evaluation of strategic CS integration. Through the systematic analysis of CS integration over a period of six years, the strong transparency regarding resources and capabilities of both companies could be seen, which allowed the assimilation of the findings to companies displaying similar resources and experiencing a similar process. Although with well-accepted reasoning, this analysis was primarily based on documentary material that was equally collected from the acquirer and the target. The rationale for the supporting interviews on the AMNEs side was to verify the collected documentary information and assist the interpretation of the data. Since our data ends by the fiscal year of 2016, following the CS integration of this interesting case may be advised. As direct access to the acquirer (the EMNE) was not possible during the study period, interviews as a continuation of this study could also be suggested if access was granted. Further study could reveal more nuances in terms of complementary assets and the power position of the acquirer based on which upgrading efforts the target applied [47]. This study scrutinized a potentially successful case and presented an example of how the integration of CS on a strategic level may enhance the companies’ capabilities regarding the management of future challenges. Further research could also explore CS integration failure. In relation to the tools developed in this study, such a failure could be exemplified by a lack of convergence of CS conceptions, displaying no development or negative development in maturity levels of CS both on individual and aggregated levels.
We may also suggest research aiming at more generalizable findings. More concretely, based on Lankoski [16] and Baumgartner and Ebner [14] and our detailed steps, a survey research strategy could be used to develop large-scale testing, i.e., drawing testable hypotheses based on the achievements so far (a framework and related insights). This would mean that a quantitative analysis focuses on known hypotheses and assumptions for testing their significance for an explanation.

Overall, this research has contributed to an improved understanding of sustainability in a real-life business context. With the help of the well-thought-out detailed evaluation framework, it demonstrated deepening concerns of addressing CS specifically in a post-M&A context. The benefits that can arise from a successful CS integration, as shown in the case at hand, contribute to the transformation of business practices towards sustainable activities. Improving CS within a large business group potentially leverages an industry-wide commitment to sustainability, as CS represents a competitive advantage. Peer companies will realize this, and, thus, the improved CS of a significant actor such as the case EMNE could have an impact on a larger scale. Following this reasoning, the acquisition may play an important role in influencing the industry positively. The holistic evaluation framework with its exemplary application in the M&A context may support managerial decision-making and proactive management of CS in other contexts. Considering the current state of climate change and the heightened global awareness on a social, political, and economic level, companies must leverage their resources to incorporate CS into their business strategy if they want to stay relevant in their market. This also means that society at large will benefit from the companies’ progress in CS since businesses reduce their impact on externalities and, thus, contribute to the overall improvement in social and environmental domains.

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**Appendix A**

**Table A1.** Sustainability dimensions and maturity levels, based on Baumgartner and Ebner [14].

| Maturity Level 1: Beginning | Maturity Level 2: Elementary | Maturity Level 3: Satisfying | Maturity Level 4: Sophisticated |
|----------------------------|-----------------------------|-----------------------------|-------------------------------|
| **Internal Social Sustainability Aspects** | **Corporate governance (CG)** | **Focus on mandatory frameworks regarding CG** | **Focus on mandatory and voluntary frameworks regarding CG; setting of further measures for transparency** | **Focus on mandatory and voluntary frameworks regarding CG; setting of further measures for transparency; proactive commitment regarding stronger rules** |
| Health/safety | Maturity Level 1: Beginning | Maturity Level 2: Elementary | Maturity Level 3: Satisfying | Maturity Level 4: Sophisticated |
|---------------|-----------------------------|-----------------------------|----------------------------|-------------------------------|
| Respect of health/safety in legal scope; no active focus | Respect of health/safety in legal scope; related measures are set in case of dangerous situations; rather reactive than proactive deployment | Systematic planning of health and safety; deployment of most areas of the company; activities to avoid health and safety risks | Approach regarding health and safety supports organizational goals towards sustainability; systematic planning and deployment throughout the company; activities to avoid health and safety risks in the long-term together with continuous improvement |

| Human resources development (HRD) | No specific HRD measures related to sustainability | Certain HRD measures related to sustainability | Various HRD measures and programs related to sustainability; training of most employees in sustainability | Various HRD measures and programs related to sustainability; training of every employee in sustainability |

### External Social Sustainability Aspects

| Ethical behavior and human rights | Respect of human rights; no codes, guidelines or common corporate behavior | Respect of human rights; principal rules about how to behave | Corporate behavioral codes and guidelines throughout the entire organization | Corporate behavioral codes and guidelines throughout the entire organization, control, and proactive improvement of those |

| Corporate citizenship (CC) | No focus on CC | Initiation and support of certain CC projects; rare connections between CC and business are made | Systematic planning and conduction of CC (non-monetary and monetary); connections between CC and business mostly made | Systematic planning and conduction of CC (non-monetary and monetary); focus on long-term commitment; integration of most employees into the process; connections between CC and business mostly made |

