



Beyond Compliance: Multi-Stakeholder Initiatives and the Implementation of EU Sustainability Requirements in Global Value Chains

Kristina Kristiansen Stapnes

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Abstract

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Keywords: Multi-stakeholder initiatives (MSIs), sustainability governance, global value chains, EU sustainability regulation, Nordic firms, emerging markets

This study explores the role of multi-stakeholder initiatives (MSIs) in supporting the implementation of EU sustainability requirements across global value chains, with a particular focus on Nordic firms operating in Mexico. As EU regulatory frameworks such as the CSRD, CSDDD, and CBAM continue to expand, the study examines how sustainability expectations are translated and implemented beyond European headquarters and across diverse supply chains.

The research is based on five semi-structured interviews conducted with representatives from Nordic lead firms, a business association, and a sustainability advisory organization. Adopting a qualitative single-case study design grounded in an interpretive research approach, the study applies a Gioia-inspired coding process that combines inductive and deductive analysis to identify patterns across organizational roles and contexts.

The findings suggest that EU sustainability requirements rarely reach Mexican suppliers directly. Instead, they are primarily transmitted through lead firms, with internal cascading governance structures serving as the main mechanism for implementation. Rather than acting as primary drivers of change, MSIs appear to play a supportive role by facilitating coordination, regulatory interpretation, and knowledge exchange. At the same time, implementation is shaped by local institutional conditions, including regulatory uncertainty, infrastructure limitations, and uneven supplier capabilities.

The study contributes to the literature on sustainability governance in global value chains by highlighting that the effectiveness of MSIs in emerging market contexts depends less on

formal governance structures alone and more on the operational capacity of intermediary actors to translate regulatory expectations into locally feasible practices.

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Palavras-chave: Iniciativas multipartes (MSIs), governança de sustentabilidade, cadeias de valor globais, regulamentação europeia de sustentabilidade, empresas nórdicas, mercados emergent

Este estudo explora o papel das iniciativas multipartes (MSIs) no apoio à implementação dos requisitos de sustentabilidade da União Europeia nas cadeias de valor globais, com foco particular em empresas nórdicas que operam no México. À medida que regulamentos como a CSRD, a CSDDD e o CBAM avançam, o estudo analisa como as expectativas de sustentabilidade são transmitidas e implementadas em diferentes contextos de cadeia de abastecimento.

A investigação baseia-se em cinco entrevistas semiestruturadas com representantes de empresas líderes nórdicas, uma associação empresarial e uma organização consultiva de sustentabilidade. Adotando um desenho qualitativo e exploratório, o estudo utiliza um processo de codificação inspirado em Gioia, combinando análise indutiva e dedutiva para identificar padrões de interpretação regulatória e implementação local.

Os resultados mostram que os requisitos de sustentabilidade da UE raramente chegam diretamente aos fornecedores mexicanos. Em vez disso, são traduzidos internamente pelas empresas líderes e transmitidos através de estruturas de governança em cascata. Embora as MSIs contribuam para a coordenação, troca de conhecimento e interpretação regulatória, a implementação continua fortemente dependente das capacidades das empresas e das condições institucionais locais.

O estudo contribui para a literatura sobre governança de sustentabilidade ao destacar que a eficácia das MSIs em mercados emergentes depende menos de estruturas formais e mais da capacidade prática dos atores intermediários de adaptar expectativas regulatórias a contextos locais.

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List of Abbreviations

CBAM - Carbon Border Adjustment Mechanism

CSRD - Corporate Sustainability Reporting Directive

CSDDD - Corporate Sustainability Due Diligence Directive

EU - European Union

GVC - Global Value Chains

GHG - Greenhouse Gas

KPI – Key Performance Indicator

MSI - Multi-Stakeholder Initiatives

1. Introduction

Sustainability has become an increasingly important issue for companies across industries and countries, leading to a growing number of corporate sustainability initiatives. A notable example is Walmart's "Project Gigaton", launched in 2017 with the aim of reducing one gigaton of greenhouse gas (GHG) emissions from the company's global supply chain by 2030 (McLaughlin, 2024). Such initiatives show how sustainability is no longer only about what happens inside the firm, but increasingly about how companies influence practices across their wider value chains.

At the same time, the European Union (EU) has introduced new regulatory frameworks aimed at strengthening sustainability governance across global business operations. These include the Corporate Sustainability Reporting Directive (CSRD), the Corporate Sustainability Due Diligence Directive (CSDDD), and the Carbon Border Adjustment Mechanism (CBAM). The CSRD requires large firms to report on sustainability impacts across their value chains, the CSDDD extends due diligence responsibilities to suppliers, and the CBAM introduces carbon pricing on imports. Together, these frameworks reflect a growing effort by the EU to influence sustainability practices beyond its own borders.

Although these frameworks do not directly apply to suppliers outside the EU, they create indirect pressure through EU-based lead firms. In many cases, sustainability expectations therefore become part of supplier relationships rather than direct legal obligations. This means that implementation often depends on actors operating in very different regulatory and institutional environments, particularly in emerging markets.

Despite growing research on sustainability governance in global value chains, limited attention has been paid to how these requirements are actually translated into operational practice across different local contexts. In particular, relatively little research has examined what role multi-stakeholder initiatives (MSIs) play in that process. MSIs bring together firms, civil society organizations, and other intermediary actors, and may help firms navigate coordination challenges across complex supply chains. However, their practical role in emerging market contexts remains underexplored.

Given this gap, this study examines the implementation of EU sustainability requirements in global value chains, with a particular focus on Nordic firms operating in Mexico. The study addresses the following research question: "What role do multi-stakeholder initiatives play in the implementation of EU sustainability requirements across global value chains?" The

question is intentionally open, allowing the empirical findings to reveal the nature and extent of MSI involvement rather than assuming a specific governance role from the start.

2. Explanation of the Significance of the Project

This study is relevant from both a practical and an academic perspective. In practice, multinational firms, policymakers, and MSIs are increasingly facing the challenge of implementing sustainability requirements across global value chains. As EU sustainability requirements extend beyond firm boundaries, questions of how they can be realistically implemented across institutionally diverse supply chains become increasingly relevant. Understanding what mechanisms support or constrain this process therefore has direct implications for how firms design their governance approaches and how MSIs position their role.

From an academic perspective, the study contributes to the growing literature on sustainability governance in global value chains. Existing research focuses primarily on lead-firm governance and formal compliance mechanisms, leaving the practical role of MSIs in emerging market contexts less explored. The study addresses this gap by examining implementation processes from the ground up, across institutional and organizational boundaries.

The empirical focus on Nordic firms operating in Mexico also contributes to a context that remains underrepresented in existing research. Mexico's increasing role in nearshoring, its growing integration into European-led value chains, and its distinct regulatory and infrastructural conditions make it a relevant setting for examining sustainability implementation in practice.

