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Global Decarbonisation Strategies of Sunset Industries

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Special issue information:

Given growing numbers of climate change induced extreme weather events, the sustainability agenda has been vested with increased urgency (Boiral, 2006). Decarbonisation strategies are a central mechanism for achieving net zero (Busch *et al.*, 2018), and it has emerged as one of the megatrends that business cannot ignore (CNBC, Aug 2023). However, it requires industry specific changes at a global level; emissions generated through the corporate value chain make up an estimated 80% of the Fortune Global 500's footprint (CISION, Sept 2021). Situated in this context, a critical issue in industrial decarbonisation is the transition from *"sunset"* to *"sunrise"* industries. The former are carbon intensive industries, enjoying historical advantages in accessing finance, and considerable political clout (Verrier and Strachan, March 2023); it is well known that firms operating in controversial industries are more likely to resort to non-market strategies to deal with non-market stakeholders. The quintessential examples of such industries would be oil and gas, and mining, as well as the petrochemicals industry. Emerging low or zero carbon industries may benefit from new green investment funds but lack the formidable non-market fire power of the sunset industries, even if in some instances, they may benefit from government decarbonization strategies and shifting political sentiments (Verrier and Strachan, March 2023).

In the case of sunset industries, which constitute the core concern of this special issue, active industrial policies are necessary to incentivize and support retooling. Sunset industry firms often resist and delay their contributions to decarbonisation efforts which worsens global climate change (Verrier and Strachan, March 2023). Accordingly, the aim of this special issue is to develop the knowledge base regarding effective global decarbonisation strategies

for the multinational enterprises operating in the sunset industries, what works, what has not, and what incentives firms to embark on decarbonization. This special issue of ***Long Range Planning*** seeks to advance global strategic management theory and applied research through exploring what makes decarbonization more or less likely cost effective and mangeable within the changing socio-economic and technological regimes.

Climate change is the greatest grand challenge faced by the world. Many governments have unveiled ambitious plans to support moves towards a zero-carbon economy, even if deadlines are often vague or shifting, and/or if over-reliance is placed on new technologies such as carbon capture that have yet to demonstrate scale viability. Given sunset industries actively retain substantial economic, social, and technological capacities; they have a huge potential to drive innovation in regard to the decarbonisation strategies (Verrier and Strachan, March 2023). Yet, only a few prior studies that have paid attention to the decarbonisation of this industry have explored the role of technology (Garvey *et al.*, 2022; Leeson *et al.*, 2017; Mandova *et al.*, 2019; Vogl *et al.*, 2018) and barriers (Richardson-Barlow *et al.*, 2022). For this special issue, we are particularly interested in empirical studies that examine the transformation and challenges associated with the implementation of global decarbonisation strategies by sunset industry firms, and which advance theory in doing so. Below are some of the illustrative theoretical approaches and themes of this special issue:

Dynamic capabilities of sunset industries for global decarbonization

Dynamic capability (Teece, 2014; Teece et al., 1997) is one of the key theories used in international business and strategy literature. As an example, studies can consider how can sunset industries develop international marketing agility (a meta dynamic capability of sensing, flexibility, speed, and responding) that may facilitate their global decarbonisation strategies for sustainable practices (Khan, 2020; Teece *et al.*, 2016). Similarly, how can dynamic absorptive capacity (learning, exploiting, and transforming) be developed for global decarbonisation (Khan *et al.*, 2019; Zahoor *et al.*, 2022). Studies in this regard may also consider the micro foundations of the dynamic capabilities required for a sustainable or decarbonisation strategy (Grewatsch and Kleindienst, 2018).

Business Model Transformation for implementing global decarbonization strategies

Amid global climate change risks attributed to the industrial practices, rejuvenating business models are important in facilitating decarbonization (Enkvist et al., 2008). Despite literature has pointed toward the importance of business model innovation for addressing sustainability objectives (Snihur and Bocken, 2022; Bocken and Geradts, 2020), hardly any study has examined its efficacy and dynamics in global decarbonization of sunset industries. Hence, there is a scope to make scholarly contributions in this regard. As an example, scholars can explore the role of stakeholders in ecosystem innovation for sustainable business models for global decarbonisation (Snihur and Bocken, 2022). Studies can also possibly explore the role of key capabilities required for the effective business transformations for implementing global decarbonization strategies.