### Environmental Sustainability Aspects

| Resources (materials, energy) | For the use of resources, economic, technical and environmental and/or social are considered; measurement of resource efficiency for business processes; goals for resource management are defined; sustainability principles are partly considered | For the use of resources, economic, technical and environmental and/or social are considered; measurement of resource efficiency for some business processes | For the use of resources, a combination of economic, technical, environmental, and social criteria are considered; measurement of resource efficiency for all business processes; long-term resource management aligned with sustainability principles |

| Emissions into the air water or ground | Conformity with laws and regulations regarding emissions into air, water, or ground; definition of reduction goals for most emissions; use of cleaner production technologies | Conformity with laws and regulations regarding emissions into air, water, or ground; definition of ambitious reduction goals for air emissions; avoidance of emissions due to zero emission activities | Conformity with laws and regulations regarding emissions into air, water, or ground; definition of ambitious reduction goals for air emissions; avoidance of emissions due to zero emission activities |
### Table A1. Cont.

| Maturity Level 1: Beginning | Maturity Level 2: Elementary | Maturity Level 3: Satisfying | Maturity Level 4: Sophisticated |
|----------------------------|-----------------------------|-----------------------------|---------------------------------|
| **Waste and hazardous waste** | Conformity with laws and regulations regarding (hazardous) waste | Conformity with laws and regulations regarding (hazardous) waste; definition of reduction goals for major emissions | Conformity with laws and regulations regarding (hazardous) waste; definition of ambitious reduction goals for air emissions; avoidance of emissions due to zero emission activities |
| **Environmental issues of the product** | Conformity with laws and regulations regarding biodiversity | Biodiversity and the organizational impact on it in strategy, policy, and processes are considered | Outstanding activities and approaches in order to diminish the organizational impact or biodiversity are implemented |

#### Economic Sustainability Aspects

| Innovation & Technology | Conformity with laws and regulations regarding technology | First effort in sustainability related R&D; conformity with laws and regulations regarding technology; partial use of integrated environmental technology | Higher effort in sustainability related R&D than industry average; proactive investments in technology; use of integrated environmental technology and/or cleaner production |
|--------------------------|----------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Collaboration            | Company is not an active partner in networks             | Communication and collaboration with most relevant business partners (suppliers, customers) | Communication and collaboration with stakeholders regarding sustainability issues |
| Knowledge management (KM)| No systematic approach towards KM                        | Specific sustainability related KM activities to generate transfer and save sustainability knowledge | Broad approach and activities towards sustainability related KM and integrating intangible assets; various activities regarding organizational learning |
| Processes                | No respect of sustainability issues in process definition | Respect of most relevant sustainability issues in business processes          | Sufficient respect of relevant sustainability in business and support processes; definition of roles and responsibilities |
| Purchase                 | No consideration of sustainability-related purchase      | Social and environmental criteria to be considered in purchase with direct suppliers | Social and environmental criteria to be considered and actively verified in purchase within the whole supply chain |
Table A1. Cont.

| Maturity Level 1: Beginning | Maturity Level 2: Elementary | Maturity Level 3: Satisfying | Maturity Level 4: Sophisticated |
|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
| Sustainability reporting    | No consideration of sustainability in a sustainability or annual report | Respect of most relevant sustainability issues in corporate communication channels (one-way) or in a distinct report (sustainability or annual report) | Consideration of most relevant sustainability issues in corporate communication channels (one-way) and in a distinct report (sustainability or annual report); definition and communication of additional goals and measures |

Table A2. Interviews at the AMNE and industry cluster.

| Interview Time | Interviewee | Data-Handling |
|----------------|-------------|---------------|
| 020512 (30 min) | Research Manager at the AMNE Research Unit | Audio-taped, transcribed, selected excerpt for this paper. |
| 020512 (30 min) | Consultant (leader of deal preparation from the AMNE side) | Audio-taped, transcribed, selected excerpt for this paper. |
| 300512 (80 min) | Consultant (leader of deal preparation from the AMNE side) | Audio-taped, transcribed, selected excerpt for this paper. |
| 050612 (120 min) | CEO Cluster Mngmt Org. | Audio-taped, transcribed, selected excerpt for this paper. |
| 290512 (100 min) | Research Professor | Audio-taped, transcribed, selected excerpt for this paper. |
| 240516 (90 min) | CEO | Audio-taped, transcribed, selected excerpt for this paper. |
| 250516 (180 min) | CEO | Audio-taped, transcribed, selected excerpt for this paper. |