Moreover, Latin American institutional environments differ considerably from the European settings in which much global value chain (GVC) literature has been developed. This makes the Mexican context analytically valuable for understanding how global sustainability expectations travel across institutional distance and are translated into local implementation realities.

3. Literature Review

3.1 Global Value Chains, Lead Firm Governance and Regulatory Pressures

Research on GVCs highlights how firms increasingly specialize in specific stages of production rather than remaining vertically integrated. As production becomes fragmented across countries, a central question emerges: how can geographically dispersed and organizationally fragmented activities be effectively coordinated (Gereffi, Humphrey & Sturgeon, 2005)?

Within GVCs, coordination is typically exercised by lead firms that structure relationships with suppliers through different governance mechanisms. According to Gereffi et al. (2005), lead firms often increase coordination complexity by introducing new requirements for suppliers, while at the same time reducing it through standardization, codification, and formalized monitoring systems. In this way, lead firms shape not only production processes, but also how suppliers organize and adapt their operations.

These governance dynamics become particularly relevant in supplier relationships involving firms in developing and emerging economies. Producers in developing economies are often expected to meet standards and operational requirements that may not yet exist in their domestic markets, creating gaps between local capabilities and global expectations (Keesing & Lall, in Gereffi et al., 2005).

Recent EU regulatory developments have added a further layer of complexity to these governance dynamics. Bradford (2020) describes this through the concept of the “Brussels Effect”, where European regulatory standards shape production practices far beyond EU borders. This occurs because firms operating in global markets may choose to adopt EU standards across their entire operations to avoid maintaining separate compliance systems, effectively exporting regulatory requirements to non-EU suppliers.

One important example is the CSDDD, which formally extends corporate responsibility across entire value chains (European Commission, 2024). Fransen and Burgoon (2017) further show how such frameworks increasingly reinforce hybrid governance arrangements, where public and private actors jointly shape standards across transnational production networks.

For non-EU suppliers integrated into European-led value chains, these developments may create governance challenges that cannot always be addressed through lead-firm control

alone. It is within governance gaps that MSIs become relevant as complementary governance mechanisms.

3.2 Limitations of Firm-Led Governance

While GVC theory explains how lead firms coordinate geographically dispersed suppliers, it offers less insight into how sustainability requirements are effectively implemented across environments shaped by institutional asymmetries and uneven local capabilities. Recent research highlights how sustainability governance is shaped by institutional complexity, as standards are often interpreted and enacted differently across diverse local environments (Kano et al., 2020).

This suggests that the effectiveness of firm-led governance is closely linked to the institutional contexts in which firms operate. Lead firms originating from developed institutional environments may rely on governance practices, compliance structures, and stakeholder expectations that do not necessarily translate directly to supplier contexts shaped by different local conditions.

Empirical research further shows that while lead firms may codify and monitor sustainability expectations, implementation often remains dependent on local realities (Lund-Thomsen & Coe, 2015). Relational governance and cultural adaptation may improve coordination, but do not fully overcome structural and institutional constraints (Griffith & Myers, 2005 in Kano et al., 2020).

If firm-led governance alone is insufficient to ensure sustainability implementation, this raises the question of what role intermediary mechanisms, such as MSIs, may play in bridging these gaps.

3.3 MSIs as Governance Mechanisms

MSIs are commonly understood as private governance arrangements involving corporations, civil society organizations and in some cases governments or unions, aimed at addressing social and environmental challenges across industries and global value chains (Mena and Palazzo, 2012). Rather than replacing lead-firm coordination, MSIs may complement existing governance structures by translating broad sustainability expectations into more concrete

practices across geographically dispersed production networks. By bringing together firms, public actors, and local stakeholders, MSIs can create platforms for coordination in contexts where individual firms may struggle to implement sustainability requirements on their own.

Recent literature increasingly views MSIs as hybrid governance mechanisms that combine cooperation and compliance. In their study of the Better Cotton Initiative, Ghorri et al. (2022) discuss how compliance and cooperation are often treated as separate strategies in GVC research. Instead, they propose a hybrid model where cooperation between brands, retailers, MSIs, and local producers often comes before, and helps enable, compliance with sustainability standards. Multi-stakeholder standards, often developed within MSIs, are central to this hybrid model. Fransen and Kolk (2007) highlight that such standards may strengthen both the legitimacy and effectiveness of sustainability governance by providing more specific rules, measurable criteria, and structured implementation processes.

However, the effectiveness of MSIs is not guaranteed. Multi-actor governance settings are often characterized by coordination challenges, free riding, and limited trust between participants (Hyatt, 2009). From a collective action perspective, Ostrom (1990, 1998) further argues that governance arrangements require mechanisms that support monitoring, coordination, and collective learning. Beyond these structural challenges, formal adoption of standards does not necessarily lead to implementation in practice. Benham and MacLean (2011, cited in Soundararajan et al., 2019) describe this as “decoupling”, where firms commit to sustainability standards without fully embedding them in practice. Soundararajan et al. (2019) further show how stakeholder priorities and incentive structures shape firms’ actual willingness to engage. These tensions may be especially relevant in emerging market contexts, where monitoring capacity and incentive structures often differ from the environments in which MSI governance models were originally developed. This makes it particularly relevant to examine how such tensions play out in the context of Nordic firms operating in Mexico, and what role MSIs can realistically play under these conditions.

3.4 Literature Review Synthesis

The literature reviewed above suggests that sustainability governance in global value chains cannot be fully understood through firm-led coordination alone. The implementation of sustainability requirements appears to be shaped by the interaction between regulatory pressures, lead-firm governance, supplier capabilities, and collaborative governance

mechanisms, with MSIs potentially influencing not only compliance, but also how sustainability expectations are translated into practice.

Yet existing research has paid limited attention to how these dynamics play out in institutionally diverse emerging market contexts. This creates an important empirical gap, which this study addresses by examining how sustainability requirements are implemented through the interaction between regulatory expectations, lead-firm governance, and intermediary coordination among Nordic firms, their suppliers, and intermediary actors operating in Mexico.

4. Conceptual Framework

Drawing on the literature reviewed above, this study develops a conceptual framework built around three analytical dimensions that shape sustainability implementation in global value chains: regulatory pressures, lead-firm governance, and local implementation realities.

The first dimension, regulatory pressures, focuses on how EU frameworks such as the CSRD, CSDDD, and CBAM extend beyond European firm boundaries, and how these regulatory expectations are interpreted and adapted as they move across institutional contexts through lead-firm relationships.

The second dimension, lead-firm governance, examines how Nordic firms translate sustainability expectations into supplier requirements, monitoring practices, and internal strategies, while also highlighting where the limits of this governance become visible in practice.

The third dimension, local implementation realities, focuses on how conditions in the Mexican context, including regulatory fragmentation, infrastructural constraints, supplier capabilities, and market credibility challenges, shape whether and how sustainability expectations are realized on the ground.

Within this framework, MSIs are examined as intermediary governance mechanisms operating across all three dimensions. Rather than acting as formal compliance enforcers, they are understood as actors that may support regulatory interpretation, inter-firm coordination, and contextual adaptation.