Global strategic cooperative alliances within the sunset industry for global decarbonisation

Another possible avenue to make contribution is to consider strategic cooperative alliances (Akhtar *et al.*, 2019; Zahoor *et al.*, 2023a; Zahoor *et al.*, 2023b) for global decarbonisation practices in sunset industries. This would include alliances formed for an environmental

sustainability purpose (Oh & Oetzel, 2022), cross-sector collaborations in home and host markets (Al-Tabbaa *et al.*, 2019) and coopetition with global rivals (Christ *et al.*, 2017). Studies can examine how MNEs can establish global network and cooperation agreements in resolving this grand global tension (Khan *et al.*, 2018). Studies can consider the role of alliance capabilities such as learning for decarbonisation practices (Hübel *et al.*, 2022) and they may also consider how best practices, learnings, and strategic knowledge can be transferred across borders to address this complex global problem (Khan *et al.*, 2015). Studies can also consider the differential strategic implications of foreign direct investment and entry modes adopted within the sunset industry setting for their global decarbonisation initiatives in generating environmental impact (Wiessner *et al.*, 2023).

Decarbonisation of global value chains of sunset industries

Work in this area could examine the horizontal and vertical linkages between lead and foreign firms for knowledge sourcing for decarbonisation practices (Ambos *et al.*, 2021). Also, studies can explore other aspects such as micro foundations of decarbonised global value chain, impact of lead firm strategy in decarbonisation on value chain partners (particularly lower tier 2 & 3 suppliers), dynamics and challenges associated with decarbonising value chains, and the impact of global macro environmental factors in strategizing for decarbonising the value chains (Ambos *et al.*, 2021).

Institutional perspective on sunset industries'' global decarbonisation

Studies can also explore the role of *institutions* and their role in shaping firms' strategic choices (Peng, 2003). This might include work on formal and informal regulation, for example, in terms of variations in different national and international carbon regulations on sunset MNEs (Nippa *et al.*, 2021; Wood et *al.* 2020; Doh et *al.* 2021). Studies can also explore the impact of social institutions, such as communities and civil society organizations, that govern behaviors and expectations placed on MNEs at the local level. This leads to the question as to whether and how MNEs consider the importance of social acceptance in addition to legal regulatory licenses in different contexts (Ho, Oh, and Shapiro, 2022). This involves assessing how MNEs prepare and adapt gaps between their global decarbonisation practices and local expectations.

Non-market strategies of sunset industries for global decarbonisation

Scholarly contributions can also be made to *non-market strategies* that can facilitate the development and adoption of global decarbonisation practices of sunset MNEs. Recently, international business scholarly attention has been devoted to understanding the efficacy of non-market strategies for traditional innovation and international performance (Khan *et al.*, 2023a; Khan *et al.*, 2023b; Sun *et al.*, 2021). Scholars can extend the theoretical knowledge regarding how sunset industries can capitalise on mature socio-political ties for creating sustainable policies for decarbonizing the sunset industries, how past non-market strategies may constrain moving forward, and the conditions under which non-market strategies are effective (Oh, Shapiro, Ho, and Shin, 2020; Lawton and Kock, 2023).

Potential Research Questions

Below are some of the potential research questions that studies could address:

- What are the antecedents and outcomes of global decarbonisation strategies in the sunset industries? How these are comparable to the sunrise industries?
- What challenges sunset industries face in implementing global decarbonisation strategies in home and host markets? How these challenges can be mitigated?
- How different types of resources and dynamic capabilities play a role in global decarbonisation strategies and how these can be built?
- How can sunset industries transform business models for implementing global decarbonisation strategies?
- How can MNEs in sunset industries effectively develop cooperative alliances for enacting global decarbonisation strategies in home and host markets?
- How can decarbonisation strategies be integrated in the global value chain?
- How do global macro environmental factors and global regulations impact the global decarbonisation strategies?
- What role do different types of institutions and institutional challenges play in global decarbonization strategies of sunset industries?
- How do emerging technologies facilitate decarbonization efforts of sunset industries' MNEs?
- Under what circumstances, non-market strategies for global decarbonisation are effective for the sunset industries; and what are the potential drawbacks of non-market strategies in achieving net-zero targets by sunset industry firms in home and host markets?

Manuscript submission information:

The call for papers will accept submissions that advance theory through empirical enquiry and have potentially impactful contributions to policy and practice. Multiple submissions from same authors (even if not the first author of the manuscript) will not be allowed. Dr Huda Khan will manage the system on behalf of the editorial team. However, any questions pertaining to this special issue must be directed to the *entire Guest Editorial team* using their contact details attested in the call for papers.

Please select the article type "VSI: Global Decarbonisation". Please submit your manuscript before February 28, 2025.