Table A3. Interview on CS integration at the AMNE.

| Interview Time | Interviewee | Data-Handling |
|----------------|-------------|---------------|
| 050417 (50 min) | HR manager | Audio-taped, transcribed, analyzed (coded in full) for this paper. |
| 050417 (55 min) | HSEQ manager | Audio-taped, transcribed, analyzed (coded in full) for this paper. |
| 110417 (45 min) | Production manager | Audio-taped, transcribed, analyzed (coded in full) for this paper. |
| 110417 (45 min) | Technical director | Audio-taped, transcribed, analyzed (coded in full) for this paper. |
| 110417 (50 min) | CEO | Audio-taped, transcribed, analyzed (coded in full) for this paper. |

Table A4. Coding categories for CS constituent dimensions.

| Nr | Alternative Conceptions of CS | Objective of Strategic CS |
|----|-------------------------------|--------------------------|
| 1  | Goal orientation              | Absolute, Relative      |
| 1a | Social                        | Absolute, Relative      |
| 1b | Environmental                 | Absolute, Relative      |
| 1c | Economic                      | Absolute, Relative      |
| 2  | Substitutability              | Weak, Strong            |
| 3  | Scope                         |                          |
Table A4. Cont.

| Nr | Alternative Conceptions of CS | Objective of Strategic CS |
|----|-------------------------------|---------------------------|
| 3a | Social                        | For example: job creation, workplace safety, education, sponsorship/funding, attractive employer (benefits, conditions, etc.), stakeholders, local community, health, staff welfare, gender equality and diversity, awards, certificates, compliance. |
| 3b | Environmental                 | For example: energy, waste, emissions, chemicals, raw material (about), raw material (facts), transportation, production, R&D, products, recycling/circular economy/product life cycle, environmental management tools, compliance, certificates, soil pollution, use of resources, animals, global challenge, award, value chain. |
| 3c | Economic                      | Financial performance     |
| 3d | Sustainability report content and focus | For example: GRI, other reporting guidelines, materiality assessment. |
| 4  | Sustainability strategy       | For example: decision-making, tools, processes, organization, governance, sustainability investments/projects, learning, value chain, leadership, values. |

Table A5. Selected quotes from documents and from interviews (listed in Tables A2 and A3).