Together, these three dimensions provide the analytical structure guiding the empirical analysis, with the findings organized around regulatory translation and uncertainty, lead-firm governance and supplier engagement, and local implementation realities including market dynamics, credibility challenges, and the role of MSIs as intermediary governance mechanisms across these contexts.

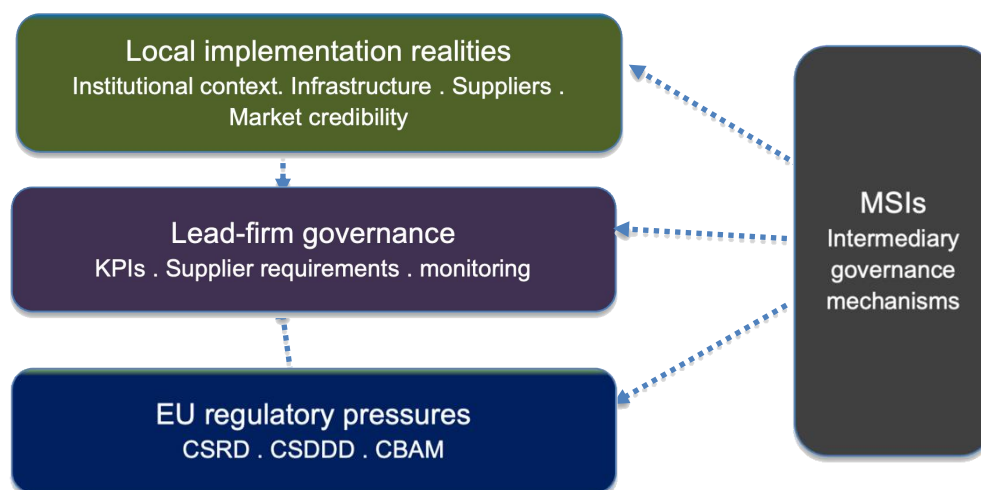


Figure 1 illustrates the relationship between these three analytical dimensions and the role of MSIs as intermediary governance mechanisms operating across them

5. Methodology

This study adopts a qualitative research design to examine what role MSIs play in the implementation of EU sustainability requirements across global value chains. Qualitative methods are particularly well suited to this research question, as the phenomenon under investigation, namely how regulatory expectations are interpreted, negotiated, and enacted across organizational and institutional boundaries, is complex, context-dependent, and not easily captured through quantitative measurement. The aim is not to establish generalizable causal relationships, but to develop a rich and contextually grounded understanding of how sustainability governance unfolds in practice.

The study is designed as an exploratory single-case study, following the methodological approach outlined by Yin (2018). The empirical case centers on the Nordic Chamber of Commerce in Mexico, examined as an instance of MSI-based governance in practice. The case encompasses both the Chamber's role as an intermediary governance actor and the ways

in which its member firm interpret and implement EU sustainability requirements in the Mexican context. Case study research allows for in-depth analysis within a real-world setting where multiple actors interact under varying institutional conditions, making it well suited to examine how sustainability governance is enacted across organizational and geographical boundaries. A single-case design is appropriate given the analytical specificity of the empirical context, as the Nordic Chamber represents a focused and theoretically relevant setting for examining how EU-originating sustainability requirements travel across institutional distance. While a comparative design may have offered broader generalizability, the depth of insight provided by a single case is considered more valuable given the exploratory nature of the research question.

The study is further grounded in an interpretive research philosophy, recognizing that governance processes and institutional dynamics are shaped by how actors understand, interpret, and respond to their surrounding environments. From this perspective, the aim is not to measure objective compliance outcomes, but to understand how participants make sense of regulatory expectations and coordination challenges in practice. This is consistent with the broader focus of the study, which views sustainability governance not as a fixed or directly observable phenomenon, but as something continuously negotiated and enacted across different organizational contexts.

5.1 Research Design

The empirical focus of this study is Nordic lead firms operating in Mexico, and their engagement with Mexican suppliers and the Nordic Chamber of Commerce in Mexico as the primary MSI under examination. This empirical setting was selected for three main reasons.

First, Nordic firms of sufficient scale are directly affected by EU sustainability regulations, including the CSRD and CSDDD, while operating within a Latin American institutional environment that differs significantly from the European regulatory context in which these frameworks were developed. This creates a relevant setting for examining how sustainability requirements travel across institutional distance.

Second, Mexico's position as a major manufacturing hub, combined with its increasing integration into global value chains through nearshoring, makes it a strategically relevant context for examining sustainability implementation at the supplier level.

Third, the Nordic Chamber of Commerce in Mexico provides a concrete empirical entry point for exploring how intermediary governance operates in practice, given its role in facilitating coordination between Nordic firms and local actors across sustainability-related challenges.

The unit of analysis is not individual firms in isolation, but the governance processes through which EU sustainability requirements are interpreted, transmitted, and implemented across organizational and institutional boundaries. This reflects the study's broader interest in relational and cross-boundary dynamics, rather than firm-level compliance outcomes alone.

5.2 Sampling Strategy

Participants were selected using a purposive sampling strategy aimed at capturing variation across organizational roles involved in sustainability implementation, spanning both Nordic lead firms and intermediary actors operating in Mexico.

Selection criteria included participants' involvement in sustainability management, compliance, procurement, supply chain coordination, or advisory roles. This ensured access to different perspectives on regulatory implementation. In total, five semi-structured interviews were conducted. Three were carried out with representatives from Nordic lead firms operating in Mexico, covering roles in sustainability, supply chain management, and broader industry leadership. One was conducted with a representative from a Nordic certification and advisory organization (anonymized at the participant's request), providing expert perspectives on sustainability compliance and implementation. The fifth was conducted with a representative from the Nordic Chamber of Commerce in Mexico (Cámara Nórdica de Comercio), offering insights into intermediary roles, regulatory interpretation, and coordination dynamics across member firms.

Four interviews were conducted in English and one in Spanish. All were carried out via video call, reflecting both the geographical distribution of participants and practical access considerations.

5.3 Data Collection

Semi-structured interviews were selected as the primary data collection method, allowing for both comparability across participants and flexibility to explore context-specific experiences.

This method is well-suited for examining how firms interpret and implement EU sustainability requirements, as it allows participants to describe their experiences in their own terms.

Separate interview guides were developed in advance, drawing on the three thematic areas of the conceptual framework, while allowing for follow-up questions based on participants' responses (see Appendices A, B, and C). All interviews were conducted online and typically lasted from 30 to 40 minutes. When permitted, interviews were recorded; in cases where recording was not permitted, detailed notes were taken immediately after the interview to ensure accuracy.

Access to participants was gained through professional networks within the Nordic business community in Mexico. Initial contact was established through direct outreach and professional referrals, which provided access to both firm-level representatives and intermediary actors involved in sustainability coordination.

