

Global and green? MNE subsidiaries and green innovation performance

Valentina De Marchi

Giulio Cainelli

Roberto Grandinetti

Department of Economics and Management, University of Padova, Italy,

33 via del Santo, 35123, Padova

ABSTRACT

Firms are increasingly challenged to go green. This is especially the case for MNEs, which are subject to a high degree of scrutiny from stakeholders. In this context we address the question if such stronger pressures, so as the higher resources they can draw on, make MNEs subsidiaries more likely to introduce to the market green innovation (GI) as respect to other firms. Despite the interest on green innovation grew significantly in the academic discourse in the last decade, just very few papers have investigated green innovation in the context of MNEs and their subsidiaries. This is a particularly interesting question as green innovation entail important peculiarities, so that they can not be understood just using the models developed to understand 'traditional' innovation dynamics (De Marchi, 2012, Cainelli et al, 2015). The only paper that so far has addressed GI in the context of IB studies (Kawai, Strange, & Zucchella, 2018), testify such a specificity, suggesting that drivers for implementation of GI are dependent of the global configuration of the MNE.

Drawing data from the Community Innovation Survey for 11 European countries, which includes more than 36,000 manufacturing firms, our results suggest that MNE subsidiaries are more likely to introduce GI and to implement a more holistic strategy toward sustainability. Subsidiaries have higher green innovation performance in relation to the fact that they receive higher pressure from stakeholders and, with regard to the innovations to be developed, are able to deal with the complexity that often distinguishes them thanks to the fact of "standing on the shoulders of giants", in the sense of access to a large, global, knowledge repository. Furthermore, results bespoke of the importance to consider the configuration of the MNE (and in particular the degree of autonomy of the subsidiaries) to understand subsidiaries' propensity to address a large variety of environmental impacts via their innovation activities. GI – precisely in relation to its intrinsic complexity – opens a new window on the MNCs, precisely on the cooperation between the headquarter and subsidiaries, or even between subsidiaries only.

Despite the limitations given by the data used, which has not been built to understand MNE-subsidaries dynamics but innovation, we believe the analysis does provide interesting contribution to the literature that is addressing how MNEs can address the sustainability challenges.

Keywords: *Environmental innovation, MNEs, sustainability, Intra-MNE cooperation, R&D*