| Row | Quote                                                                 | Source                                           |
|-----|-----------------------------------------------------------------------|--------------------------------------------------|
| Q1  | “(The AMNE) is the leader in refining renewable raw materials from the forest into products with a strong environmental profile, delivering value to our stakeholders. Since 2011, (the AMNE) is part of the (EMNE) group . . . the world’s largest producer of viscose fiber, which is the main application of our primary product, specialty cellulose.” | The AMNE, Sustainability report (2016). |
|     | “For (the AMNE), this is great news. (The EMNE) brings a strong financial base and global presence to our operations and strengthens our position in the entire value chain. With a commitment to continue to expand our production facilities and invest further in research and development, (the EMNE) is the perfect owner of (the AMNE).” | The CEO at the AMNE, Press Release (2011; at the time of deal closing). |
|     | “We wanted a company that had the latest technology and also one that is open to reaping the two-way gains.” | The Chairman at the EMNE, Daily newspaper (2012). |
| Q2  | “We go halfway, and then they go halfway so, it’s been give and take . . . two steps forward and one step back.” | Interview with Person 2 (2017). |
|     | “In this relationship, we develop an understanding. Of course, we need to change, adapt to our owner. But it is also that an owner company needs to recognize the culture and the value of the culture, which is existing in the acquired company. I think we are really learning that, but it is like learning another language, most important is that you understand that you don’t understand everything.” | Interview with Person 9 (2016). |
| Q3  | “The sustainability strategy gives a direction . . . and something that we are taking into account when we make our yearly budgeting process” . . . “Sustainable economic performance is critical for business continuity, maintaining healthy relationships with our stakeholders, and for creating a positive socio-economic impact in the geographies in which we operate.” | Interview with Person 2 (2017). |
|     | “(The EMNE) is a conglomerate—companies are controlled but not fully owned, companies are on the stock market, so there is a need of stringent quarterly financial reporting—but still visible is the importance of long-termism, ‘to go somewhere’ . . . Companies in the EMNE group should manage their own cash flow, amortization, interest payment, profit, and dividend payment is not expected, but self-sustainability, yes. At the moment (the AMNE) (under the EMNE ownership) is under development and, in the long-term, it would be nice to be able to generate profit for dividends and further investments.” | The EMNE, Sustainability report (2016). |
|     |                                                                 | Interview with Person 9 (2016). |
| Row | Quote                                                                                                                                                                                                 | Source                                                                                           |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|
| Q4  | “As a Group on the sustainability journey, our thrust is on the three critical dimensions of people, planet, and profit. We have always looked upon our people as the single most important asset of our extended family.”<br>“In the focus of our sustainability strategy is the development of us as a bio-refinery, as a part of what [in our country] is outspoken as an intention to create a bio-economy.” | The EMNE, Annual report (2013). Interview with Person 3 (2017).                               |
| Q5  | “The Company is a caring corporate citizen and lays significant emphasis on the development of the host communities around which it operates.”<br>“. . . they talk a lot about CSR. For them CSR is helping poor people, you know, helping the poor people of a village or having a hospital for the people working in the mill.”<br>“If you are a CEO of [the EMNE] Group company considering layoffs, you will have to think about whether it is the right thing to do in light of the group’s values before going to the board with a plan. We think about what a laid-off employee is going to tell his children when he has to explain why he has lost his job. A lot of my Western colleagues don’t understand this because it’s different; in the West, it is OK to hand someone a pink slip and tell them to pack and move out immediately. . . . There is no point in judging who is right. One must understand where the other person is coming from. These discussions are as challenging for our colleagues as they are for us.” | The EMNE, Annual report (2015). Interview with Person 6 (2012) The EMNE, Industry press (2010) |
| Q6  | “As one of the first biorefineries in the world, we have paved the way for other companies that are now also beginning to produce various green products, primarily various forms of bioenergy, but also specialty cellulose, from forest resources.” | The AMNE, Sustainability report (2014).                                                           |
| Q7  | “There is continuous development underway within our various product areas, with everything from further developing the processes to finding new applications. To enable us to keep at the forefront of developments, we have for a few years now had our own innovation unit.”<br>“(The EMNE) stepped in with explaining that the integration will take time and that the idea is to work together. They also had to learn what they paid the price for and acquired.”<br>“The process is partly imposed, but we also create it ourselves—it is a mixture. There is a pressure to show in money what we get out from research.” | The AMNE, Sustainability report (2014) Interview with Person 10 (2016) Interview with Person 10 (2016) |
| Q8  | “We believe that placing sustainability at the core of our business will help us maintain a competitive edge and help create a better world.”<br>“[ . . . ] growing is possible together with the side material. (The EMNE) also realized that the lignosulfonate business is essential to growing. Awareness, interest is growing, (the EMNE) looks broader it wants also to be one of the leaders in sustainable businesses, nowadays.”<br>“( . . . ) thinking again of the products and the potentials, it is quite in line with that (the EMNE) wants, on their journey to be a sustainable producer, to be part of the bio-economy and to use sustainable raw materials. Polyester is not sustainable, cotton is limited ( . . . ), and as the circular economy is supported by the government in replacing fossil oil-based products, we are in a very good position.” | The EMNE, Sustainability report (2016). Interview with Person 10 (2016). Interview with Person 10 (2016) |
| Q9  | “We are gearing to ensure that we have the right talent at the right time and at the right place for each of our businesses . . . stepping up the focus on R&D to increase the share of value-added products across businesses are our focus areas.”<br>“I think that over time, the way we work here will inspire the (EMNE) group to work differently with their internal education and training. I am sure that we will inspire the (EMNE) group on how can you work in clusters and how with open innovation.” | The EMNE, Annual report (2015) Interview with Person 7 (2012)                                  |
| Q10 | “Tree plantation at all its units and mines is an ongoing activity to heighten the green cover in and around our facility.”                                                                 | The EMNE, Annual report (2015)                                                                   |
### Table A5. Cont.