Table 1- Overview of Interview Participants

Interview	Position	Organization type	Industry	Date	Role in study
Interview 1	Sustainability manager	Nordic multinational firm	Packaging	06.03.2026	Lead firm representative
Interview 2	Supply chain representative	Nordic multinational firm	Automotive	12.02.2026	Lead firm representative
Interview 3	Former country manager / Industry expert	Nordic multinational firm	Industrial manufacturing	14.04.2026	Industry expert
Interview 4	Sustainability advisor	Nordic certification and advisory organization	Risk management/Sustainability	16.04.2026	Sustainability expert
Interview 5	Representative	Nordic chamber of Commerce in Mexico	Intermediary organization	23.04.2026	MSI representative

5.4 Data Analysis

The analysis combines deductive and inductive coding, guided by key concepts from the literature on GVC governance and sustainability implementation. Initial coding categories were informed by the study's analytical framework, including regulatory translation, governance dynamics, coordination mechanisms, and intermediary roles, while remaining open to themes that emerged through repeated reading of the transcripts.

To support the transition from empirical observations to theoretical interpretation, the study applies a Gioia-inspired analytical approach. First-order concepts were derived from informants' own terms and experiences, capturing how participants described regulatory pressures, implementation challenges, and coordination processes in practice. These concepts were then grouped into second-order themes informed by the analytical framework, before being aggregated into broader analytical dimensions linking the empirical material to the theoretical discussion.

The transcripts were reviewed across multiple coding rounds in order to identify recurring patterns, variations, and tensions across organizational roles and contexts. Analytical memos were maintained throughout the process to document interpretive decisions and trace how themes developed over time.

5.5 Ethics

All interviews were conducted on a voluntary basis. Prior to each interview, participants were informed about the purpose of the study, how the data would be used, and their right to withdraw at any time. Participants provided verbal consent prior to each interview, including consent for recording when applicable.

While the Nordic Chamber of Commerce is identified by name given its central role in the study, individual participants are referred to by role rather than name throughout, and firm-level affiliations are not disclosed. Recordings, transcripts, and research notes were stored securely and handled in line with principles of confidentiality and responsible data management.

5.6 Positionality

The researcher's prior professional exposure to Nordic business networks in Mexico, including familiarity with the institutional context, key organizations, and industry dynamics, facilitated access to relevant participants and informed the development of the interview questions. At the same time, this embeddedness in the field provided contextual insight that strengthened the empirical work, while also introducing the possibility of bias toward perspectives held within the Nordic business community in Mexico.

This proximity may have shaped assumptions about how sustainability governance operates in practice and may have made certain industry perspectives appear more self-evident than they would to an external researcher. To address this, the Gioia-inspired coding approach, with its explicit distinction between first-order informant concepts and second-order researcher interpretations, further supported transparency in how the findings were developed from the empirical material. This helped ensure that the analytical categories reflected patterns emerging from the data, rather than pre-existing assumptions.

6. Findings and Analysis

The findings are organized around three analytical dimensions from the conceptual framework - regulatory translation and uncertainty, lead-firm governance and supplier engagement, and local implementation realities including market dynamics and credibility - with the role of MSIs as intermediary governance mechanisms examined across each section. Within each dimension, a set of subthemes highlights how firms, suppliers, and intermediary actors navigate sustainability implementation across organizational and geographical boundaries.

6.1 Regulatory Translation

6.1.1 Cascading Governance Structures

Interview data show that EU sustainability requirements are not implemented directly at the local level but are first filtered through corporate decision-making processes before being translated into local operations. Sustainability priorities are typically defined at corporate headquarters before cascading through regional, national, and plant level structures, eventually becoming embedded in team-level KPIs and operational routines. At the

operational level, this is reflected in concrete initiatives such as energy transitions, product certification, and improvements in waste management systems.

This governance structure reflects an important feature of the empirical context. EU sustainability requirements do not apply directly to Mexican firms, and relatively few Mexican suppliers export directly to Europe. As one sustainability expert explained, Mexican companies primarily follow domestic regulatory requirements. In practice, this means that Nordic lead firms become the main channel through which EU-aligned sustainability expectations enter the local supply chain context. As one interviewee noted, "even if it's not a regulation in Mexico, we still need to comply with corporate goals and strategy."

At the same time, the implementation process is not purely top-down. As another interviewee explained:

"You need to take into account the reality of the country... you cannot just ask a big country like Mexico to have zero emissions in a short time."

This highlights an important tension in the findings: while governance structures are hierarchical in form, implementation still depends on continuous adaptation to local conditions.

6.1.2 Regulatory Fragmentation and Institutional Uncertainty

Adaptation efforts are also shaped by broader structural and institutional constraints. While sustainability targets are often defined globally, their implementation depends on fragmented policy frameworks and uneven enforcement across local contexts. In Mexico, this fragmentation is particularly visible in environmental regulation, where state-level rules vary significantly, complicating firms' decisions about product development and long-term investments.

Regulatory uncertainty adds to these challenges. One interviewee explained that a national circular economy law has been introduced, but still lacks implementing regulations, leaving firms waiting for greater clarity on specific requirements before committing to major investments. This uncertainty is reinforced by shifting political priorities across administrations, reducing firms' ability to anticipate future compliance expectations and plan over longer time horizons. The same interviewee noted that policy measures introduced

before the COVID-19 pandemic were temporarily relaxed and later reinstated, illustrating the unpredictability of the institutional environment.

At the same time, the interviews also point to signs of gradual change. Another interviewee noted that Mexican firms are now required to report sustainability metrics annually for the first time:

"If you need to report, you need to make sure you are doing things...it becomes more visible."

This points to the emergence of accountability mechanisms that may gradually strengthen implementation incentives, even within a fragmented regulatory environment. Similarly, one sustainability expert described the current administration as more open to working with companies on regulatory clarity, creating a more constructive institutional environment than in previous years.

Taken together, the findings show that sustainability implementation is shaped not only by corporate strategy, but also by firms' ability to navigate an institutional environment that remains fragmented, evolving, and politically uncertain. As one industry expert noted, "if you don't have certain regulations, you cannot expect that the industry will follow," highlighting that regulatory clarity is not simply a facilitating condition, but often a prerequisite for broader sustainability implementation across supply chains.

6.2 Lead Firm Governance and Supplier Engagement

Having examined how sustainability requirements are translated across institutional and regulatory boundaries, the focus now turns to how Nordic lead firms govern sustainability within their own organizations and across supplier relationships. The findings show that lead-firm governance is shaped by a combination of financial constraints, infrastructural limitations, and the practical complexity of engaging suppliers in a context where sustainability expectations are still emerging.

6.2.1 Economic and Infrastructural Constraints

Beyond policy uncertainty, interview data point to significant economic and infrastructural barriers that limit sustainability implementation in practice. Investments in sustainability initiatives are often highly cost-intensive and difficult to justify within traditional financial decision-making processes. As one interviewee noted, "return on investments is the biggest challenge", with sustainability frequently competing against other financial priorities in contexts where capital allocation decisions are already complex. Another interviewee explained that:

"It's a competition on where you put the money... you need to take the best decisions in order to make that money work and have a profit."

This highlights the ongoing tension between sustainability ambitions and profitability considerations.

Infrastructure limitations present an additional layer of complexity. One interviewee emphasized that the transition to renewable energy remains one of the most difficult sustainability targets to achieve locally, largely because the main national energy provider does not offer sufficient renewable energy capacity, while self-generation would require substantial upfront investment. This is further shaped by national energy strategies that prioritize energy security and domestic gas production, meaning corporate decarbonization goals are not always achievable regardless of firm-level commitment. The absence of incentives for sustainable energy investment was also highlighted, with one participant describing this as "probably one negative aspect that makes it more difficult to convince distributors to implement these kinds of solutions."

These barriers are particularly challenging for smaller firms. As one industry expert observed, "carbon zero is very expensive, and not affordable for a mid or small size company", suggesting that economic and infrastructural barriers do not affect all firms equally, but fall more heavily on organizations with limited financial capacity.

6.2.2 Supplier Engagement in Practice

Interview data show that supplier engagement represents one of the most complex dimensions of sustainability implementation in the Mexican context. Rather than relying solely on

compliance-based mechanisms, firms describe a more pragmatic approach that balances sustainability expectations with operational and financial realities.

On the one hand, some baseline requirements are treated as non-negotiable. As one interviewee explained, all distributors are required to sign agreements covering human rights compliance and trade regulations, "if they don't comply with these requirements, they basically can't work with us."

Beyond these baseline requirements, however, firms often exercise considerable flexibility. As one industry expert explained:

"You cannot just decide that in all my supply chain I'm only going to work with suppliers that comply — they are really expensive, and then you are affecting the whole business."

This tension between sustainability ambitions and business viability shapes how firms prioritize supplier engagement, often focusing on critical and long-term suppliers rather than applying uniform standards across the entire supply chain.

A recurring pattern in the interviews is that sustainability expectations originating in Europe are not yet fully embedded in the local supplier base. One interviewee noted that:

"It's a culture thing — those requirements that are coming from Europe are not necessarily implemented here."

Suppliers in Mexico were often described as undergoing the sustainability transition simultaneously with the lead firms themselves, requiring patience, dialogue, and gradual capability building rather than immediate compliance.

At the supplier level, sustainability implementation therefore appears gradual and uneven, reflecting a lag between regulatory pressures at the lead firm level and observable changes in supply chain practices. These findings highlight that sustainability implementation across supply chains depends not only on firm-level governance strategies, but also on supplier capabilities, cost considerations, and the adaptive capacity of local actors operating within global value chains.

6.3 Market Dynamics and Credibility

The interviews also show that inconsistent standards and uneven enforcement shape broader market dynamics, most notably through greenwashing. In the packaging sector, one interviewee described how products are marketed, and in some cases even approved by public authorities, as compostable without fully meeting the relevant technical requirements. This creates unfair competitive conditions, as firms that invest in genuinely sustainable materials often face higher costs, while competitors benefit from sustainability claims without making equivalent investments.

This dynamic extends beyond the packaging sector. As another interviewee explained, "companies try to make their products look more sustainable than they really are because it's a selling point". The same interviewee connected this directly to the need for stronger regulation, noting that "regulation in Mexico needs to be stricter".

These findings suggest that greenwashing is not simply a firm-level governance failure, but also a structural consequence of regulatory ambiguity. Where verification mechanisms are weak, unclear, or inconsistently enforced, sustainability claims become difficult to assess. This weakens market incentives for substantive change and undermines the broader credibility of sustainability governance.

Beyond greenwashing dynamics, the interviews also point to more collective approaches emerging within the market. One interviewee described how competing firms formed associations to jointly manage waste, creating sustainability outcomes that would have been difficult to achieve individually. As another interviewee noted, firms and suppliers often share an interest in ensuring that regulatory expectations remain realistic and fair. These examples suggest that market actors are not only responding to regulatory pressures individually, but in some cases developing informal coordination mechanisms that may help bridge governance gaps.

In this sense, regulatory clarity and enforcement appear not only to support implementation, but to form an important foundation for meaningful sustainability transitions, while collective coordination among market actors may offer a partial response where regulatory frameworks remain incomplete. While MSIs were not mentioned by interviewees in relation to market credibility challenges, the coordinative role they play in other dimensions may indirectly support more consistent standard-setting and enforcement over time.

6.4 MSIs as Intermediary Governance Mechanisms

Interview data further show that MSIs play an important intermediary role in helping firms navigate regulatory uncertainty. The chamber representative described two main areas of activity: promoting what member companies are already doing toward government actors and other firms, while supporting smaller companies through information sharing, webinars, and a sustainability committee:

"Right now, it's mostly for information because of the size of the chamber — the idea is to keep building so we can help them more on implementation."

This coordinative role appears to be valued by member firms. Support provided by chambers and external advisors was described as helping reduce regulatory uncertainty, supporting internal decision-making, strengthening relationships with public actors, and anticipating regulatory developments before they take effect. Even where MSIs are not directly involved in implementation, their intermediary role in reducing uncertainty appears to have practical value for firms operating in a complex and evolving regulatory environment.

The interviews also point to a broader strategic role. Beyond knowledge sharing, the chamber actively engages with legislators on emerging regulation, including the national decarbonization law, while sharing Nordic business practices as part of these discussions. In the words of the chamber representative, "the idea is that we have the same laws that the EU has," suggesting that MSIs may not only contribute to interpreting existing sustainability requirements, but also to shaping the regulatory environment in which implementation takes place.

At the same time, the findings also reveal clear limitations. The chamber representative acknowledged that "the problems are way too big and there are too many things that the companies have to do", pointing to resource constraints and governance complexity as the main barriers to deeper engagement. From the firm side, chambers and consultants were characterized not as the primary drivers of sustainability change, but as important actors to stay connected with – suggesting that firms primarily view MSI involvement as a complement to, rather than a substitute for, their own governance efforts.

Taken together, the findings indicate that MSIs primarily contribute through interpretive, coordinative, and relational governance, rather than through direct implementation authority.

6.5 Summary of Findings

The empirical findings show that sustainability implementation in global value chains is not a linear process of compliance, but emerges through ongoing interaction between regulatory pressures, structural constraints, and coordination dynamics across actors. EU sustainability requirements do not apply directly to Mexican firms, but are instead transmitted through lead-firm relationships, making cascading governance the main mechanism through which sustainability expectations enter the local context.

The findings also show that implementation is shaped by regulatory fragmentation, economic and infrastructural barriers, and uneven supplier capabilities. Rather than fundamentally restructuring their operations or supply chains, firms appear to respond through incremental adaptation, balancing global sustainability ambitions with local feasibility constraints. Where regulatory clarity is weak, as seen in cases of greenwashing and inconsistent enforcement, market incentives for substantive sustainability change are also weakened.