| Row | Quote | Source |
|-----|-------|--------|
| Q11 | “(Both the acquirer and the target) follow the group’s Corporate Principles and Code of Conduct. The code of conduct and corporate principles are practiced and monitored within the group and organizations with the aim to follow the highest standards of ethics and values.” | The AMNE, Sustainability report (2016) |
| Q12 | “(The EMNE) group acquires (the AMNE), a leading specialty pulp and biorefinery company. (The AMNE), with its cutting-edge technology and production process coupled with a state-of-the-art bio-refinery, adds significant value to the Group’s pulp and fiber operations.” | The EMNE, Internal press (2017) |
| Q13 | “The sustainability vision and framework has been developed at the (EMNE) group level and cascades down to different businesses and units. The main components of the framework include a sustainability vision, policies and standards to be applied by group companies.” “... within (the EMNE), we are working on a common forest measurement policy. That work actually started; I think it was around a year ago. Starting the work is of course showing ambitious, and it is a very ambitions statement, saying that we should have a common forest management strategy. And moreover that it is to be implemented by all of the suppliers to the (EMNE) groups, saying that if you want to supply the (EMNE) with cellulose, you have to conform to the policy of forest management principles that we have established.” | The EMNE, Sustainability report (2016). Interview with Person 3 (2017). |
| Q14 | “The governance structure for implementation of sustainability consists of three layers. We have a Core Committee at the business level, which is responsible for embedding sustainability in the business strategy of the company framework.” “I would say, starting from (the top management) there is a very strong outspoken ambition on sustainability ... The ambition is to do something on an aggregated level which I think is good, but of course, that has to start with that the different divisions have to make their own sustainability in line with all the overall requirements. And that is started, definitely started.” | The EMNE, Sustainability report (2016). Interview with Person 3 (2017). |

### Table A6. Strategy profiles and maturity levels, internal social sustainability aspects. Adapted from Baumgartner and Ebner [14] (p. 84).

| Internal Social Sustainability Aspects | Maturity Level 1: Beginning | Maturity Level 2: Elementary | Maturity Level 3: Satisfying | Maturity Level 4: Sophisticated |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
| Corporate governance                 | EMNE_2010–2015               | EMNE_2016                   | EMNE_2010–2016               |
| Health/Safety                        | EMNE_2010–2012               | EMNE_2012–2014              | EMNE_2014–2016               | AMNE_2016                     |
| Human resources development          | EMNE_2010–2011               | EMNE_2012–2016              | AMNE_2010–2016               |                              |

### Table A7. Strategy profiles and maturity level, external social sustainability aspects. Adapted from Baumgartner and Ebner [14] (p. 85).

| External Social Sustainability Aspects | Maturity Level 1: Beginning | Maturity Level 2: Elementary | Maturity Level 3: Satisfying | Maturity Level 4: Sophisticated |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------------|
| Ethical behavior and human rights    | EMNE_2010–2015               | EMNE_2016                   | EMNE_2010–2016               |                               |
| Corporate citizenship                | EMNE_2010–2015               | EMNE_2016                   | AMNE_2010–2016               |                               |
Table A8. Strategy profiles and maturity level, environmental sustainability aspects. Adapted from Baumgartner and Ebner [14] (p. 83).

| Environmental Sustainability Aspects | Maturity Level 1: Beginning | Maturity Level 2: Elementary | Maturity Level 3: Satisfying | Maturity Level 4: Sophisticated |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|
| Resources (materials, energy)         | EMNE_2010–2011              | EMNE_2012–2016              | AMNE_2010–2016              |                                |
| Emissions into the air, water, or ground | EMNE_2010–2011              | EMNE_2012–2016              | AMNE_2010–2011              |                                |
| Waste and hazardous waste            | EMNE_2010–2011              | EMNE_2012–2016              | AMNE_2010–2016              |                                |
| Environmental issues of the product  | EMNE_2010–2013              | EMNE_2014–2015              | AMNE_2010–2015              | EMNE_2016                      |

Table A9. Strategy profiles and maturity level, economic sustainability aspects. Adapted from Baumgartner and Ebner [14] (p. 83).

| Economic Sustainability Aspects       | Maturity Level 1: Beginning | Maturity Level 2: Elementary | Maturity Level 3: Satisfying | Maturity Level 4: Sophisticated |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|
| Innovation & Technology               | EMNE_2010–2012              | EMNE_2013–2016              | AMNE_2010–2016              |                                |
| Collaboration                         | EMNE_2010–2011              | EMNE_2012–2016              | AMNE_2010–2016              |                                |
| Knowledge management                  | EMNE_2010–2011              | EMNE_2012–2016              | AMNE_2010–2016              |                                |
| Processes                             | EMNE_2010–2011              | EMNE_2012–2016              | AMNE_2010–2016              |                                |
| Purchase                              | EMNE_2010–2011              | EMNE_2012–2015              | AMNE_2010–2013              | EMNE_2016                      |
| Sustainability reporting              | EMNE_2010–2015              | AMNE_2010–2015              | AMNE_2016                   | AMNE_2016                      |

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