Within this context, MSIs play an important but primarily supportive role by facilitating coordination, reducing regulatory uncertainty, and providing access to policymakers. However, their contribution remains constrained by limited resources and governance complexity, meaning that responsibility for implementation continues to rest largely within individual firms. This points to an important distinction between coordinative and executive governance, which runs throughout the findings.

Overall, the findings point to sustainability governance as a distributed and context-dependent process, shaped by the interaction between lead firms, suppliers, intermediary actors, and local institutional conditions.

Table 2 - Gioia-inspired data structure illustrating the progression from first-order interview insights to aggregate analytical dimensions

1st order concepts (interview insights)	2nd order themes	Aggregate dimensions
Lack of clear standards	Policy ambiguity	Regulatory translation and uncertainty
Frequent policy changes	Policy instability	Regulatory translation and uncertainty

Limited implementation guidance	Compliance ambiguity	Regulatory translation and uncertainty
Requirements filtered through HQ	Cascading governance	Regulatory translation and uncertainty
High costs of sustainable solutions	Investment barriers	Lead-firm governance and supplier engagement
Limited access to renewable energy	Infrastructure limitations	Lead-firm governance and supplier engagement
Suppliers not fully compliant	Uneven supplier capabilities	Lead-firm governance and supplier engagement
Superficial sustainability claims	Greenwashing and capability gaps	Market dynamics and credibility
Networks provide updates and policy access	Coordination mechanisms	MSIs as intermediary governance mechanisms
External actors support but do not drive implementation	Supportive intermediary role	MSIs as intermediary governance mechanisms

7. Discussion

This study examined what role MSIs play in the implementation of EU sustainability requirements in global value chains, with a particular focus on Nordic firms operating in Mexico. The findings show that sustainability governance does not unfold as a linear process of compliance, but as a distributed and context-dependent process shaped by the interaction between firms, suppliers, intermediary actors, and local institutional conditions.

One of the most central findings is that EU sustainability requirements do not reach Mexican suppliers through direct regulatory application, but primarily through lead-firm relationships. This creates a cascading governance dynamic, where sustainability expectations are filtered through corporate structures before reaching local operations and supplier networks. While this supports existing research that views sustainability governance as a multi-actor process (Mena & Palazzo, 2012; Gereffi et al., 2005), the findings also show that governance structures alone are not sufficient to translate sustainability ambitions into operational practice. Instead, implementation depends heavily on local infrastructural, economic, and institutional conditions. In this sense, the study extends existing literature by showing that

sustainability governance is not only distributed across actors but also shaped by uneven local contexts that influence the practical feasibility of implementation.

7.1 MSIs as Supportive Governance Mechanisms

One of the main insights from this study concerns the role of MSIs as intermediary governance mechanisms. While existing literature highlights the potential of MSIs to facilitate coordination and collective action (Mena & Palazzo, 2012; Fransen & Kolk, 2007), the findings point to a more limited and context-dependent role in practice. Rather than acting as primary drivers of sustainability implementation, MSIs appear to function mainly as supportive governance mechanisms that facilitate coordination, knowledge sharing, and regulatory interpretation.

The empirical material also highlights a broader strategic role beyond information sharing. MSIs may provide firms with structured and ongoing access to policymakers, enabling forms of collective representation in regulatory discussions. As reflected in the interview with the representative from Cámara Nórdica, the organization maintains close relationships with public institutions and contributes to the development of sustainability-related legislation by communicating company perspectives. This suggests that MSIs may not only support firms in interpreting sustainability requirements but may also create opportunities for firms to indirectly influence emerging governance frameworks. Hence, the findings point to a governance function that is less emphasized in much of the existing MSI literature.

The findings also support previous research highlighting the limitations of MSIs as implementation mechanisms, where formal commitments do not necessarily translate into full implementation in practice (Benham & MacLean, 2011, cited in Soundararajan et al., 2019). At the same time, this study points to a somewhat different source of these limitations. In the Mexican context, MSI constraints were primarily related to operational capacity and coordination complexity, rather than relational governance challenges, such as free-riding or lack of trust, as emphasized by Hyatt (2009) and Ostrom (1990, 1998). This suggests that MSI limitations may not always come from conflict between actors, but also from the practical complexity of coordinating firms with different priorities under resource constraints.

The findings also suggest an indirect relationship between MSI effectiveness and market credibility. Where regulatory frameworks are ambiguous and verification mechanisms absent or weak, greenwashing may undermine the market incentives on which voluntary sustainability governance depends. In such contexts, MSIs face not only coordination challenges, but also broader credibility conditions that may weaken their governance function.

Taken together, the findings suggest that MSIs primarily contribute through interpretive, coordinative, and relational governance, rather than through direct implementation authority. This distinction between coordinative and executive governance runs throughout the findings, and aligns with the hybrid governance perspective proposed by Ghori et al. (2022), where cooperation precedes and enables compliance, while also extending it by showing that in resource-constrained contexts, MSI contributions may remain largely coordinative rather than transformative.

7.2 Local Context and Institutional Constraints

A second important insight from this study concerns the limits of lead firm governance when implementation depends on local institutional conditions. While global value chain literature emphasizes the ability of lead firms to coordinate and govern supplier relationships across borders (Gereffi et al., 2005), the empirical findings support more recent research highlighting that firm-led governance is often constrained by local institutional realities in diverse operating environments (Kano et al., 2020).

This becomes particularly visible in areas such as energy infrastructure, where national policy priorities directly limit firms' ability to meet corporate decarbonization targets, regardless of internal sustainability commitments. A similar pattern emerges in the fragmented regulatory environment across Mexican states, where firms face different implementation conditions depending on where suppliers operate. In this context, the concept of institutional distance, referring to differences between home and host institutional environments, appears to have direct implications for the practical feasibility of sustainability governance across global value chains.

The findings therefore reinforce existing research on the limits of firm-led governance, while also illustrating how these limitations unfold in practice. Although lead firms may transmit sustainability expectations across organizational boundaries, the realization of these

expectations remains strongly shaped by local regulatory conditions, infrastructural constraints, and supplier capabilities. This suggests that the effectiveness of firm-led governance depends not only on the governance capacity of lead firms, but also on the local implementation environments in which suppliers operate.

7.3 Regulatory uncertainty and Implementation Challenges

A third important insight from the study concerns the role of regulatory uncertainty in shaping sustainability governance in Mexico. The findings show that regulatory uncertainty does not simply create implementation challenges but also influences how governance is organized and enacted in practice. This is reflected in Mexico's fragmented regulatory environment, where firms described relying on chambers and external advisors to anticipate policy changes and interpret emerging requirements. These are roles that may be less critical in more stable environments, where firms can rely more heavily on formal compliance systems.

This relationship between regulatory uncertainty and intermediary governance points to a contingency dynamic. The value of MSI participation may be greatest in contexts where formal regulatory frameworks remain fragmented, unclear, or weakly enforced. In more stable institutional environments, firms may rely more heavily on internal compliance systems and formal governance structures. In contrast, in emerging market contexts characterized by regulatory fragmentation and policy instability, MSIs appear to play a distinct role as interpreters, coordinators, and navigators of institutional uncertainty. In this sense, they help to address governance gaps that neither lead firms nor public institutions are always able to resolve on their own, contributing not only to inter-firm coordination but also to organizational adaptation in contexts where regulatory institutions remain unstable or inconsistently enforced.

7.4 Supplier Capabilities and Uneven Implementation

A final important insight from the study concerns how supplier capabilities shape the uneven implementation of sustainability requirements across global value chains. While sustainability expectations are increasingly integrated into supplier relationships, their practical effects remain uneven across firms and suppliers. This supports existing research highlighting that firm-led governance is often constrained by institutional realities in diverse operating environments (Kano et al., 2020), while the findings also show that these gaps extend beyond

supplier readiness to include broader structural and economic conditions such as limited financial resources, infrastructural barriers, and cost pressures.

The findings also show that market dynamics further complicate supplier governance. Where greenwashing is widespread and sustainability claims remain difficult to verify, the incentive to invest in genuine sustainability improvements weakens. This reinforces the argument that effective supplier governance depends not only on firm-level governance capacity, but also on the broader regulatory and market environment in which suppliers operate.

Rather than leading to immediate transformation, sustainability governance in this context appears to produce more gradual and incremental adaptation within supplier relationships. Firms balance sustainability ambitions with what is operationally and economically feasible in the local context, reflecting a pragmatic approach to implementation.

Overall, the findings suggest that sustainability governance in global value chains cannot be explained by any single governance mechanism. Instead, governance outcomes emerge through the interaction between lead firms, intermediary actors, supplier capabilities, and local institutional conditions.

7.5 Theoretical Contributions

This study contributes to the literature on sustainability governance in global value chains in three main ways.

First, the findings add to existing research on MSIs by showing that their role in emerging market contexts may be more supportive, interpretive, and coordinative than enforcement based. While previous literature highlights the potential of MSIs to facilitate coordination and collective action (Mena & Palazzo, 2012; Fransen & Kolk, 2007), this study suggests that their practical contribution in this context lies mainly in helping firms interpret regulatory expectations, share implementation practices, and coordinate across actors. This supports earlier research showing that formal sustainability commitments do not always translate into implementation in practice (Benham & MacLean, 2011, cited in Soundararajan et al., 2019). At the same time, this adds nuance to broader multi-actor governance research by showing that MSI limitations in this context were less related to relational governance challenges, such

as free-riding or lack of trust, and more strongly linked to operational capacity, resource constraints, and coordination complexity. The findings also point to a strategic advocacy role, where MSIs enable firms to collectively influence emerging regulatory frameworks – a governance function that remains less explored in existing MSI literature.

Second, the study contributes to global value chain research by showing that sustainability implementation cannot be explained by lead-firm governance alone. Although lead firms play an important coordinating role across global production networks (Gereffi et al., 2005), the findings show that the realization of sustainability requirements remains strongly shaped by local infrastructural conditions and economic constraints. In this way, the study provides further support for recent research highlighting the contextual limits of firm-led governance in institutionally diverse environments (Kano et al., 2020), while also showing how these limitations emerge in practice.

Third, the study contributes to research on supplier dynamics by showing that sustainability implementation across global value chains is often gradual, uneven, and negotiated. Rather than leading to immediate restructuring of supplier relationships, sustainability requirements appear to be integrated incrementally, reflecting an ongoing balance between global sustainability ambitions and local implementation realities. This extends existing research on supplier capability gaps (Kano et al., 2020; Lund-Thomsen & Coe, 2015) by showing that uneven implementation is shaped not only by supplier readiness, but also by broader structural conditions such as infrastructure, resource availability, and economic feasibility.

7.6 Practical Implications

For managers, the findings suggest that sustainability implementation cannot depend solely on standardized compliance systems or top-down governance approaches. Instead, firms may benefit from adopting more context-sensitive strategies that combine flexible target-setting, closer supplier engagement, and ongoing investment in capability development. In practice, this may involve adapting sustainability targets to local market conditions, investing in supplier training and knowledge-sharing, and prioritizing long-term supplier relationships over short-term compliance outcomes.

The findings also highlight the practical value of external coordination mechanisms. MSIs may support firms by facilitating regulatory interpretation, peer learning, and the exchange of implementation experiences. Participation in MSIs may also provide firms with earlier access to regulatory developments and more structured access to policymakers, helping firms anticipate institutional change and communicate industry perspectives more effectively. This was particularly visible in the chamber's engagement with Mexican legislators on the national decarbonization law.

For policymakers, the findings suggest that regulatory clarity and consistent enforcement are essential prerequisites for effective sustainability implementation, not merely facilitating conditions. Where verification mechanisms are weak or absent, greenwashing may undermine market incentives for genuine sustainability investment. This points to the importance of developing regulatory frameworks that take into account the economic and infrastructural realities of emerging market contexts, rather than transferring European standards without local adaptation.

8. Conclusions, Limitations, Future Research and Final Reflections

8.1 Main Conclusions

This study examined what role MSIs play in the implementation of EU sustainability requirements across global value chains, with a particular focus on Nordic firms operating in Mexico. In response to this question, the findings suggest that MSIs do not act as primary drivers of sustainability implementation. Instead, they function mainly as supportive and intermediary governance mechanisms, contributing primarily through interpretive, coordinative, and relational governance rather than through direct implementation authority. This contributes to a more nuanced understanding of MSI governance by showing that, in this context, their role is less about enforcing compliance and more about helping firms navigate institutional complexity.

More broadly, the study shows that sustainability governance is not a standardized or linear process of compliance, but a context-dependent process shaped by the interaction between global governance pressures and local implementation realities. While lead firms play an important coordinating role, the realization of sustainability requirements remains strongly

influenced by local institutional conditions, including regulatory uncertainty, infrastructural limitations, economic constraints, and supplier capabilities. One of the clearest findings in this regard is that EU sustainability requirements do not reach Mexican suppliers through direct regulation, but primarily through lead-firm relationships, making cascading governance the main mechanism through which sustainability expectations enter the local context.

The findings also show that sustainability requirements do not necessarily lead to immediate structural transformation within global value chains. Instead, firms often respond through incremental adaptation, balancing global sustainability ambitions with what is operationally, economically, and institutionally feasible in practice. Where regulatory frameworks remain ambiguous and verification mechanisms are weak, greenwashing further reduces market incentives for substantive sustainability change, reinforcing the importance of regulatory clarity for effective implementation.

By examining the interaction between lead firms, suppliers, intermediary actors, and local institutional environments in the Nordic-Mexico context, this study provides empirical insight into how sustainability governance is enacted across institutional distance. At the same time, it highlights the conditions under which intermediary governance mechanisms can support, but not fully substitute for, firm-level implementation realities.

These findings also have implications beyond the specific empirical context. As EU sustainability regulations continue to expand in scope and complexity, the gap between regulatory expectations and local implementation capacity in emerging market contexts may become increasingly visible. This makes the role of intermediary governance mechanisms more consequential, not only for individual firms seeking to comply, but also for the broader effectiveness of EU sustainability governance across transnational supply chains.

Understanding how MSIs can be strengthened, in terms of resources, governance capacity, and regulatory access, therefore becomes increasingly important for both practitioners and policymakers.

8.2 Limitations

This study has several limitations that should be acknowledged.

First, the research is based on a small number of interviews ($n = 5$), which naturally limits the range of perspectives included. Although the interviews provide in-depth insights from relevant actors, the sample size limits the transferability of the findings and may not fully capture the diversity of sustainability implementation experiences across firms and suppliers. The study also draws on a relatively narrow empirical population, as the number of Nordic firms with relevant sustainability and supply chain activities in Mexico is limited. This shaped both access to participants and the overall scope of the empirical sample.

Second, the empirical material is primarily based on multinational firms and intermediary actors, meaning that the perspectives of local suppliers are less directly represented. As a result, sustainability implementation is examined mainly from a lead-firm and intermediary perspective, rather than across the full range of actors involved in the value chain.

Third, the study is context specific, focusing on Nordic firms operating in Mexico. Institutional conditions, regulatory environments, and infrastructural constraints may differ across countries and regions, which limits the generalizability of the findings to other geographical contexts.

Fourth, the researcher's prior professional exposure to Nordic business networks in Mexico may have influenced both access to participants and the interpretation of the empirical material. Although reflexive measures were applied throughout the research process, this proximity to the field represents a potential source of bias that should be acknowledged.

Finally, the research captures sustainability implementation at a specific point in time. Given the evolving nature of EU sustainability requirements and local policy environments, governance practices are likely to continue developing, meaning that the findings may not fully reflect future changes in implementation dynamics.

8.3 Future Research

Several directions for future research emerge from this study. One important next step would be to expand the empirical scope by including a larger and more diverse sample of firms, suppliers, and intermediary actors. This could provide a broader understanding of how sustainability implementation differs across industries, organizational settings, and institutional environments.

A second area concerns the perspectives of local suppliers. Future studies could examine supplier experiences more directly to better understand how sustainability requirements are interpreted, negotiated, and operationalized at the supplier level. This would provide a more balanced understanding of implementation across the different actors involved in global value chains.

The findings also point to the need for further research on the evolving role of MSIs across different institutional contexts. In particular, comparative research could help clarify how MSI governance functions vary between coordination, policy influence, and implementation support under different regulatory environments.

Research could also investigate the relationship between regulatory enforcement, market credibility, and sustainability governance more directly. The findings suggest that greenwashing and weak verification mechanisms may undermine incentives for genuine sustainability investment, yet this dynamic remains relatively underexplored in existing GVC research. Future studies could examine how different enforcement regimes shape market incentives and influence the effectiveness of voluntary governance mechanisms across emerging market contexts.

Finally, longitudinal research would be valuable in examining how sustainability implementation evolves over time, particularly in response to ongoing changes in EU sustainability regulations and local policy environments. Such research could provide deeper insights into the dynamic and adaptive nature of sustainability governance across global value chains.

8.4 Final Reflections

This study set out to understand what role multi-stakeholder initiatives play in the implementation of EU sustainability requirements across global value chains. Behind this question was a broader recognition that regulatory frameworks alone cannot ensure that sustainability expectations are realized in practice across institutionally diverse contexts.

The findings suggest that the answer lies not only in governance structures or formal commitments, but in the quality of coordination, the ability to adapt to local realities, and the willingness of actors to move beyond compliance toward genuine engagement. In the Nordic-Mexico context, EU sustainability requirements do not reach local suppliers through regulation alone, but through relationships between firms, suppliers, and intermediary actors. It is within these relationships that sustainability governance is either translated into practice or remains largely aspirational.

What this study ultimately reveals is that sustainability governance is a deeply human process. It depends on trust built over time, on intermediary actors who reduce uncertainty rather than complicate it, and on regulatory environments that create incentives for genuine change rather than symbolic compliance. As EU sustainability frameworks continue to expand in scope and ambition, the gap between regulatory expectations and local implementation capacity may become increasingly visible. In this context, intermediary governance mechanisms are likely to play an increasingly important role.

9. Appendices

A - Interview Guide 1: Nordic Lead Firms

1. Implementation in practice

- Are you implementing EU sustainability requirements (e.g. CSRD, CSDDD) in practice? Do you need to adapt these requirements to the Mexican regulatory context? → Are there situations where EU sustainability targets are difficult to implement locally?

2. Regulatory implementation

- Do differences between state-level regulations in Mexico affect how you implement sustainability requirements? → Are there structural constraints that make implementation more difficult, such as energy infrastructure, recycling systems, or regulatory clarity? → Do you see cases where products are labelled sustainable without meeting real standards?

3. Supplier engagement

- Are there specific sustainability or ethical standards that suppliers must meet in order to work with you? → Are there non-negotiable requirements, and what happens if a supplier does not comply? → Are Mexican suppliers generally familiar with EU sustainability requirements?

4. Collaboration & multi-stakeholder initiatives

- Do you collaborate with external organizations such as chambers, industry groups, or consultants when implementing sustainability requirements? → Do these organizations help to interpret sustainability regulations?

5. Coordination and Governance

- Do you think sustainability implementation works better through individual company efforts or collective industry initiatives?

6. Reflection

- In your view, what factors determine whether implementation of EU sustainability requirements succeeds or fails in global value chains?

B – Interview Guide 2: Sustainability Expert/Advisory Organization

1. Regulatory interpretation

- From your perspective, what are the main challenges companies face when interpreting EU sustainability regulations? Where do you typically see ambiguity or uncertainty arise?

2. Implementation patterns

- Based on your experience, how do companies typically approach the implementation of EU sustainability requirements? Where do you most often see gaps between regulatory expectations and actual implementation?

3. Successful vs. superficial implementation

- In your experience, do companies implement this because they really want to or because the law requires them to? Is it more about 'ticking the box' or actually changing practices?

4. Supplier capability

- What challenges do Mexican suppliers face when adapting to EU sustainability requirements? Do you see capability gaps and if so in which areas?

5. Local context

- Do you think EU sustainability requirements are realistic given the local context in Mexico?

6. Role of intermediaries

- What role do organizations like yours play in facilitating implementation?

C – Interview Guide 3: MSI Representative

- How would you describe the role of the Chamber in supporting companies with sustainability requirements in Mexico?
- At what stage do companies usually engage with the chamber? → Is it mostly for information, coordination or implementation support?
- What value does companies get from participating in the chamber?
- Do you think these initiatives/events become more important in contexts where regulation is changing/unclear?
- In your view, what are the main limitations of these initiatives in influencing companies sustainability practices?

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